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Sapphire Corporation Limited

FORGING NEW PATHS

2015 ANNUAL REPORT

SAPPHIRE
盛世企业

FORGING NEW PATHS

2015 annual REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr Lim Jun Xiong Steven (Chairman)
Mr Teh Wing Kwan
(Group Chief Executive Officer and Managing Director)
Mdm Cheung Kam Wa Emma
(Chief Operating Officer)
Ms Wang Heng
Mr Cheung Wai Suen
Mr Fong Heng Boo
Mr Tao Yeoh Chi
Mr Teo Cheng Kwee
Mr Foo Tee Heng
Mr Yang Jian

AUDIT AND RISK COMMITTEE
Mr Fong Heng Boo (Chairman)
Mr Lim Jun Xiong Steven
Mr Tao Yeoh Chi

NOMINATING COMMITTEE
Mr Lim Jun Xiong Steven (Chairman)
Mr Tao Yeoh Chi
Mr Fong Heng Boo
Mr Teo Cheng Kwee

REMUNERATION COMMITTEE
Mr Tao Yeoh Chi (Chairman)
Mr Lim Jun Xiong Steven
Mr Fong Heng Boo
Mr Teo Cheng Kwee
Mr Yang Jian

GROUP CHIEF FINANCIAL OFFICER
Mr Ng Hoi-Gee, Kit
Email: kitnghg@sapphirecorp.com.sg

COMPANY SECRETARY
Gn Jong Yuh Gwendolyn

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(A division of Tricor Singapore Pte.Ltd.)
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AUDITORS
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay
#22-00 Hong Leong Building
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PARTNER-IN-CHARGE
Lee Jee Cheng Philip
(Partner from Financial Year Ended 2013)

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8 Marina View
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Singapore 018960

CORPORATE PROFILE

Sapphire Corporation Limited ("Sapphire" or the "Group") has undergone a major corporate restructuring and transformation exercise since the appointment of its new Group Chief Executive Officer and Managing Director in October 2013. Sapphire is now an investment management and holding company with subsidiaries in engineering, procurement and construction ("EPC") and mining services businesses, having divested its legacy steel business in 2014. Sapphire is incorporated in Singapore and has been listed on the Singapore Exchange since 1999.

INFRASTRUCTURE BUSINESS

Sapphire owns a 100% stake in the China-based EPC business Ranken Infrastructure Limited and its subsidiaries ("Ranken"), which it acquired on 1 October 2015 as part of a new growth strategy via earnings-accretive investment in rail infrastructure. Founded in 1998, Ranken is China's second-largest privately owned integrated rail transport infrastructure group, and holds full Triple-A qualifications and licences for design, construction and project consultation in the rail sector. Ranken's clients include state-owned enterprises and Fortune-500 companies in China.

MINING SERVICES BUSINESS

Sapphire owns a 100% stake in Mancala Holdings Pty Ltd ("Mancala"), a specialist mining services provider based in Australia. Mancala offers raise-bore drilling, shaft excavation and engineering services, among others. It has completed more than 100 projects in Australia and internationally, and operates Vietnam's largest nickel mine.

公司简介

盛世集团有限公司(简称“盛世”或“集团”)自2013年10月委任新的集团首席执行官以来实施了集团的重组和转型。盛世目前是投资管理和控股公司,在2014年剥离其遗留的钢铁业务后其下属子公司从事EPC业务和矿业服务。盛世是新加坡注册公司，于1999年在新加坡上市。

基础设施业务

盛世持有以中国为基地的从事EPC业务的Ranken建设有限公司及其下属公司(简称“Ranken”)100%的股权，作为盛世基于增加收入投资铁路设施领域新增长战略的一部分，盛世于2015年10月1日正式将其并入。Ranken创建于1998年，是中国第2大从事铁路交通设施工程的民营企业，拥有铁路领域EPC和AAA资质。Ranken的客户包括大型央企和中国500强企业。

矿业服务业务

盛世拥有Mancala控股私人有限公司100%的股权，Mancala是位于澳大利亚提供矿业服务的专业公司。提供竖井盾构，竖井系统建设以及矿业工程服务。它在澳大利亚和国际上已经完成100多个项目并运营越南最大的镍矿。

CORPORATE TRANSFORMATION

2015

SEPTEMBER 2015
EGM – Obtained shareholders' approval for Acquisition of Ranken

OCTOBER 2015
Completion of Acquisition of Ranken

DECEMBER 2015
Signs MOU with CPG Corporation

Ranken Secures Significant Railway Infrastructure Contracts

FY2015 Full Year Results
– Revenue almost doubles on three-month contributions from Ranken; Posts Profit of $6.5 million (announced in February 2016)

2014

JANUARY 2014
Completion of Acquisition of Mancala

Appointment of New Independent Director, Mr Fong Heng Boo

APRIL 2014
Proposed Divestment of Loss-Making Steel Business

JULY 2014
Business Update – Potentially investing in the business of a profitable EPC company

EGM – Obtained shareholders' approval for Divestment of Steel Business

NOVEMBER 2014
Proposed Acquisition of Ranken (an earnings-accretive investment in rail infrastructure)

DECEMBER 2014
Completion of Divestment of Steel Business

FY2014 Full Year Results
– Reverses Three Years of Losses to Post Profit for FY2014 (announced in February 2015)

2013

OCTOBER 2013
Appointment of New Independent Directors, Mr Lim Jun Xiong Steven and Mr Tao Yeoh Chi

Appointment of New Group CEO and Managing Director, Mr Teh Wing Kwan

Conducted major stategic review for the Group's businesses

FINANCIAL HIGHLIGHTS

REVENUE ($'000)

2015	116,351
2014*	58,487
2013*	6
2012	137,199
2011	135,538

GROSS PROFIT ($'000)

2015	19,197
2014*	14,741
2013*	1
2012	18,865
2011	24,198

* Excludes discontinued steel business

PROFIT / (LOSS) ($'000)

2015	6,496
2014	138
2013	(157,176)
2012	(29,415)
2011	(31,274)

SHAREHOLDERS' FUNDS ($'000)

2015	90,562
2014	72,600
2013	73,485
2012	224,749
2011	268,230

CHAIRMAN'S MESSAGE

"With Ranken now part of Sapphire, we are well placed to seize opportunities in rail and other land transport infrastructure in China and other emerging markets in Asia."

Dear Shareholders,

The financial year ended 31 December 2015 ("FY2015") was highly significant for Sapphire Corporation ("Sapphire" or the "Group") given the completion of the acquisition of Ranken Infrastructure Limited ("Ranken"), a China-based engineering, procurement and construction firm, in the fourth quarter of FY2015.

With Ranken now part of Sapphire, we are well placed to seize opportunities in rail and other land transport infrastructure development in China and other emerging markets in Asia.

YEAR UNDER REVIEW

Our financial performance in FY2015 reflects the success of Sapphire's new corporate strategy. We recorded a net profit of S$6.5 million, compared to just S$0.14 million the previous year, thanks to maiden contributions from Ranken and our corporate restructuring efforts. Revenue for the year almost doubled to S$116.4 million from S$58.5 million in FY2014 with significant improvement in our operating cash flows position as well.

CORPORATE TRANSFORMATION

Armed with fully integrated Triple-A qualifications and licenses for design, construction and project consultation in China's rail transit sector, Ranken has undertaken complex and large-scale municipal land transport projects not only in the country but also in India and Bangladesh.

Since becoming part of Sapphire, Ranken has secured RMB1.3 billion worth of new contracts. As at 25 February 2016, its net order book was close to RMB2 billion. The speed at which these new contracts were secured underscores Ranken's solid track record.

The Group will scale up Ranken's production capacity to take on more projects in China and the region. Sapphire can do so without heavy capital expenditure as Ranken has an asset-light business model.

The Group's transformation has not gone unnoticed among investors. As announced on 22 January 2016, Sapphire has a new substantial shareholder in Mr Li Xiaobo, a highly successful private equity investor.

BOARD AND EXECUTIVE CHANGES

The Board would like to thank Non-Executive and Non-Independent Director Mr Duan Bing and Independent and Non-Executive Director Mr Wei Jian Ping for their valuable contributions. We wish both of them, who retired in 2015, all the best in their future endeavours.

The Board would also like to welcome Ms Wang Heng and Mr Cheung Wai Suen, who were appointed on 16 March 2016, to the Board as Executive Directors. Ms Wang and Mr Cheung are the key management of Ranken Group and their appointments are extremely important, particularly as we embark on the new growth strategies in the infrastructure business.

We would also like to welcome Mr Ng Hoi-Gee, Kit as the new Group Chief Financial Officer.

CHAIRMAN'S MESSAGE

APPRECIATION

On behalf of the Board, I would like to thank all our business partners and customers for their support.

Above all, I would like to express our sincere appreciation to you, our shareholders, for your faith in the Group. We are excited about the year ahead and look forward to your continued support.

Steven Lim
Non-Executive Chairman

(Translated)

尊敬的各位股东，

截至到2015年12月31日的财政年度(2015年度)对盛世集团(“盛世”或”集团”)是非常有意义的一年，在2015年第四季度我们完成了对以中国为基地的具有EPC资质的Ranken工程有限公司的收购。

随着Ranken成为盛世的一部分，也让我们抓住了在中国和亚洲其他新兴市场铁路和其他路轨交通设施发展的机会。

年度概览

2015年度的财务表现反映了盛世新的公司战略实施的成功。相比去年的14万新币利润，我们取得了650万新币的净利润，这归功于Ranken的财务数据首次合并和我们公司结构重组的努力结果。2015年度的收入比2014年度增长了两倍，从5850万新币增加到1亿1640万新币，收入的增长也伴随着我们现金流的状况实质的改善。

集团转型

Ranken是中国路轨交通领域拥有AAA资质的EPC公司，它不仅在中国而且在印度和孟加拉也承揽和建设了大规模的城市轨道交通项目。

自成为盛世的成员以来，Ranken又获得了13亿人民币的新合约。截至到2016年2月25日，它录得的净合约价值接近20亿。获取那些新合约的速度突出强调了Ranken具有的稳定业绩记录。

集团将会进一步加大Ranken的生产力，以在中国和亚洲获得更多的项目。盛世能够在没有巨大资本支出的条件下做到这样，因为Ranken是轻资产的商业模式。

集团的转型已经被投资人所关注。如2016年1月22日盛世所公告的那样，李小波成为盛世新的控股股东，他是一个成功的私募投资人。

董事局和执行董事的变化

董事局对非执行非独立董事段兵先生和独立非执行董事魏建平先生为集团曾作出的有价值贡献表示由衷的感谢。他们二位于2015年退休。祝愿他们未来一切顺利。

董事局也欢迎王恒女士和张伟暄先生，他们在2016年3月16日获委任为执行董事。他们二位也是Ranken的主要管理人员。他们的加入对盛世是及其重要的特别是对我们实施的基础设施新增长战略是非常有帮助的。

我们也欢迎吴海麒先生重新成为集团的首席财务官。

致谢

在此我仅代表董事局感谢我们所有的业务合作伙伴和客户对我们的支持。

总而言之，在此我对我们的股东表达由衷的感谢，感谢您们对公司的信心！憧憬未来，期待您们的继续支持！

林隽雄
非执行主席

GROUP CEO'S REVIEW

"The corporate restructuring exercise and turnaround strategies have seen the 'New Sapphire' reporting sharp improvements in revenues, profits and operating cash flows."

Dear Shareholders,

2015 was quite a good year, albeit rather tiring, I would say – as it was marked by rapid developments that combined focused strategies and no small effort on our part. We are well at present seeing the first meaningful results improvement after the major restructuring exercise over the last two years – something that I had hoped to achieve when I first came on board as Group CEO in October 2013.

In my usual way of writing to you, this report is simple to read (with a bit of history and a slightly extended "Going Forward" section). As always, if you need further clarification, you may write to me directly or contact my CFO. You can find our email addresses here.

OVERVIEW

The loss-making steel mills are now gone. The corporate functions have since been streamlined. The productivity of the Australia-based mining services business ("Mancala") has somewhat improved. Most importantly and more strategically, the profitable China-based metro and railway infrastructure business ("Ranken") is our core business and key contributor to our financials (both revenues and profits). All in all, the corporate restructuring exercise and turnaround strategies have seen the 'New Sapphire' reporting sharp improvements in revenues, profits and operating cash flows for the year ended 31 December 2015 ("FY2015").

Given the perceived growth for the infrastructure sector and despite the volatility in the mining industry, both Ranken and Mancala were profitable while generating positive operating cash flows in FY2015. Ranken, which already contributed more than half of our total revenues in the fourth quarter of FY2015 ("4Q2015") alone, is quite obviously the driver of our core business now and will remain the catalyst for our future growth. In December last year, we also signed an alliance with the Singapore-headquartered CPG Corporation to jointly explore infrastructure projects of mutual interest in the region.

(Translated)

尊敬的各位股东，

2015年是相当好的一年。由于我们专注我们的战略方向，通过巨大努力，2015年的发展是很迅速的。经过过去两年的结构重组，我们可以给您们呈现具有实质意义的业绩提高成果—这也是我从2013年10月被委任为首席执行官开始我希望达到的其中一些目标。

我会继续保持这份年报简明易读(包括一些历史和延伸“展望”)。如果您需要进一步的澄清，请直接写信给我或联络我的首席财务官—我的邮箱联络方式在信的结尾可以找到。

概览

如今亏损的钢铁业务已经剥离，自此集团也一直在合理化调整中。以澳洲为基地的矿业服务业务(Mancala)的生产力在一定程度上获得提高。更重要和更具有战略意义的是以中国为基地的城市轨道和铁路设施建设业务(Ranken)成为我们的核心业务和主要财务指标改善的贡献者(收入和利润)。总而言之，集团实施的结构重组和战略转变已经使您们看到了“新盛世”—财务上—2015年度财报在收入利润和运营现金流等方面都获得了鲜明的提高！

考虑了基础设施领域的明显增长和矿业市场的脆弱，Ranken和Mancala在2015年财政年度取得盈利的同时都产生了正现金流。Ranken在2015年第四季度仅3个月的时间就贡献了我们年度总收入的一半，很明显地成为我们核心业务目前的真正推动者并仍将是我们未来增长的关键催化剂。去年12月我们也和以新加坡为总部的CPG集团签署了合作备忘录，将在互利的基础上共同拓展本区域的基础设施项目。

GROUP CEO'S REVIEW

Subsequent to the financial year-end, Li Xiaobo (previously listed on the Top-400 Forbes China Rich List in 2014) became our substantial shareholder by acquiring slightly more than 10% of our shares via an off-market deal at 9.7 cents each (before share consolidation). We then had a 3:1 share consolidation exercise in order to comply with the Minimum Trading Price ("MTP") requirement (as a SGX Mainboard-listed company, our MTP cannot fall below 20 cents on average). We have also proposed a capital reduction exercise – subject to your approval at an EGM – which will 'clear' a significant amount of accumulated losses from our legacy business against our share capital and help us to keep a more meaningful balance sheet that can be represented by existing profitable underlying assets.

随后在财政年度结尾，李小波(曾经列入2014年福布斯400中国富人榜排名)成为我们的主要股东之一，通过场外交易以每股9.7分的价格(并股之前)获取了盛世百分之10多点的股票。接着我们为了符合新交所股票最低交易价格的要求，我们以3：1实施了并股(符合我们作为新交所主板上市的公司要求—我们需要平均最低交易价格不低于20分)。我们也提议实施资本减少—取决于您在特别股东大会上的批准—这项措施针对股票资本，将"清除"巨额累计的亏损(历史上的)，帮助我们保持更有意义的资产负债表，也更能反映目前资产产生的利润和公司的进一步结构调整。

More recently, we invited the key management members of Ranken to join Sapphire as Executive Directors. The appointments of both Wang Heng and Cheung Wai Suen are strategically important to our growth initiatives as we make our first foray into rail infrastructure development. They will undoubtedly contribute immensely to the growth of our infrastructure business – obviously, in China and potentially in other parts of emerging Asia.

近期我们邀请了Ranken的主要管理成员作为公司的执行董事加入我们。王恒和张伟暄的委任对我们未来增长计划具有战略性重要意义，也与我们首次进入路轨基础设施发展是密切相关的。毋庸置疑，他们将会对我们日益增长的基础设施业务作出巨大贡献—明显地无论是在中国还是具有潜在市场的亚洲新兴地区。

FINANCIAL HIGHLIGHTS

We completed the acquisition of Ranken on 1 October 2015, so there were significant changes in our financials for FY2015 because of the maiden consolidation of Ranken's financials (comprising three months' results and cash flows for 4Q2015, and its financial position as at 31 December 2015). You can also read our "Results At A Glance", which my CFO has explained in detail.

财务摘要

2015年10月1日我们完成了对Ranken的并购，由于Ranken的财务数据首次合并(包括了2015年第四季度3个月的结果和现金流和截至到2015年12月31日的财务状况)我们2015年度的财务状况有了重大的变化。您也可以阅读我们年报中的"结果浏览"，我的首席财务官在那里有详细的解释。

Review of Financial Performance

Summarised profit and loss account for the year ended 31 December

财务业绩

截至到2015年12月31日损益表摘要

$'000	2015	2014	2013	2012	2011
Revenue	116,351	58,487	6	137,199	135,538
Gross profit	19,197	14,741	1	18,865	24,198
Profit/(loss) before income tax	8,471	(3,730)	(4,704)	(23,394)	(25,060)
Income tax expense	(1,975)	(1,438)	–	(6,021)	(6,214)
Profit/(loss) from continuing operations	6,496	(5,168)	(4,704)	(29,415)	(31,274)
Profit/(loss) from Discontinued Operations	–	5,306	(152,472)	–	–
Profit/(loss) for the year	6,496	138	(157,176)	(29,415)	(31,274)

Key points to note:

- Revenues rose to S$116.4 million with more than half derived from Ranken (in just three months during 4Q2015) and the remainder from the mining services business of Mancala (which was lower in S$ term due to the weaker A$, despite higher productivity). Meanwhile, Gross Profit rose to S$19.2 million on the back of higher revenues;

我在此只摘录了主要部分：

- 收入提高到了1亿164万新币，其中一半多来自Ranken(虽然只有2015年第4季度3个月的数字)，其余的是来自矿业服务公司Manca l a(尽管生产力提高但由于澳币的疲弱转换成新币之后而变得更低)。同时，由于较高收入的基础，毛利增加至1920万新元。

GROUP CEO'S REVIEW

- Other Income rose sharply to S$8.6 million, comprising realisation of retention monies (from Ranken's infrastructure projects), rental income (from Ranken's commercial buildings), other operating income (interest income from bond and foreign exchange gains from stronger RMB – arising from the corporate restructuring exercise); and fair-value gains (given a fall in the estimated contingent payables on acquisition of Mancala);
- Other Expenses fell to S$1.9 million in the absence of foreign exchange loss (recorded last year) despite goodwill impairment for the acquisition of Mancala given its lower-than-expected net profit;
- Both administrative expenses and finance costs for Mancala fell on cost control and lower borrowings; whereas these expenses and costs rose as a whole on maiden consolidation of Ranken's financials. As a result, administrative expenses (including some one-off professional fees) and finance costs rose to S$15.1 million and S$1.9 million, respectively; and
- Income tax expense of S$2.0 million was estimated based on the taxable profits of Ranken and Mancala (Vietnam operations).

The above explains the following improvement in our key financials, specifically:

- Net profit rose sharply to S$6.5 million;
- Operating profit before working capital changes or cash profit rose to S$15.9 million; and
- Net operating cash flows improved to S$12.9 million.

Review of Financial Position

Non-current assets – comprising mainly Property, Plant and Equipment ("PPE"), Investment Properties, Intangible Assets, Goodwill and Deferred Tax Assets – rose to S$78.5 million. Details are as follows:

- PPE of S$21.4 million and S$24.8 million for Ranken and Mancala, respectively;
- Ranken's Investment Properties of S$13.5 million comprise certain units in commercial buildings receiving rental income; and
- Intangible Assets of S$16.4 million comprise mainly Ranken's land use rights of S$6.6 million and goodwill of S$9.5 million (on acquisition of Ranken).

Current assets rose to S$255.7 million, comprising mainly inventories, construction work in progress ("WIP"), receivables (trade and other), non-current assets held for sale, and cash. Significant changes (due mainly to maiden consolidation of Ranken's financials) are as follows:

- Inventories rose to S$3.4 million, including raw materials for construction of S$1.4 million for Ranken;
- Contract WIP of S$54.9 million related to Ranken's projects under construction;
- Trade receivables rose to S$124.6 million, comprising mainly (i) Ranken's trade receivables of S$117.6 million (174 days turnaround time) and S$7.0 million (47 days turnaround time), respectively;

- 其他收入急剧上升到860万新币，包含了收到的留存款项(来自基建项目)，租金收入(来自Ranken的商业大厦)其他运营收入(债券的利息收入和人民币对新币升值带来的汇率兑换收入—由于集团结构重组实施)以及公允价值收益(由于收购Mancala预估的或有应付账款的下降)。
- 尽管由于Mancala净利润"低于预期"造成了商誉减值，由于没有去年的外汇兑换损失，其他费用仍然减少了190万新币。
- 由于Mancala实施了成本控制和低借贷管理，降低了行政费用和财务费用；然而由于Ranken首次进入集团合并报表中其费用也一起进入，导致了费用和成本整体上升。结果集团的行政费用(包括一次性的专业费用)和财务成本上升到了1510万新币和190万新币；
- 同时，基于Ranken和Mancala(越南的运营)应付的所得税预估，200万新币的税也包括在内。

综上所述，解释了我们的主要财务数据在如下几方面得到改善，特别是：

- 我们的净利润大幅提高到650万新币；
- 我们的现金利润提高到了1590万新币；和
- 我们的运营现金流提高到了1290万新币。

财务状况概览

非流动资产主要包括房屋，工厂和设备(PPE)，投资物业，无形资产，商誉和延递税收资产上升到7850万新币。细节如下：

- Ranken和Mancala的PPE资产分别是新币2140万和2480万；
- Ranken的投资物业资产是新币1350万包括了商业大厦出租部分的租金收入；和
- 无形资产新币1640万包含Ranken的土地使用权新币660万和新币950万的商誉(Ranken的并购)。

流动资产上升到了新币2亿5570万，主要包括库存，在建工程(WIP)，应收账款(贸易和其他)，待售的非流动资产和现金。实质的改变(主要由于Ranken的财务首次合并)如下：

- 库存提升为新币340万包括新币140万用于Ranken的建筑原材料；
- Ranken的在建工程合约新币5490万；
- 贸易应收账款上升为新币1亿2460万，主要包括(1)Ranken的贸易应收账款新币1亿1760万(174天周转时间)和新币700万(47天周转时间)；

GROUP CEO'S REVIEW

- Other receivables, deposits and prepayments fell to S$29.5 million, including S$23.1 million of those materials procured by Ranken on behalf of the project owners and the security deposits placed with these owners, which are refundable on project completion;
- Non-current assets held for sale rose to S$8.1 million, comprising mining-related equipment specifically identified for sale by Mancala; and
- Cash rose to S$35.1 million due mainly to cash profits during the year and Ranken's cash position (on maiden consolidation).

Liabilities

Total financial liabilities (both current and long-term) rose to S$72.8 million, including S$65.3 million of mainly bank borrowings, debts and finance leases for Ranken with the remaining S$7.5 million relating to short-term bank loans and finance lease obligation of Mancala. Current liabilities (excluding financial liabilities) rose to S$158.9 million, including S$123.1 million of mainly trade supplies, VAT payables and accrued expenses for Ranken with the remaining S$21.4 million relating to PAYG withholding, withholding tax and other accruals of Mancala.

Cash flows

During the year under review, we generated operating profit before working capital changes or 'cash profit' of S$15.9 million. Our net working capital requirement was S$3.0 million and we generated net operating cash flows of S$12.9 million. We had net cash flows from investing activities of S$15.9 million after accounting for receipts of the remaining proceeds from the disposal of the steel business, payment for cash consideration related to the acquisition of Ranken and purchase of equipment. We incurred interest, repaid bank loans (more than we borrowed) and settled part of the finance leases, resulting in S$9.2 million cash used in financing activities. Given all these, our overall net cash position (net of pledged fixed deposit and bank overdraft of S$4.7 million) rose to S$30.3 million as at 31 December 2015.

Overall financial position

You may note that as at 31 December 2015:

- for every dollar of liabilities incurred, the Group had S$1.38 worth of asset backing;
- for every dollar of current liabilities incurred, the Group had S$1.13 worth of current asset support;
- net assets or shareholders' equity (assets and monies you have entrusted to us) amounted to S$92.1 million, or approximately S$0.283 per share (post-share consolidation); and
- approximately 33% of shareholders' equity was cash (net of bank overdraft and pledged fixed deposits).

- 其他应收账款，定金和预付款降低到新币2950万包括项目方委托Ranken采购项目建设所需原材料和交付给项目方的安全保证金合新币2310万;
- 待售非流动资产上升到新币810万，包含了与矿业有关的设备特别是Manca la要出售的设备;
- 现金增加了3510万新币，这主要是由于2015年度的现金利润和Ranken的现金状况(首次合并)。

债务状况

整体财务负债(流动和长期)上升到了新币7280万，其中Ranken的银行贷款，负债和金融租赁占了约为新币6530万，其余的750万新币是Mancala的银行贷款和金融租赁。流动负债(不包括财务负债)上升到新币1亿5890万，其中1亿2310万新币是Ranken的贸易供应，应付增值税和应计费用，其余的2140万新币是与Manca la有关的未支付的购买对价，税和其他应计费用。

现金流状况

在本年财务概览部分提到，在投入运营资本之前，我们收到了1590万新币的“现金利润”，投入运营资本后我们产生的净运营现金流是新币1290万。在确认收到钢铁业务剥离余留的收益并支付了并购Ranken和设备采购所需要的现金对价后，我们从投资行为中获得了1590万新币的净现金流。我们支付了利息，也还了银行贷款(比我们借的要更多)并解决了部分金融租赁，产生了920万新币的现金用于财务运营。综上所述，截至到2015年12月31日我们整体现金流状况(抵押定金和银行透支净值为新币470万)上升到了3030万新币。

整体财务状况

截至到2015年12月31日您可能会注意到:

- 每一新币的债务，集团就会得到价值1.38新币的资产支撑;
- 每一新币的流动负债，集团就会得到1.13新币的流动资产支撑;
- 净资产或者说股东权益(您委托给我们的资产和现金)价值新币9210万或者说约合每股0.283新币(并股后);
- 股东权益约33%是现金(净银行透支和抵押定金)。

GROUP CEO'S REVIEW

GOING FORWARD

At the macro level, we have seen stock markets in China start off this year with a scary fall that upset many investors. We have had read enough about the slowdown in China's economy as well, which unavoidably led to feel there is a strong correlation between its stock market performance and its economic vibrancy. I personally think this was more to do with shaky market psychology than the overall economic fundamentals (but I could be wrong) and the expected slowdown (instead of an abrupt downturn) is gradually taking place with the 'new normal' stage of development coming hot on the heels of talks on China's more measured or more prudent economic growth policies, but it is far from hard landing. While recession fears could also be fading, or its economy seems to be holding up better than feared, no one is expecting a boom just yet.

While I have been observing along this trend, I continue to believe that infrastructure spending in China and the region (expansion of rail networks and upgrade of major roads) should remain resilient. The increasingly higher investments in this sector – apparently, for the last few years in a row – should benefit Ranken, as the government's focus in this sector seem to be working well under the much-discussed One Belt, One Road initiative. The speed with which Ranken won a flurry of large-scale infrastructure contracts in recent months is encouraging – the existing order book of Ranken, substantially related to railway infrastructure works for metro and urban rail transit, is close to RMB2.0 billion (or about S$435 million).

On the other hand, given the much-expected market slowdown, commodity prices have fallen amid weaker demand for most metals. As such, we have seen many signs cautioning the mining industry. Mancala has thus capped capital investments, kept its running costs low and is looking for ways to improve assets utilisation. A few months ago, we spoke to a strategic investor who knows the resource sector in China well, at a time when the Chinese government is emphasising the sustainable development of the local mining industry and may find foreign experts useful. We will see if this can help Mancala secure more jobs. Whilst there could still be someone else in the industry betting a great deal of money on commodities' price recovery and re-stocking, I choose to remain cautious. I will work with strategic investors who could and would fund Mancala's mining services business directly.

In recent years, much has been highlighted regarding our corporate recovery plans as to how we conducted strategic reviews, scaled back operations, closed down non-performing units, streamlined corporate functions, got rid of the legacy steel business and firmed up "what's next" as part of our going-forward strategies." The new board members have been tirelessly building a "New Sapphire" and in simple terms, move towards enhancing long-term shareholder value. Once again, thank you – my very sincere thanks to all the supportive shareholders.

Regards,

TEH WING KWAN
Group Chief Executive Officer and Managing Director
Email: wkteh@sapphirecorp.com.sg

展望未来

从宏观层面看，我们经历了今年开始之时中国股市的可怕下跌，这使许多投资人受到了扰乱。同时我们也阅读了大量关于中国经济放缓的报导，导致了股票市场的表现和经济活力相关联的思想产生。我个人认为这种现象更多的是与市场波动哲学有关而不是与整个经济本质有关(或许我可能是错的)——因此，当伴随着关于中国采取更多措施或更谨慎经济增长措施的言论，中国经济进入“新常态”发展阶段，预期的经济放缓逐渐发生(而不是急剧下跌)。但是中国经济不会硬着陆。虽然对经济衰退的恐惧正在退去或者说中国经济现在比预期的似乎更坚挺，但没有人预期在近期内是繁荣发展，至少现在不是。

通过观察这些发展趋势，我认为在中国和本区域(铁路系统扩展和主要道路升级)仍将是强劲的。这个领域日益提高的投资—明显的在过去几年是具有连续性的—使Ranken受益因为被广泛讨论的中国一路带一路计划在这个领域似乎进展良好。在近几个月Ranken赢得了几个大型基础设施建设合约，这是非常令人鼓舞的。目前Ranken的合约接近20亿人民币(约合新币4.35亿)，主要都是与铁路设施和地铁和城市轨道交通相关的项目。

另一方面，由于被多数人预期市场放缓，对大多数金属产品的需求更加疲弱，大宗商品价格已经下降。由于如此我们事先已经看到了对矿业谨慎的许多迹象。Mancala也因此限制了资本投入，保持低成本运行并一直寻求提高资产利用率的途径。几个月前，我们开始和一个既熟悉中国的矿业也熟悉新兴市场的战略投资人商谈—刚好此时中国政府正在强调地方矿业的可持续发展问题，他们或许认为和外国专业人士合作是有益处的。我们将会考量是否这会帮助Mancala获得更多的业务。尽管可能有人在矿业注入大量的金钱以期待大宗商品价格的复苏和大宗商品的重新上扬，我选择保持谨慎态度。我将继续和可以也将直接投资我们矿业的战略投资人合作。

近年来关于我们如何管理战略规划，缩小运营范围，关闭不生产的部门，精简公司功能，剥离历史遗留的钢铁业务同时坚定“下一步是什么”等集团复兴计划已经被强调了许多次了。新的董事局成员孜孜不倦地努力建设一个为“新盛世”，简单说就是建立一种长期增长的股东价值。再次感谢您们，由衷地感谢所有支持我们进行公司转型的股东们！

此致，敬礼！

盛世集团首席执行官/总裁
郑永权
邮箱：wkteh@sapphirecorp.com.sg

BOARD OF DIRECTORS & KEY EXECUTIVE

MR LIM JUN XIONG STEVEN
Non-Executive Chairman and Independent Director

Mr Lim Jun Xiong Steven was appointed as the Non-Executive Chairman and Non-Executive Director of the Group with effect from 1 October 2013. He has more than 30 years' experience in the financial, trust and wealth management industry; including chief executive positions in HSBC Private Bank (Suisse) SA, the Global Wealth Solutions arm of the HSBC Group, and SG Trust (Asia) Ltd, a subsidiary of Societe Generale Private Banking. He holds directorships in companies listed on the Singapore Exchange, including Bund Center Investment Ltd, Hong Fok Corporation Limited, Keong Hong Holdings Ltd and Mirach Energy Ltd.

Mr Lim holds a Bachelor's degree in Commerce from the University of Newcastle, Australia.

Mr Lim was last re-elected as a Director of the Company on 23 April 2014.

林隽雄先生
非执行主席兼独立董事

林隽雄先生于2013年10月1日获委任为公司的非执行主席及非执行董事。他在金融，信托及财富管理行业拥有超过30年的经验，曾担任汇丰私人银行（瑞士），汇丰集团全球财富解决方案和法国兴业私人银行的附属公司，法国兴业信托（亚洲）有限公司的首席执行官。他也是几家新加坡证券交易所（新交所）上市公司的董事，包括外滩中心投资，鸿福实业有限公司，强枫控股有限公司和Mirach Energy Ltd。他拥有澳大利亚纽卡斯尔大学工商学士学位。

林先生于2014年4月23日再次当选为公司董事。

MR TEH WING KWAN
Group Chief Executive Officer and Managing Director

Mr Teh Wing Kwan was appointed as Group Chief Executive Officer (CEO) with effect from 3 October 2013.

Mr Teh specialises in corporate finance, corporate restructuring and mergers and acquisitions. He is a highly experienced financial professional who has been advising and investing in companies, family-owned enterprises and regional asset owners with businesses listed in and preparing to list in Singapore, Australia, Malaysia, Vietnam and Taiwan. Mr Teh is also a nominated candidate for the Asia Pacific Entrepreneurship Awards 2015 (Singapore) under the Industrial and Commercial Products Industry.

He is currently an appointed advisor to the Board of Koda Ltd (listed on the Mainboard of the Singapore Exchange ("SGX-ST")), a non-executive and non-independent director of Singapore eDevelopment Limited (listed on the Catalist of the SGX-ST and previously known as CCM Group Limited) and a sophisticated investor. He served as a non-executive and non-independent director of public companies listed on the Hong Kong Stock Exchange and Australian Securities Exchange; and was also previously appointed Audit Committee Chairman and Independent Director of other public companies listed on the SGX-ST.

Mr Teh is a Fellow of the Association of Chartered Certified Accountants (United Kingdom), a Chartered Accountant of the Institute of Singapore Chartered Accountant, an International Affiliate of the Hong Kong Institute of Certified Public Accountants, a Chartered Accountant of the Malaysian Institute of Accountants, a Full Member of Singapore Institute of Directors and a member of the Hong Kong Securities and Investment Institute.

Mr Teh was last re-elected as a Director of the Company on 23 April 2014.

郑永权先生
集团首席执行官/总裁

自2013年10月3日郑永权先生获委任为集团首席执行官。

郑先生擅长于公司融资和重组并购。他在金融财务领域拥有丰富的经验，他一直为在新加坡，澳大利亚，马来西亚，越南和台湾公司，家族企业和区域资产拥有者提供建议并参与投资。郑先生也获提名为2015年(新加坡)亚太工商行业企业收购专家。

他目前是Koda企业(新加坡主板上市企业)董事局顾问，新加坡eDevelopment 公司的非执行非独立董事(新加坡凯利板上市企业，之前的名称是CCM公司)和资深投资人。他也曾经在香港和澳大利亚证券交易所上市的公司担任非执行非独立董事，也曾经在新加坡上市的其他企业担任过审计委员会主席和独立董事。

郑先生是注册会计师公会(英国)会员，新加坡特许会计师机构特许会计师，香港注册会计师公会国际会员，马来西亚会计师公会注册会计师，新加坡董事协会全职会员和香港证券投资机构会员。

郑先生于2014年4月23日再次当选为公司董事。

BOARD OF DIRECTORS & KEY EXECUTIVE

MADAM EMMA CHEUNG KAM WA
Chief Operating Officer and
Executive Director

Mdm Cheung Kam Wa Emma was appointed to the Board with effect from 14 November 2012, having joined as Chief Operating Officer (COO) on 3 January 2012. She has more than 20 years of company management experience mainly in the areas of commodity trading, logistics, mergers and acquisitions. She is also familiar with commercial and accounting regulations in China and Hong Kong.

Prior to joining the Group, Mdm Cheung held senior management positions in Sichuan TranVic Group in China and was the General Manager of HSC Resources Ltd in Hong Kong. As COO, she now assists the Group CEO with day-to-day operations.

Mdm Cheung holds a Master's degree in Law from the Graduate School of the Chinese Academy of Social Sciences.

Mdm Cheung was last re-elected as a Director of the Company on 24 April 2013.

张锦华女士
首席营运官兼执行董事

张锦华女士在2012年11月14日获委任为公司的董事会成员。她于2012年1月3日加入公司，担任首席营运官。她在中国地区拥有超过20年的企业管理经验，尤其是在商品交易、物流、合并以及收购等方面，且熟悉中国和香港的商业和会计法规。在加入盛世之前，张女士曾经在四川川威集团担任管理层的职位以及香港港威有限公司的总经理。她目前的职务是协助集团首席执行官处理日常的运作。她拥有中国社会科学院法学硕士学位。

张女士于2013年4月24日再次当选为公司董事。

MS WANG HENG
Executive Director

Ms Wang Heng was appointed to the Board with effect from 16 March 2016. She is a co-founder and executive director of Ranken Railway Construction Group Co., Ltd ("Ranken Railway"), as well as its current legal representative.

A qualified engineer and technician, Ms Wang started her career with CRB China ("CRB"), where she worked from 1991 to 1998. She left CRB and founded Ranken Railway in 1999.

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, and manages finances for Ranken's overseas ventures and projects.

Ms Wang majored in Railway Engineering at Southwest Jiaotong University and holds an Executive MBA from Tsinghua University. She is also a member of the Tenth Chinese People's Political Consultative Committee of Sichuan Chengdu Wuhou District.

王恒女士
执行董事

王恒女士于2016年3月16日获委任为董事。她是Ranken工程集团有限公司("Ranken Railway")的创始人之一和执行董事，目前她是Ranken Railway的法人代表。

王恒女士是资深工程师和技术员，她于1991年进入中铁开始她的职业生涯直到1998年。她于1999年与人合作创立了Ranken Railway。

作为Ranken Railway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，她同时负责Ranken Railway海外公司和项目的融资管理。

王恒女士是中国西南交通大学铁路工程专业毕业并持有清华大学工商管理硕士学位。她也是四川成都武侯区第十届政协委员。

BOARD OF DIRECTORS & KEY EXECUTIVE

MR CHEUNG WAI SUEN
Executive Director

Mr Cheung Wai Suen was appointed to the Board with effect from 16 March 2016. 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 1999, during which he advised Ranken Railway on overseas expansions, key operational matters and marketing strategies. He currently assists with the formulation of Ranken Railway's corporate and investment strategies.

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

张伟暄先生
执行董事

张先生于2016年3月16日获委任为董事。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1999年以来就一直担任Ranken工程集团有限公司(“Ranken Railway”)的执行董事，负责Ranken Railway 的海外拓展，运营和市场战略。他目前负责Ranken Railway公司战略和投资战略的规划。

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。

MR TEO CHENG KWEE
Non-Executive and
Non-Independent Director

Mr Teo Cheng Kwee was re-designated as Non-Executive and Non Independent Director of Sapphire with effect from 3 October 2013. He is the founder of the Group and served as CEO for nearly 40 years before re-designation.

During his reign, he led Sapphire from the Singapore Exchange Catalist to a Mainboard listing in 2011. Mr Teo's vast experience and business acumen will add value to the Company going forward.

Mr Teo was last re-elected as a Director of the Company on 23 April 2014.

张青贵先生
非执行董事

张青贵先生于2013年10月3日调任为公司的非执行董事。他是盛世集团的创始人，在集团担任执行官近40年。在2011年，他还使盛世从新交所的凯利板晋升到了主板。张先生的丰富经验和敏锐的商业触觉将有益于公司的未来发展。

张先生于2014年4月23日再次当选为公司董事。

MR FOO TEE HENG
Non-Executive and
Non-Independent Director

Mr Foo Tee Heng was re-designated as Non-Executive and Non-Independent Director of Sapphire with effect from 3 October 2013. Prior to the re-designation, he was an Executive Director in charge of marketing, administration and human resource matters. Mr Foo has more than 30 years of experience in the building and construction industry, and helped the Group's legacy construction business make inroads into Myanmar as early as 1978.

Mr Foo was last re-elected as a Director of the Company on 23 April 2014.

符师鋆先生
非执行董事

符师鋆先生于2013年10月3日调任为公司的非执行董事。调任之前，他是执行董事，负责监督市场推广，行政及人力资源事宜。符先生拥有超过30年的管理经验，尤其是在建筑和施工领域。早在1978年，他就带领公司进军缅甸的建造业。

符先生于2014年4月23日再次当选为公司董事。

BOARD OF DIRECTORS & KEY EXECUTIVE

MR YANG JIAN
Non-Executive and
Non-Independent Director

Mr Yang Jian was appointed to the Board with effect from 20 July 2009. Mr Yang holds directorships in several other companies, including Trisonic International Limited (since 2006) and Sichuan Chuanwei Group Co., Ltd (since 2001). Prior to that, he was also the Company Secretary of Sichuan Chuanwei Group Co., Ltd (since 1998). He holds a Master's degree in Administration from Chongqing University.

Mr Yang was last re-elected as a Director of the Company on 29 April 2015.

杨健先生
非独立兼非执行董事

杨健先生于2009年7月20日获委任为董事。杨先生也是其他几家公司的董事，包括合创国际有限公司(从2006年至今)和四川省川威集团有限公司(从2001年至今)。

在此之前，他一直在四川省川威集团有限公司的董事会工作(从1998年至今)。杨先生持有重庆大学管理学硕士学位。

杨先生于2015年4月29日再次当选为公司董事。

MR TAO YEOH CHI
Non-Executive and
Independent Director

Mr Tao Yeoh Chi was appointed to the Board with effect from 1 October 2013 as a Non-Executive and Independent Director. He began his career in the public service sector, where he held senior positions in various ministries. He later joined a few multinational companies before starting his own business. He holds directorships in several companies listed on the Singapore Exchange, including Hanwell Holdings Ltd and Singapore eDevelopment Ltd. He is also a director of STT Communications (Shanghai) Co., Ltd.

Mr Tao holds a Bachelor of Engineering (First Class Honours) and a Bachelor of Arts (Economics) from Newcastle University, Australia.

Mr Tao was last re-elected as a Director of the Company on 23 April 2014.

陶耀建先生
独立兼非执行董事

陶耀建先生于2013年10月1日获委任为独立兼非执行董事。陶先生的职业生涯从公共服务部门开始。他在各部门担任过要职。他随后也相继在几个跨国公司就职，直到他开始自己的生意。目前他也是几家新加坡证券交易所上市公司的董事，包括恒威集团及Singapore eDevelopment有限公司。同时他也是芯科投资管理(上海)有限公司的董事。

陶先生毕业于澳大利亚纽卡斯尔大学，拥有工程学士一级荣誉学位。

陶先生于2014年4月23日再次当选为公司董事。

BOARD OF DIRECTORS & KEY EXECUTIVE

MR FONG HENG BOO
Non-Executive and Independent Director

Mr Fong Heng Boo was appointed to the Board with effect from 15 January 2014 as a Non-Executive and Independent Director. He began his career in 1975 as an Auditor in the Singapore Auditor-General's Office, eventually becoming Assistant Auditor General before leaving in 1993. He later joined Amcol Holdings as General Manager (Corporate Development) and then Easy Call International Pte Ltd as Chief Financial Officer. In 1998, he was Deputy General Manager (Corporate Service) of the Singapore Turf Club and was later re-designated as Senior Vice President (Corporate Service). In 2004, he was seconded to Singapore Totalisator Board as Director (Special Duties), where he led the Board's Finance & Investment functions until retiring in December 2014.

Mr Fong possesses in-depth expertise in audit, finance and corporate management. He holds directorships in three other publicly listed companies. Mr Fong holds a Bachelor of Accountancy with Honours from the University of Singapore (now known as National University of Singapore).

Mr Fong was last re-elected as a Director of the Company on 23 April 2014.

庞廷武先生
独立兼非执行董事

庞廷武先生于2014年1月15日获委任为独立兼非执行董事。庞先生的职业生涯始于1975年。他在新加坡公共审计处担任审计师。当他在1993年离职时，已经是副审计长。后来他加入Amcol控股公司担任总经理(企业发展)，接着在Easy Call International Pte Ltd 担任首席财务官。1998年，他加入新加坡赛马公会为公司副总经理（企业服务），随后调任为高级副总裁（企业服务）。2004年，他被借调到新加坡赛马博彩管理局为董事（特别职务），负责董事会的融资与投资业务直到2014年12月届满为止。庞先生的擅长领域为企业金融及企业管理。目前，他也是另三家上市公司的董事。庞先生毕业于新加坡国立大学，拥有会计学学士二等荣誉学位。

庞先生于2014年4月23日再次当选为公司董事。

MR NG HOI-GEE KIT
Group Chief Financial Officer
(Non-board member)

Mr Ng Hoi-Gee Kit was appointed as Chief Financial Officer (CFO) on 23 November 2015.

Mr Ng manages the Group's finance and accounting functions. Prior to rejoining the Group in 2015, he was Group Financial Controller of TLV Holdings Limited (Taka Jewellery Pte Ltd), where he had worked since October 2014. Mr Ng had previously served as CFO of Neijiang Chuanwei Special Steel Corporation Ltd – a legacy subsidiary of Sapphire – from 2009 until 2011, when he became Group CFO. Mr Ng's previous appointments include Senior Audit Manager at KPMG Singapore and Huazhen (Beijing).

Mr Ng graduated from the Association of Chartered Certified Accountants and is a member of the Institute of Singapore Chartered Accountants.

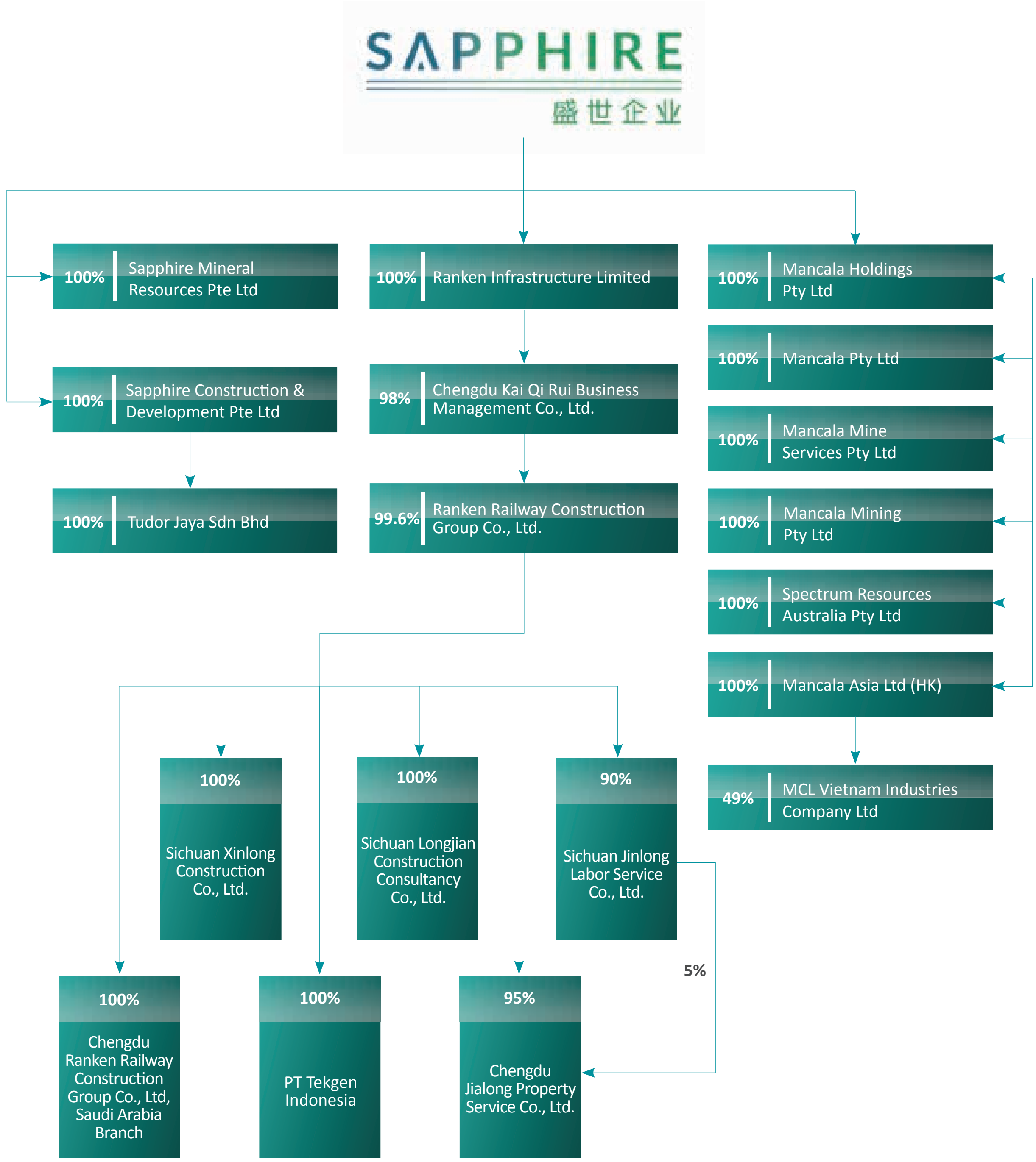
吴海麒先生
集团首席财务官（非董事局成员）

吴海麒先生于2015年11月23日获委任为首席财务官。

吴先生主要负责集团的财务运营。自2014年10月到2015年11月加入集团之前是TLV控股公司（Taka珠宝有限公司）的财务总监。吴先生于2009年-2011年曾担任盛世子公司内江川威特殊钢有限公司的首席财务官，之后成为盛世首席财务官。吴先生曾担任毕马威新加坡和毕马威华振（北京）的高级审计经理。

吴先生毕业于特许公认会计师公会，是新加坡特许公认会计师公会的会员。

CORPORATE STRUCTURE



RESULTS AT A GLANCE

Financial Performance	Group 2015 $'000	2014 $'000
Revenue	116,351	58,487
Cost of sales	(97,154)	(43,746)
Gross profit	**19,197**	**14,741**
Other income		
– Project related	287	–
– Other operating income	8,366	547
Distribution costs	(376)	–
Administrative expenses	(15,130)	(13,528)
Other expenses	(1,959)	(3,883)
Profit/(loss) from operations	**10,385**	**(2,123)**
Finance costs	(1,914)	(1,593)
Share of results of associates	–	(14)
Profit/(loss) before tax	**8,471**	**(3,730)**
Tax expense	(1,975)	(1,438)
Profit/(loss) from Continuing Operations	**6,496**	**(5,168)**
Discontinued Operations*		
Profit from Discontinued Operations (net of tax)	–	5,306
Profit for the year	**6,496**	**138**
Profit attributable to:		
Owners of the Company	6,469	138
Non-controlling interest	27	–
Profit for the year	**6,496**	**138**

** The sale of the Steel Business (Discontinued Operations) was completed on 29 December 2014.*

Note: "Ranken" means our Infrastructure Business and "Mancala" means our Mining Services Business in the explanatory notes here. Significant changes in revenues, cost of sales and operating expenses were mainly attributed to maiden consolidation of three-month Ranken's financial performance in 4Q2015.

FY2015 NET PROFIT
$6.5 million

OPERATING CASH FLOW
$12.9 million

Revenue and Gross Profit

- Revenue rose by $57.9 million to $116.4 million, boosted by the three-month revenues of $61.8 million from Ranken, the largest revenue contributor for FY2015.
- Revenue from Mancala fell by $3.9 million to $54.6 million, due to the weakening of the A$ against the S$, despite higher output values in A$.
- Gross profit rose by $4.5 million to $19.2 million on the back of higher revenues. Overall gross profit margin in FY2015 was 16.5% as compared to 25.2% in FY2014, due mainly to higher direct costs incurred for Mancala.

Other Income

- Comprised project related income of $0.3 million (consultancy fees and realisation of retention monies for Ranken).
- Rose by $7.8 million – comprised rental of $0.22 million; fixed deposit interest of $1.0 million; bond interest of $1.2 million (on full redemption of bond relating to steel business disposal); forex gains of $3.4 million (due to stronger RMB/S$ given our discretionary hedge, higher RMB-denominated cash and loan receivable); and fair value gain of $2.1 million (due to a fall in estimated purchase price payable on acquisition of Mancala) despite forex loss of $0.25 million (due to weaker A$/S$ resulting in lower A$-denominated loan receivable).

Distribution costs

- Related to Ranken's marketing expenses.

Administrative expenses

- Comprised mainly staff cost – rose by $1.6 million due mainly to Ranken's expenses of $3.9 million (maiden consolidation) and our one-off professional fees of $0.4 million for the acquisition of Ranken, despite a fall of $2.6 million in Mancala's expenses due to cost control.

Other expenses

- Fell by $1.9 million in the absence of foreign exchange loss and loss on disposal of associate totaling $3.2 million (recorded last year), offset by a goodwill impairment loss of $1.2 million (due to 'lower-than-expected' net profit of Mancala).

Finance costs

- Rose by $0.3 million due mainly to Ranken's interest expense of $0.9 million (maiden consolidation) whereas interest expense for Mancala fell by $0.6 million due to repayment of loans and finance lease obligations.

Tax expense

- Attributable mainly to taxes for Mancala's Vietnam operations and Ranken's operations, offset by recognition of deferred tax assets by Mancala and its over-provision for the previous year.

Profit for the year

- Given the above, Net Profit rose sharply to $6.5 million, backed by "Cash Profit" and net operating cash flows of $15.9 million and $12.9 million respectively.

RESULTS AT A GLANCE

Financial Position – Total Assets	Group 2015 $'000	2014 $'000
Assets		
Property, plant and equipment	46,334	35,571
Intangible assets	16,435	1,768
Investment properties	13,457	–
Interests in subsidiaries	–	–
Other investments	86	90
Deferred tax assets	2,226	–
Total non-current assets	**78,538**	**37,429**
Inventories	3,442	1,923
Construction work in progress	54,858	–
Trade receivables	124,616	7,199
Other receivables	29,544	61,816
Non-current assets held for sale	8,148	1,781
Cash and cash equivalents	35,079	12,247
Total current assets	**255,687**	**84,966**
Total assets	**334,225**	**122,395**

Note: Significant changes in financial position were mainly attributed to maiden consolidation of three-month Ranken's financial performance in 4Q2015.

FY2015 TOTAL ASSETS

$334 million

Property plant and equipment (PPE)

- PPE for Ranken and Mancala were $21.4 million and $24.8 million respectively. Both are recorded at fair values based on independent valuation at acquisition dates.

Intangible assets

- Rose to $16.4 million due mainly to $9.5 million goodwill (acquisition of Ranken) and $6.8 million land use rights of Ranken (maiden consolidation), offset by $1.2 million goodwill impairment (Mancala's) and $0.5 million amortisation. The intangible assets for Ranken and Mancala were $16.0 million and $0.4 million respectively.

Investment properties

- Comprised certain units in commercial buildings of Ranken – currently receiving rental income.

Deferred tax assets

- Deferred tax assets for Ranken and Mancala were $1.7 million and $0.5 million respectively.

Inventories

- Inventories for Ranken and Mancala were $1.4 million (mainly raw materials for construction) and $2.0 million respectively.

Construction work in progress

- Related to Ranken's projects under construction of $54.9 million.

Trade receivables

- Trade receivables for Ranken and Mancala were $117.6 million (174 days turnaround time) and Mancala's $7.0 million (47 days turnaround time) respectively.

Other receivables

- Fell to $29.5 million due mainly to proceeds from disposal of the Steel Business, offset by maiden consolidation of Ranken's financials. Other receivables for Ranken and Mancala were $23.1 million (mainly materials procured for and security deposits placed with the project owners) and $6.4 million (mainly other receivables, deposits and prepayments) respectively.

Non-current assets held for sale

- Comprised mining related equipment specifically identified by Mancala for sale.

Cash and cash equivalents

- The cash position including cash profits earned for the year, for Corporate Functions, Ranken and Mancala were $5.8 million, $26.7 million and $2.6 million respectively.

RESULTS AT A GLANCE

Financial Position – Total Equity and Liabilities	Group 2015 $'000	Group 2014 $'000
Equity		
Share capital	277,067	260,489
Reserves	(186,505)	(187,889)
Equity attributable to owners of the Company	**90,562**	**72,600**
Non-controlling interests	1,544	–
Total equity	**92,106**	**72,600**
Liabilities		
Other payables	8,653	7,780
Financial liabilities	5,928	5,649
Deferred tax liabilities	1,816	463
Total non-current liabilities	**16,397**	**13,892**
Trade payables	74,361	10,596
Other payables	71,204	16,972
Progress billings in excess of construction work in progress	8,416	–
Financial liabilities	66,852	7,170
Current tax liabilities	4,889	1,165
Total current liabilities	**225,722**	**35,903**
Total liabilities	**242,119**	**49,795**
Total equity and liabilities	**334,225**	**122,395**

FY2015 Equity

$91 million

Equity

- Total equity attributable to owners of the Company or Shareholders' Equity rose sharply by to $90.6 million due to issue of new shares worth (i) $16.5 million for acquisition of Ranken, (ii) $78,000 under Shares Award Scheme for FY2014 directors' fees, (iii) current year earnings of $6.5 million; offset by $2.1 million translation loss and $3.0 million fair value adjustment (relating to shares issued for acquisition of Ranken).

Non-controlling interests

- Relate mainly to 2.4% held by minority shareholders in the capital of Ranken Railway Construction Group Co., Ltd and its subsidiaries.

Long term other payables

- Rose to $8.7 million on the maiden consolidation of Ranken's financials, offset by reclassification of contingent consideration relating to acquisition of Mancala to current liabilities. Long term other payables for Ranken and Mancala were $7.9 million and $0.8 million respectively. Both related mainly to loans extended by previous shareholders of Ranken and Mancala.

Total current and long-term financial liabilities

- Total financial liabilities for Ranken and Mancala were $65.3 million and $7.5 million respectively – mainly related to bank loans, bond and finance lease obligations payable.

Deferred tax liabilities

- Deferred tax liabilities for Ranken and Mancala were $1.6 million and $0.2 million respectively, which were recorded based on independent valution at acquisition dates.

Trade payables

- Trade payables for Ranken and Mancala were $62.5 million and $11.8 million respectively.

Other payables

- Rose to $71.2 million on maiden consolidation of Ranken's financial position. Other payables for Ranken, Mancala and Corporate were $48.8 million, $7.9 million and 14.4 million respectively. Other payables for Ranken comprised deposits received from clients, security deposits from sub-contractors, VAT payables and accrued expenses. Other payables for Mancala comprised mainly the PAYG withholding in Australia withholding tax in Vietnam and accrued expenses. Other payables of the Company (corporate) comprised mainly the estimated purchase consideration payable to Mancala's vendors (subject to adjustments).

Current tax liabilities

- Current tax liabilities for Ranken and Mancala were $3.3 million and $1.6 million respectively.

FINANCIAL CONTENTS

CORPORATE GOVERNANCE REPORT

The Board of Directors of 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 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 processes and framework and practices that were in place during the financial year ended 31 December 2015 ("**FY2015**"), in compliance with and with specific reference to the principles and guidelines of the Code of Corporate Governance 2012 (the "**Code**"). Taking into consideration the need to balance enterprise and accountability, and the unique characteristics of the industry and maturity of each company, the Company notes that Corporate Governance Committee's recommendation that a one-size-fits-all, prescriptive approach may not be suitable for all listed companies. The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Where the Company has therefore not complied fully with the guidelines of the Code, explanations and alternative corporate governance practices adopted by the Company in lieu of the recommendations have been provided in the sections in respect of the relevant guidelines.

THE CODE

The Code is divided into four main sections:

(A) Board Matters
(B) Remuneration Matters
(C) Accountability and Audit
(D) Shareholder Rights and Responsibilities

(A) BOARD MATTERS

BOARD'S CONDUCT OF ITS AFFAIRS (PRINCIPLE 1)

The primary function of the Board is to protect shareholders' interests and enhance long-term shareholders' value and returns.

Every Director, in the course of carrying out his duties, exercises due diligence and independent judgment, acts in good faith and considers objectively at all times, the interests of the Group. Besides its statutory duties and responsibilities, the key roles of the Board are:

- to set and guide the corporate strategy and directions of the Group, approve the broad policies, strategies and financial objectives of the Group;
- 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 management;
- to identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;
- to provide guidance on values, ethics, standards and obligations to shareholders and other stakeholders to the Company;
- 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.

CORPORATE GOVERNANCE REPORT

Matters that require board approval include:

- 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 quarterly and full-year results.

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**"). 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.

The schedules of all the Board and Committee meetings as well as the Annual General Meeting for the next calendar year are planned in advance. The Board conducts at least four meetings a year and where necessary, additional board meetings are held to review, discuss and address significant issues or transactions. The Company's Constitution allow 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 via circulating board resolutions. The independent directors also meet on a need-basis without the presence of the management to discuss matters such as the Group's financial performance, management leadership and management performance.

CORPORATE GOVERNANCE REPORT

In the financial year ended 31 December 2015 ("**FY2015**"), the Board held eight meetings. The attendance of the Directors at meetings of the Board (both formal and informal meetings) and Board Committees during FY2015 is as follows:

	BOARD		AUDIT AND RISK COMMITTEE		NOMINATING COMMITTEE		REMUNERATION COMMITTEE	
	No. of Meetings[1]		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Lim Jun Xiong Steven	8	8	4	4	1	1	1	1
Mr Teh Wing Kwan	8	8	4	4[2]	1	1[2]	1	1[2]
Madam Cheung Kam Wa	8	8	4	4[2]	1	1[2]	1	1[2]
Mr Fong Heng Boo	8	8	4	4	1	1	1	1
Mr Tao Yeoh Chi	8	8	4	4	1	1	1	1
Mr Teo Cheng Kwee	8	5	4	3[2]	1	1	1	1
Mr Foo Tee Heng	8	5	4	4[2]	1	1[2]	1	1[2]
Mr Yang Jian	8	4	4	1[2]	1	1[2]	1	1
Mr Duan Bing[3]	8	1	4	1[2]	1	1[2]	1	–
Mr Wei Jian Ping[3]	8	1	4	1	1	1[2]	1	1
Ms Wang Heng[4]	–	–	–	–	–	–	–	–
Mr Cheung Wai Suen[4]	–	–	–	–	–	–	–	–

Notes:

(1) Inclusive of formal and informal meetings to discuss the business strategy and direction of the Group.

(2) By invitation.

(3) Retired at AGM held on 29 April 2015.

(4) Appointed on 16 March 2016, subsequent to the conclusion of FY2015.

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 Group Chief Executive Officer and Managing Director ("**Group 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 operations.

Continuous and ongoing training programmes are also encouraged and made available to the Directors, 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.

The Group CEO also updates the Board at each meeting on business and strategic development pertaining to the Group's business. 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.

BOARD COMPOSITION AND BALANCE (PRINCIPLE 2)

During FY2015, the Board comprised 8 Directors, among whom 3 are Non-Independent and Non-Executive Directors and 3 are Independent Directors. Subsequent to FY2015, Ms Wang Heng and Mr Cheung Wai Suen were appointed to the Board of Directors as Executive Directors, increasing the number of Executive Directors on the Board to 4 and the total number of Directors comprising the Board to 10.

CORPORATE GOVERNANCE REPORT

The Board considers an Independent Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent judgment of the Group's affairs with a view to the best interests of the Company. The Board is able to exercise objective judgment on corporate affairs independently and constructively challenge key decisions and strategies taking into consideration the long term interests of the Group and its shareholders, as Independent Directors, who includes the Chairman of the Board, comprised more than one-third of the Board during FY2015. Each Board Committee is also chaired by an Independent Director and comprised of a majority of Independent Directors.

The Board comprises the following members:–

Mr Lim Jun Xiong Steven	–	Chairman, Independent and Non-Executive Director
Mr Teh Wing Kwan	–	Group CEO and Managing Director
Madam Cheung Kam Wa	–	Executive Director and Chief Operating Officer
Ms Wang Heng	–	Executive Director (Appointed on 16 March 2016)
Mr Cheung Wai Suen	–	Executive Director (Appointed on 16 March 2016)
Mr Fong Heng Boo	–	Independent and Non-Executive Director
Mr Tao Yeoh Chi	–	Independent and Non-Executive Director
Mr Teo Cheng Kwee	–	Non-Independent and Non-Executive Director
Mr Yang Jian	–	Non-Independent and Non-Executive Director
Mr Foo Tee Heng	–	Non-Independent and Non-Executive Director (retiring and will not stand for re-election in the upcoming AGM)

There is no alternate director on the Board.

The NC is responsible for and reviews the independence of each Director annually. The NC adopts the Code's definition of what constitutes an Independent Director in its review. Each Independent Director is also required to complete a Director's Independence Form annually to confirm his independence based on the guidelines as set out in the Code. The Independent Directors, namely Mr Lim Jun Xiong Steven, Mr Fong Heng Boo and Mr Tao Yeoh Chi have confirmed that they do not have any relationship with the Company or 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. The Board, with the recommendation and concurrence of the NC, has reviewed and determined that the said Directors are independent.

There is no Independent Director who has served on the Board for more than nine years.

There is a clear separation of the roles of the Chairman (who is an Independent Director) and the Group CEO and Managing Director. This will provide a healthy professional relationship between the Board and Management to shape the strategic process.

In FY2015, the Independent Directors made up more than one-third of the Board. Following the appointment of Ms Wang Heng and Mr Cheung Wai Suen on 16 March 2016 and the announcement of retirement of Mr Foo Tee Heng who will not be seeking re-election at forthcoming AGM, the number of Independent Directors will comprise one-third following the forthcoming AGM.

The NC periodically reviews the existing attributes and competencies of the Board in order to determine the desired expertise or experience required to strengthen or supplement the Board. This assists the NC in identifying and nominating suitable candidates for appointment to the Board. The Board comprises business leaders and professionals with the relevant industry and financial background. On 16 March 2016, Ms Wang Heng and Mr Cheung Wai Suen were appointed Executive Directors of the Company. In view of Ms Wang and Mr Cheung's qualifications and experience in the infrastructure field, the Board believes that the appointments will be highly relevant to the Company's growth strategies in its infrastructure business going forward.

Whilst the Board has no formal policy with regard to diversity in identifying director nominees, the Board now has two female directors and its members have diverse competencies in areas of business (including the business of the Group), finance, audit, law and human resources. Where the need arises to identify suitable director nominees, the NC and the Board will consider diversity in gender, in addition to skills, experience, and knowledge, as a factor. The Board, with the concurrence of the NC, is of the view that the board size of 8 Directors in FY2015 was appropriate after taking into consideration the nature and scope of the Group's operations for the effective conduct of the Group's affairs. The Board and the NC believe that the Board and its Board Committees have a good balance and diversity of Directors who have extensive business, financial, accounting, human resource and management experience. Details of the Directors' academic and professional qualifications are set out in the "Board of Directors" section of this Annual Report.

CORPORATE GOVERNANCE REPORT

In accordance with Article 91 of the Constitution of the Company, Mdm Cheung Kam Wa, Mr Foo Tee Heng and Mr Tao Yeoh Chi will retire by rotation at the forthcoming AGM. Mr Foo Tee Heng has indicated that he will not be standing for re-election, and Mdm Cheung Kam Wa and Mr Tao Yeoh Chi have consented to offer themselves for re-election.

In addition, Article 97 of the Constitution of the Company provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to be re-elected at least once every three years. In accordance with Article 97 of the Constitution of the Company, Ms Wang Heng and Mr Cheung Wai Suen shall and have consented to offer themselves for re-election at the forthcoming AGM.

If Mdm Cheung Kam Wa, Mr Tao Yeoh Chi, Ms Wang Heng and Mr Cheung Wai Suen are re-elected at the forthcoming AGM, the Board shall comprise 9 Directors, including 3 Independent Directors, 2 Non-Executive Directors and 4 Executive Directors. The NC will continually assess the existing attributes and competencies and needs of the Board and will recommend the appointment of appropriate persons as Directors as may be suitable for the Board, if necessary.

The Board is also supported by the other Board Committees. The composition of the Board Committees in FY2015 was as follows:

Board Composition and Committees

	Audit and Risk Committee	**Nominating Committee**	**Remuneration Committee**
Board Member			
Lim Jun Xiong Steven *(Independent and Non-Executive Director)*	M	C	M
Fong Heng Boo *(Independent and Non-Executive Director)*	C	M	M
Tao Yeoh Chi *(Independent and Non-Executive Director)*	M	M	C
Teo Cheng Kwee *(Non-Independent and Non-Executive Director)*	–	M	M
Yang Jian *(Non-Independent and Non-Executive Director)*	–	–	M
Teh Wing Kwan *(Group CEO and Managing Director)*			
Cheung Kam Wa *(Executive Director and Chief Operating Officer)*			
Foo Tee Heng* *(Non-Independent and Non-Executive Director)*			

Note: C: Chairman
M: Member

* *Mr Foo Tee Heng will be retiring by rotation at the forthcoming AGM pursuant to Article 91, and has decided not to stand for re-election.*

Each Board Committee is comprised entirely of Non-Executive Directors and chaired by Independent Directors. Membership in the different Board Committees is carefully managed to ensure that there is 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 Group's Independent Directors hold regular discussions without the presence of Management.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (PRINCIPLE 3)

There is a clear separation of the roles and responsibilities between the Chairman and the Group CEO of the Company. The Chairman who is an Independent and Non-Executive Director is responsible for the functioning of the Board and is free to act independently in the best interests of the Group and shareholders. He plays a key role in promoting high standards of corporate governance, scheduling meetings that enable the Board to perform its duties, establishing the agenda for the Board meetings in consultation with the Group CEO and ensuring that the Board reviews and approves the Group's key strategies and policies. The Group CEO manages the day-to-day business activities of the Group and developing and executing corporate strategies, development and execution of such corporate and operational decisions. The Chairman ensures that the members of the Board work together with the Management and have the capability and authority to engage Management in constructive views on various matters, including strategic issues and business planning processes. The Board is able to exercise its power objectively and independently from Management. No individual or small group of individuals dominates the Board's decision making.

NOMINATING COMMITTEE (PRINCIPLES 4 AND 5)

The NC, whose terms of reference are approved by the Board, comprises the following 4 Non-Executive Directors:

Mr Lim Jun Xiong Steven	–	Chairman, Independent and Non-Executive Director
Mr Fong Heng Boo	–	Independent and Non-Executive Director
Mr Tao Yeoh Chi	–	Independent and Non-Executive Director
Mr Teo Cheng Kwee	–	Non-Independent and Non-Executive Director

The key roles of the NC are:

- to review and make recommendations to the Board on all appointments and re-appointment of members of 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 Guideline 2.3 of the Code.

The NC meets no fewer than once each financial year.

The NC evaluated the Board's performance as a whole, each Board Committee, as well as each individual Director in FY2015 based on a formal board evaluation process and performance objectives. Each individual Director was also 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, Directors' independence and quality and timeliness of board papers. 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, helping to gain access to new businesses and/or new markets and any special contributions. The Board also considers the Company's financial performance as an assessment parameter for both the Board and Management. That being said, the NC is of the view that such financial criteria are more relevant for the Board's evaluation of the performance of 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.

The NC is of the view that the Board, the Board Committees and each individual Director's performances were satisfactory in FY2015. No external facilitator was used in the evaluation process.

CORPORATE GOVERNANCE REPORT

The NC has in place a selection and nomination process for the appointment of new Director. 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 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 representations he holds and other principal commitments he may have. The NC will take an open view in sourcing for candidates and does not solely rely 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.

The NC, in determining whether to recommend a Director for reappointment, will have regard to such Director's contribution and performance to the Group and whether such Director has been adequately carrying out his or her duties as a Director, taking into consideration that Director's number of listed company board representations and other principal commitments, and also have regard to such Director's individual evaluation. Notwithstanding this, the replacement of a Director, when it occurs, does not necessarily reflect the Directors' performance, but may be due to the Board's or the Directors' view of a need to align the Board with the needs of the Group.

The present and past directorships (held in the last 5 years) of the Directors with other public listed companies are set out in the following tables:

Mr Lim Jun Xiong Steven

Other directorship with public listed companies

Company	Listed on	Position
Hong Fok Corporation Limited	SGX	Independent director
Keong Hong Holdings Limited	SGX	Independent director
Bund Center Investment Ltd	SGX	Independent director
Mirach Energy Limited	SGX	Independent director

Past directorship with other public listed companies (held in the last 5 years)

Company	Listed on	Position
Passion Holdings Limited	SGX	Independent director
MAP Technology Holdings Limited	SGX	Independent director

Mr Teh Wing Kwan

Other directorship with public listed companies

Company	Listed on	Position
Singapore eDevelopment Limited (previously known as CCM Group Limited)	SGX	Non-executive and non-independent director

CORPORATE GOVERNANCE REPORT

Past directorship with other public listed companies (held in the last 5 years)

Company	Listed on	Position
Asian American Medical Group Ltd (previously known as Asian Centre for Liver Diseases and Transplantation Ltd)	ASX	Non-executive and non-independent director
Heng Fai Enterprises Limited	HKEx	Non-executive and non-independent director
Creative Master Bermuda Limited	SGX	Independent director
China Titanium Ltd	SGX	Independent director

Mr Fong Heng Boo

Other directorship with public listed companies

Company	Listed on	Position
CapitaRetail China Trust Management Limited	SGX	Independent director
Asian American Medical Group Limited (previously known as Asian Centre for Liver Diseases and Transplantation Ltd)	ASX	Independent director
Colex Holdings Limited	SGX	Independent director

Past directorship with other public listed companies (held in the last 5 years)

Company	Listed on	Position
Pteris Global Limited	SGX	Independent Director

Mr Tao Yeoh Chi

Other directorship with public listed companies

Company	Listed on	Position
Hanwell Holdings Limited	SGX	Independent director
Singapore eDevelopment Limited (previously known as CCM Group Limited)	SGX	Independent director

Past directorship with other public listed companies (held in the last 5 years)

Company	Listed on	Position
China Titanium Ltd	SGX	Independent director
Eratat Lifestyle Ltd	SGX	Independent director
Next Generation Satellite Communications Limited	SGX	Independent director

Mr Teo Cheng Kwee

Other directorship with public listed companies

Company	Listed on	Position
Cedar Strategic Holdings Limited	SGX	Non-executive and non-independent director

Past directorship with other public listed companies (held in the last 5 years)

Company	Listed on	Position
China Vanadium Titano-Magnetite Mining Company Limited	HKEx	Non-executive and non-independent director

CORPORATE GOVERNANCE REPORT

Mdm Cheung Kam Wa Emma (Executive Director and COO), Ms Wang Heng (Executive Director), Mr Cheung Wai Suen (Executive Director), Mr Foo Tee Heng (Non-Executive Director) and Mr Yang Jian (Non-Executive Director) do not hold directorships with other public listed companies and also did not hold such directorship in the past 5 years.

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

In accordance with the Company's Constitution, one-third of the Directors is required to retire from office at each annual general meeting of the Company. Mdm Cheung Kam Wa, Mr Foo Tee Heng and Mr Tao Yeoh Chi will be retiring by rotation at the forthcoming AGM pursuant to Article 91. Mr Foo Tee Heng has indicated that he will not be standing for re-election in the forthcoming AGM.In addition, Article 97 of the Constitution of the Company provides that a newly appointed director must retire and submit himself for re-election at the next AGM following his appointment. Thereafter, he is subject to be re-elected at least once every three years. In accordance with Article 97 of the Constitution of the Company, Ms Wang Heng and Mr Cheung Wai Suen shall and have consented to offer themselves for re-election at the forthcoming AGM.

Although some of the Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations did not hinder them from carrying out their duties as Directors and that any maximum number established is unlikely to be representative of the participation, commitment and skills and expertise that a Director may contribute to the Board, and its overall effectiveness, and instead determines annually whether a Director with multiple board representations is able to and has been adequately carrying out his or her duties as a Director of the Company. These Directors will be able contribute their invaluable experiences to the Board and give it a broader perspective.

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 listed company board representation concurrently, as the Board is of the view that more than six concurrent board representations will interfere the Executive Director or key management personnel's ability to devote sufficient time and attention to the affairs of the Company. During FY2015, no Director held more than six board seats 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 the determination, and is satisfied that all the Directors have been able to and have adequately and sufficiently devoted time and attention and carried out their duties in FY2015, notwithstanding their multiple board representations in other listed companies. As at the date of this report, none of the Directors holds more than four directorships in other listed companies concurrently.

ACCESS TO INFORMATION (PRINCIPLE 6)

The Directors are regularly provided with complete and timely information prior to meetings to enable them to fulfil their duties. The Management provide quarterly management accounts and other relevant information to the Board. The Management also submit the periodic group performance report and other relevant information to the Board. In addition, all other relevant information on material events and transactions are circulated by electronic mail and/or facsimile to the directors for review and approval. The senior management staff may be invited to attend the Board and Audit and Risk Committee Meetings to answer queries and to provide insights into its Group's operations. Where appropriate, the senior management staff 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 has separate and independent access to the senior management and the Company Secretary at all times. The Board will consult independent professional advice where appropriate. The Company Secretary attends all board meetings and most committee meetings and is responsible to ensure that board procedures are followed. The Company Secretary assists the Board to ensure that applicable rules and regulations (in particular the Companies Act, Cap. 50 and SGX-ST Listing Manual) are complied with.

The appointment and removal of the Company Secretary are subject to the Board's approval.

CORPORATE GOVERNANCE REPORT

All Directors have direct access to the Group's independent professional advisors. Where necessary, the Directors may, individually or collectively, seek separate independent professional advice at the Company's expense to render advice for consideration, and will keep the Board informed of such advice.

(B) REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES (PRINCIPLES 7 AND 8)

The RC, whose terms of reference are approved by the Board, comprises the following 5 Non-Executive Directors:

Mr Tao Yeoh Chi	–	Chairman, Independent and Non-Executive Director
Mr Lim Jun Xiong Steven	–	Independent and Non-Executive Director
Mr Fong Heng Boo	–	Independent and Non-Executive Director
Mr Teo Cheng Kwee	–	Non-Independent and Non-Executive Director
Mr Yang Jian	–	Non-Independent and Non-Executive Director

The RC meets no fewer than once each financial year.

RC's main functions are:

- to review and recommend to the Board in consultation with Management and Chairman of the Board, a framework of remuneration and to determine specific remuneration packages and terms of employment for each of the Executive Directors and key executives of the Group including those employees related to Executive Directors and substantial/ controlling shareholders of the Group;

- to recommend to the Board in consultation with 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:

- all aspects of remuneration including Director's fees, salaries, allowances, bonuses, options and benefits in-kinds should be covered;

- 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; and

- the remuneration package of employees related to Executive Directors and controlling shareholders of the Group are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities.

No Director is involved in deciding his own remuneration.

The remuneration of Non-Executive Directors should be linked and appropriate to the level of contribution, taking into account factors such as effort and time spent and responsibilities of the Directors. Non-Executive Directors shall not be over-compensated to the extent that their independence may be compromised. The Non-Executive and Non-Independent Directors and Independent 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 of the Company.

CORPORATE GOVERNANCE REPORT

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 RC also reviews the remuneration of senior management. 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. 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. 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 the past financial year. The Company will also consider the use of contractual provisions in the service contracts to enable the Company to reclaim incentive components of remuneration in exceptional circumstances.

The RC also administers the Sapphire Shares Award Scheme (the "Scheme"). The Scheme is based on the principle of strengthening the Company's competitiveness in attracting and retaining superior local and foreign talent. The Scheme allows the Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. The purpose of the Scheme is to improve the Company's flexibility and effectiveness in rewarding, retaining and motivating its employees (including Directors) and to improve their performance.

Persons eligible to participate in the Scheme are as follows:

(i) Group Employees who have been employed for a minimum of one year or such shorter period as the Committee may determine;

(ii) Executive Directors; and

(iii) Non-Executive Directors.

Other information relating to the Scheme is set out below:

(i) The aggregate number of shares to be delivered ("Award Shares") on any date shall not exceed fifteen percent (15%) of the issued shares of the Company on the day preceding that date;

(ii) The Committee may grant Award Shares at any time during the financial year of the Company;

(iii) The awards of performance shares are conditional on performance target set within the prescribed performance period;

(iv) The selection of a participant, the number of shares to be awarded, the performance target(s) and other conditions of the award shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, years of service, potential for future development, contribution to the success of the Company and its subsidiaries ("the Group") and extent of effort required to achieve the performance targets within the performance period set;

(v) The participant has continued to be in employment with the Group from the date of the Award; and

(vi) The participant who met the performance targets but had ceased to be employed by the Company will receive the shares as allowed by the Scheme.

CORPORATE GOVERNANCE REPORT

Pursuant to the Scheme, an aggregate of 895,919 fully-paid shares (prior to the share consolidation exercise of the Company completed on 9 March 2016), constituting approximately 0.11% of the then-existing total number of issued shares of the Company (excluding treasury shares), were awarded and issued in FY2015. The value of the Share Awards was determined based on the market price of the shares of the Company as at the date of the grant.

Non-Executive Directors are encouraged to purchase shares in the Company and to hold them until they leave the Board. The RC has recommended, and the Non-Executive Directors have consented, to the payment of a part of their fees for FY2015 in the form of Share Awards under the Scheme, subject to the approval of Shareholders at the forthcoming AGM. The RC is of the view that this will further align the interests of the Non-Executive Directors with the interests of Shareholders.

The RC will seek independent professional advice in discharging its functions, if necessary. No external consultants were engaged in FY2015.

DISCLOSURE OF REMUNERATION (PRINCIPLE 9)

In FY2015, the total number of Award Shares granted to the Directors of the Company were as follows:–

Number of Award Shares granted to the Directors on 18 May 2015:

Directors	**Number of Award Shares granted**(1)
Lim Jun Xiong Steven	235,690
Fong Heng Boo	175,747
Tao Yeoh Chi	156,897
Teo Cheng Kwee	79,310
Foo Tee Heng	44,827
Yang Jian	62,069
Former Directors	
Wei Jian Ping(1)	96,552
Duan Bing(1)	44,827
Total	895,919

Note:

(1) Mr Wei Jian Ping and Mr Duan Bing have retired from the Board of Directors at the AGM held on 29 April 2015.

(2) The award shares granted are prior to the share consolidation exercise of the Company completed on 9 March 2016.

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

CORPORATE GOVERNANCE REPORT

The remuneration for the Directors and key executives in FY2015 received in all forms is as follows:

Name of Director	Remuneration Band	Salary	Bonus	Other Benefits	Directors' Fees(1)	Total
	$	%	%	%	%	%
Executive Directors						
Mr Teh Wing Kwan	800,000 to 999,999	83	13	4	0	100
Mdm Cheung Kam Wa Emma	200,000 to 399,999	75	17	8	0	100
Non-Executive Directors						
Mr Lim Jun Xiong Steven	70,000 to 79,999	0	0	0	100(2)	100
Mr Fong Heng Boo	50,000 to 59,999	0	0	0	100(2)	100
Mr Tao Yeoh Chi	40,000 to 49,999	0	0	0	100(2)	100
Mr Teo Cheng Kwee	20,000 to 29,999	0	0	0	100(2)	100
Mr Foo Tee Heng	10,000 to 19,999	0	0	0	100(2)	100
Mr Yang Jian	10,000 to 19,999	0	0	0	100(2)	100
Mr Wei Jian Ping (retired on 29 April 2015)	0 to 9,999	0	0	0	100(2)	100
Mr Duan Bing (retired on 29 April 2015)	0 to 9,999	0	0	0	100(2)	100
Key Executives(3)						
Mr Ng Hoi Gee Kit (appointed on 23 November 2015)	0 to 199,999	75	19	6	0	100
Mr Joseph Lim (resigned on 30 September 2015)	0 to 199,999	90	8	2	0	100

Notes:

(1) These fees comprise Board and Board Committee fees for FY2015, which are subject to approval by shareholders at the 2016 AGM.

(2) Subject to the approval of the Shareholders at the 2016 AGM. Approximately 19% of this Directors' Fees shall be paid in the form of Share Awards to the Directors.

(3) The Code requires the disclosure of the remuneration of at least the top 5 key executives who are not also Directors to be disclosed in the bands of $250,000. The Company had two key executives (who are not Directors or the CEO) and their remuneration for FY2015 have been disclosed.

The Company has disclosed the remuneration of its Executive Directors and key management personnel in bands of $200,000, and the remuneration of its Non-Executive Directors in bands of S$10,000. While the Company notes the need for corporate transparency in the remuneration of its Directors and Key Executives, the Company notes that the disclosure of details in excess of the above may be detrimental to its business interests, given the highly competitive industry conditions, where poaching has become commonplace in a liberalised environment. In particular, the Group has carried out a major restructuring exercise and corporate transformation over the last two years which the Group invested in an Australia-based specialist mining services business, streamlined its corporate functions, disposed of its legacy loss-making steel business and other non-core assets, and in 2015 ventured into the infrastructure sector as its key turnaround strategy through the acquisition of a 100% equity stake in Ranken Infrastructure Limited and its subsidiaries ("**Ranken**"). During the corporate restructuring exercise, there were redundancies as part of its streamlining process and following the exercise, there were new executive appointments during the period of November 2015 to March 2016 and as part of the strategic plans for the Group, including new Group CFO as executive officer and two key management members of Ranken as executive directors. Sapphire Corporation Limited, is now and will continue to be an investment management and holding company – with its main operations currently in Singapore, the People's Republic of China and Australia – sees human capital as its key competitive advantage, and is in a continual phase of the implementation of its overall business development and remains in the ongoing process of assembling a strong and stable core of its Management and Directors. Meanwhile, the Company believes that the disclosure of the remuneration received by Directors and Key Executives in a narrower bands of $200,000 allows shareholders to have a better understanding of the remuneration packages of its Directors and Key Executives while preserving the business interests of the Group.

CORPORATE GOVERNANCE REPORT

The Company does not have any employee share option schemes or other long-term incentive scheme for Directors except for the Sapphire Shares Award Scheme which was established by the Company in 2008. There are no retirement benefit schemes or share-based compensation schemes in plan for Non-Executive Directors.

The overall wage policy for an executive or 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 Non-Executive 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 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.

There were no employees of the Group who are immediate family members of a Director or the Group CEO in FY2015.

(C) ACCOUNTABILITY AND AUDIT (PRINCIPLES 10 TO 13)

The Board provides a balanced and understandable assessment of the Group's performance, position and prospects in its annual financial statements and quarterly announcements to Shareholders. The Board also reviews compliance issues, if any, with Management on a quarterly basis. For these purposes, Management provides the Board with a continuous flow of relevant information on a timely basis so that it can effectively perform its duties. Management also provides the Board with comprehensive quarterly financial statements and analysis of the results relative to both the budget and prior years' performance, so that the Board may effectively perform its duties and perform effective monitoring and decision making.

AUDIT AND RISK COMMITTEE

The ARC comprises the following 3 Independent and Non-Executive Directors:

Mr Fong Heng Boo	–	Chairman, Independent and Non-Executive Director
Mr Lim Jun Xiong Steven	–	Independent and Non-Executive Director
Mr Tao Yeoh Chi	–	Independent and Non-Executive Director

The Board considers that the members of the ARC are appropriately qualified to fulfill their responsibilities as the members bring with them invaluable managerial and professional expertise in the financial, business and industry domains.

The ARC has written terms of reference. The ARC meets at least four times a year to perform the following functions:

- 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 the Group's audit plans, scope and results with the external auditors and the evaluation of the Group's system of internal controls with the internal auditors at least annually;
- to review and approve the quarterly and year-end announcement results and annual financial statements before submission to Board of Directors;
- to review interested parties transactions;
- to nominate the external auditors for re-appointment and review their independence;
- to review the effectiveness of the Company's internal audit function;
- to review the co-operation given to auditors;
- to review the adequacy and effectiveness of the internal controls and compliance; and
- to oversee the Group's risk management framework and policies.

CORPORATE GOVERNANCE REPORT

In addition to the above, the ARC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our Group's operating results and/or financial position. Each member of the ARC shall abstain from voting on any resolutions and making any recommendations and/or participating in any deliberations of the ARC in respect of matters in which he is interested.

The ARC is kept abreast by 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 SGX-ST that affect the Company and/or the directors in discharging their duties.

In line with the requirements of SGX-ST, 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 quarterly results to be false or misleading in any material respect.

The Company has a whistle blowing policy to encourage and provide a channel to employees to report in good faith and in confidence, their concerns about possible improprieties in financial reporting or other matters, such as suspected fraud, corruption, dishonest practices etc. Pursuant to such whistle-blowing procedures, employees are free to submit complaints confidentially or anonymously to the chairman of the ARC and in this regard a dedicated email address has been set up which is accessible only by the chairman of the ARC and/or a designated member of the ARC and/or the internal auditors. The procedures for submission of complaints have been explained to all employees of the Group. All complaints are to be treated as confidential and are to be brought to the attention of the ARC. All reports including unsigned reports, reports weak in details and verbal reports are considered. In the event that the report is about a director, that director shall not be involved in the review and any decisions 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 at the Company's expense independent advisors. 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 members of senior management for implementation. The policy aims to encourage the reporting of such matters in good faith, with the confidence that any employees making such reports will be treated fairly and be protected from reprisals. Details of the whistle-blowing policy have been made available to all employees.

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

The ARC meets with the external auditors and internal auditors, without the presence of management, at least once a year. 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.

The external auditors, during their course of audit, evaluate the effectiveness of the Company's internal controls relevant to the preparation of financial statements and report to the ARC, together with their recommendations, any material weakness and non-compliance of the internal controls. The ARC has reviewed the external audit reports and based on the controls in place, and is satisfied that there are adequate internal controls in the Group. The ARC has nominated KPMG LLP for re-appointment as the external auditors of the Company at the forthcoming AGM. KPMG LLP has indicated their willingness to accept re-appointment.

CORPORATE GOVERNANCE REPORT

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. The partner-in-charge of the internal auditor Yang Lee & Associates, Lee Dah Khang, is also a certified Internal Auditor of the Institute of Internal Auditors. The internal auditors report directly to the Chairman of the ARC. 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. To ensure the adequacy of the internal audit functions, the Audit Committee 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 adequate and effective.

The Company confirms that it has complied with SGX Listing Rules 712 and 715 for the FY2015.

NON-AUDIT FEES

The audit fees paid to the external auditors of the Company for FY2015 was approximately $342,000 (FY2014: $208,000).

There were no non-audit fees paid to the external auditors of the Company for FY2015 and FY2014.

The ARC has conducted an annual review of all non-audit services provided by the auditor 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 is not affected by the provision of any non-audit services.

RISK MANAGEMENT

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 Management in risk mitigation, monitoring and reporting.

The ARC has appointed YLA to perform periodic risk assessments. Arising from the risk assessments performed, YLA prepares an enterprise risk management update no less frequently than 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 recommendations of the internal auditor and responses of and steps taken to address such risks by the management are presented to the ARC for consideration.

Additionally, in performing their audit of the financial statements, the external auditors perform tests over operating effectiveness of certain controls that they intend to rely on that are relevant to the Group's preparation of its financial statements. The external auditors also report any significant deficiencies in such internal controls to the Directors and the ARC.

Action plans to manage the risks are continuously being monitored and refined by 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. Targets are set to measure and monitor the performance of operations periodically to ensure that identified risks are adequately addressed by corresponding corrective measures. The Company's internal audit function provides an independent resource and perspective to the ARC by assessing the effectiveness and robustness of the Company's internal controls and risk management policies. By highlighting any areas of concern discovered during the course of performing such internal audit processes, including any new risks that are identified, the management, the Board and the ARC are able to continually refine and strengthen the Company's internal controls and risk management system.

CORPORATE GOVERNANCE REPORT

The Board has received assurance from the Group CEO and Group CFO:

(a) that the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) the Company's risk management and internal control systems are both adequate and effective.

Based on the framework established and the reviews conducted, the Board opines, with the concurrence of the ARC, that there are 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.

KEY OPERATIONAL RISKS

The Board notes that the risk factors applicable to the Group's operational risks has widened to include the newly acquired Infrastructure Business completed on 1 October 2015. The Group's Continuing Operations are now the Corporate Functions, Infrastructure Business and Mining Services. The Infrastructure and Mining Services businesses are carried out by the Company's wholly-owned subsidiaries, Ranken and Mancala Holdings Pty Ltd ("**Mancala**"), respectively.

The Board is aware of the operational risks, which may adversely affect Ranken (the Infrastructure Business) or Mancala (the Mining Services Business) if any of these risk factors and uncertainties develops into actual events. Please note that for Mancala, most, if not all, of the following events have occurred during the year. 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 and mining services business are exposed. Whilst risk factors relating to Ranken's operations, the infrastructure business and conducting operations in China have been set out in the Shareholder's Circular dated 18 August 2015 in relation to the proposed acquisition of Ranken, the Management is of opinion that highlighting the following risk factors is important for the information of the Company's shareholders. The risks below have been evaluated by the Management to be of relevance to shareholders, further to the examination of the periodic risk reports prepared by the internal auditors of the Company:

Ranken (Infrastructure Business)

High reliance on the public sector demand and government incentives – Ranken'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 particularly in China and other countries in which Ranken undertakes on significant projects. Any slowdown, delay or reduction in such investment initiatives may adversely affect the financial performance and financial position of Ranken.

Competitive industry – Ranken operates in a highly competitive industry and its current competitors include companies with significantly larger size of operations and substantially higher revenues base. Ranken operates in a unique industry where some of Ranken's clients may also be competitors in bidding for major infrastructure projects as the main contractor. In some cases, Ranken may form or join a consortium to jointly bid for projects with its clients or may become a sub-contractor to its client. Ranken may not be able to secure large-scale projects on a continuous basis or to continuously secure such projects on favourable commercial terms, such that financial performance and position of Ranken may be adversely affected.

Cost-sensitive industry – Ranken's project duration are typically between two and three years. If for whatever reasons and business factors which are beyond the control of Ranken, Ranken'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 and require re-negotiations, the financial performance and position of Ranken may be adversely affected.

High turnaround time for trade receivables – Ranken's trade receivables 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 the Group and higher financing costs; or if Ranken 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.

CORPORATE GOVERNANCE REPORT

Mancala (Mining Services Business)

High reliance on the resource industry – Mancala's financial performance and position are highly sensitive to the level of demand within the resource and mining industry, which is cyclical and sensitive to various commercial factors beyond the Group's control. Any reduction in demand from the mining industry on services which Mancala could provide or Mancala's clients decide to perform whole or part of the mining services in-house, may adversely affect the financial performance and position of Mancala.

Sensitive to commodity prices and other economic factors – Mancala's operations are highly sensitive to commodity prices within the resource and mining industry, which have recently been volatile. Any unfavorable fluctuation of commodity prices may affect the level of investments within the resource and mining industry, which may adversely affect the financial performance and position of Mancala. General economic conditions, interest rate movement, currency exchange rates movement and inflation rate may also have impacts on Mancala's financial performance and position as well.

High concentration risk – Whilst Mancala has established and will continue to establish important client relationships within the industry, the loss of one or more key clients and/or if Mancala fails to secure new projects or diversify its revenue stream, the financial performance and position may be adversely affected.

Highly competitive industry – Mancala operates in a highly competitive industry and its current competitors include companies with significantly larger size of operations and substantially higher revenues base. Mancala may not be able to compete with these competitors in winning new jobs or such competitions may require Mancala to cut prices or reduce margins such that financial performance and position of Mancala may be adversely affected.

General

High reliance on key personnel and qualified workers – Ranken's and Mancala's business operations depend significantly on the technical expertise of its management team and qualified workers to operate in the infrastructure and mining services industries, respectively. 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 – Ranken's and Mancala'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 Group's operations and thus its financial performance and position.

Major disruption of operations – Ranken's and Mancala's operations are exposed to various operational risks relating, but not limited, to equipment failure, accidents, industrial disputes and natural disasters. While Ranken and Mancala have 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.

Adverse weather condition – Severe and prolonged weather events may disrupt Ranken's and Mancala's production schedules and adversely affect the Group's financial performance and position.

Regulatory risks – New policies and legislation relating to the infrastructure and mining industry may be introduced from time to time. It is possible that such policies and legislation will have a negative impact on the infrastructure and/or mining industries generally 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 currencies movements such as US$/S$, Chinese Renminbi/S$, A$/S$, VND/A$, US$/A$ and EUR/A$. 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.

CORPORATE GOVERNANCE REPORT

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES (PRINCIPLES 14, 15 AND 16)

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.

Price-sensitive announcements including quarterly and full year results are released through SGXNET and make available on the Company's website. A copy of the Annual Report and Notice of AGM will be sent to every shareholder. In 2015, the Company also released announcements in the forms of Group's CEO Letter to Shareholders, business updates and other updates on corporate development via SGXNET and the Group's website (http://www.sapphirecorp.com.sg/) to keep shareholders updated on the developments and the Group. An analyst briefing was also held in relation to the release of the Company's unaudited financial results for FY2015 on the same day of the release of the results announcement, with the Group CEO and CFO present in attendance at the briefing.

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. If shareholders are unable to attend the general meetings, the Company's Existing Constitution allow 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. While the Company currently does not have the appropriate provisions in its Constitution to allow for absentia voting by mail, facsimile or email to ensure proper authentication of the identity of shareholders and their voting intent, the Company is exploring such options and has proposed updates to its Constitution to facilitate voting in absentia. Separate resolutions on each distinct issue are proposed at general meetings for approval.

The Chairman of the Board and the respective Chairpersons of the various board committees are in attendance at the general meetings to address shareholders' queries. 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 auditors' report. The Company has also complied with the provisions of the Listing Rules and has introduced poll voting at all general meetings commencing from August 2015. Minutes of general meetings which include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, are prepared and will be made available to shareholders upon request.

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 (with results at a glance explaining the financial performance and position of the Group);
b. quarterly financial results and other financial announcements as required;
c. other announcements on important developments (such as business updates, corporate development updates and letters from the Group CEO to shareholders); and
d. updates through the Group's website (http://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.

To enable shareholders to contact the top management easily, the email address of the Group CEO and Group CFO can be found in the Group CEO's Review and Corporate Information sections of this Annual Report, respectively.

The financial statements are released on SGXNET. All shareholders will receive the annual report of the Company and notice of AGM by post and through notices published in the newspapers with the requisite notice period.

CORPORATE GOVERNANCE REPORT

The Group does not have a concrete 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. The Board does not recommend the payment of dividends for FY2015, given that the Group is in the process of executing its corporate turnaround strategy following the completion of the acquisition of Ranken in end-FY2015.

DEALINGS IN SECURITIES

The Company has in place a policy prohibiting share dealings by directors and employees of the Company during the period commencing two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Company's full year financial statements. Directors and employees are also prohibited to deal in the Company's securities on short-term considerations, and are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading periods. The incumbent employees are also required to report to the Directors whenever they deal in the Company's shares.

INTERESTED PERSON TRANSACTIONS

The Company has in place a policy in respect of any transactions with interested person and has established procedures for review and approval of the interested person transactions entered into by the Group. In FY2015, the aggregate value of all interested person transactions (including transactions less than $100,000) amounted to $1,000. The ARC has reviewed the rationale and terms of the Group's interested person transactions and is of the view that the interested person transactions are on normal commercial terms and are not prejudicial to the interests of the shareholders. The information required pursuant to Listing Rules 907 and 1207(17) is set out below:

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

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

MATERIAL CONTRACTS

Other than transactions mentioned under the Interested Person Transactions above, and save for the disclosures made in the Directors' Report, there were no material contracts involving the Group with the Group CEO, Directors, Controlling Shareholders nor their associates during FY2015.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

(a) the financial statements set out on pages 47 to 108 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 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

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

Mr Lim Jun Xiong, Steven	(Chairman)
Mr Teh Wing Kwan	(Group Chief Executive Officer and Managing Director)
Ms Cheung Kam Wa, Emma	(Chief Operating Officer)
Mr Fong Heng Boo	
Mr Tao Yeoh Chi	
Mr Teo Cheng Kwee	
Mr Foo Tee Heng	
Mr Yang Jian	
Ms Wang Heng	(Appointed on 16 March 2016)
Mr Cheung Wai Suen	(Appointed on 16 March 2016)

DIRECTORS' INTERESTS

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares in the Company (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at end of the year[1]
Company			
Ordinary shares			
Teh Wing Kwan	11,590,913	12,390,913	4,130,304
Yang Jian	8,005,050	8,067,119	2,689,039
Teo Cheng Kwee			
– interests held	7,009,581	7,088,891	2,362,963
– deemed interest	870,125	870,125	290,041
Foo Tee Heng	1,021,887	1,066,714	355,571
Cheung Kam Wa, Emma	437,750	437,750	145,916
Lim Jun Xiong, Steven	–	235,690	78,563
Fong Heng Boo	–	175,747	58,582
Tao Yeoh Chi	–	156,897	52,299

[1] Equivalent number of shares after consolidation of three (3) ordinary shares into one (1) ordinary share in the capital of the Company with effect from 9 March 2016.

DIRECTORS' STATEMENT

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares or debentures of the Company, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of the financial year and 21 January 2016.

Except as disclosed under the section entitled "Sapphire Shares Award Scheme" of this statement, neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

SAPPHIRE SHARES AWARD SCHEME

The Sapphire Shares Award Scheme (the "Scheme") of the Company was approved and adopted by its members at an Extraordinary General Meeting held on 25 April 2008. The Scheme is administered by the Company's Remuneration Committee (the "Committee") whose function is to assist the Board of Directors in reviewing remuneration and related matters. The Committee is responsible for the administration of the Scheme and comprises five directors, Tao Yeoh Chi, Lim Jun Xiong Steven, Fong Heng Boo, Teo Cheng Kwee and Yang Jian.

The purpose of the Scheme is to improve the Company's flexibility and effectiveness in rewarding, retaining and motivating its employees (including Directors) and to improve their performance.

Persons eligible to participate in the Scheme are as follows:

(i) Group Employees who have been employed for a minimum of one year or such shorter period as the Committee may determine;

(ii) Executive Directors; and

(iii) Non-Executive Directors.

Other information relating to the Scheme is set out below:

(i) The aggregate number of shares to be delivered ("Award Shares") on any date shall not exceed fifteen percent (15%) of the issued shares of the Company on the day preceding that date;

(ii) The Committee may grant Award Shares at any time during the financial year of the Company;

(iii) The awards of performance shares are conditional on performance targets set within the prescribed performance period;

(iv) The selection of a participant, the number of shares to be awarded, the performance targets and other conditions of the award shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as rank, job performance, years of service, potential for future development, contribution to the success of the Company and its subsidiaries (the "Group") and extent of effort required to achieve the performance targets within the performance period set;

(v) The participant has continued to be in employment with the Group from the date of the Award; and

(vi) The participant who met the performance targets but had ceased to be employed by the Company will receive the shares as allowed by the Scheme.

DIRECTORS' STATEMENT

The details of Award Shares awarded to the participants of the Scheme in accordance with the Scheme are as follows:

Participants	Award Shares granted during the financial year	Aggregate number of shares awarded since commencement of Scheme to 31 December 2015
Former Executive Directors, who are redesignated as Non-Executive Directors	–	1,160,000
Former Non-Executive Directors	47,126	598,792
Non-Executive Directors	251,513	251,513
Key Executives	–	733,333
Group Employees	–	410,666
Total Award Shares granted	298,639	3,154,304

The above number of shares are presented based on the equivalent number of shares after: (i) the consolidation of twenty (20) ordinary shares into one (1) ordinary share in the capital of the Company in 2011; and (ii) the consolidation of three (3) ordinary shares in to one (1) ordinary share in the capital of the Company on 9 March 2016.

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

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under option.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee members at the date of this report are:

Fong Heng Boo	(Independent and Non-Executive Director) (Chairman of the Audit and Risk Committee)
Lim Jun Xiong, Steven	(Independent and Non-Executive Director)
Tao Yeoh Chi	(Independent and Non-Executive Director)

The Audit and Risk Committee performs the functions specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit and Risk Committee has held four meetings since the last directors' statement. In performing its functions, the Audit and Risk Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit and Risk Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

DIRECTORS' STATEMENT

The Audit and Risk Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit and Risk Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit and Risk Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Teh Wing Kwan
Director

Cheung Kam Wa, Emma
Director

24 March 2016

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SAPPHIRE CORPORATION LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sapphire Corporation Limited (the Company) and its subsidiaries (the Group), which comprise the statement of financial position of the Group and the Company as at 31 December 2015, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 47 to 108.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 ("the Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
SAPPHIRE CORPORATION LIMITED

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 and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
24 March 2016

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Assets					
Property, plant and equipment	4	**46,334**	35,571	**111**	110
Intangible assets	5	**16,435**	1,768	**–**	–
Investment properties	6	**13,457**	–	**–**	–
Interests in subsidiaries	7	**–**	–	**89,847**	13,036
Other investments	8	**86**	90	**1**	1
Other receivables	13	**–**	–	**5,164**	5,414
Deferred tax assets	9	**2,226**	–	**–**	–
Total non-current assets		**78,538**	37,429	**95,123**	18,561
Inventories	10	**3,442**	1,923	**–**	–
Construction work in progress	11	**54,858**	–	**–**	–
Trade receivables	12	**124,616**	7,199	**–**	–
Other receivables	13	**29,544**	61,816	**1,105**	56,579
Non-current assets held for sale	14	**8,148**	1,781	**–**	–
Cash and cash equivalents	15	**35,079**	12,247	**5,791**	10,509
Total current assets		**255,687**	84,966	**6,896**	67,088
Total assets		**334,225**	122,395	**102,019**	85,649
Equity					
Share capital	16	**277,067**	260,489	**277,067**	260,489
Reserves	17	**(186,505)**	(187,889)	**(189,759)**	(189,452)
Equity attributable to owners of the Company		**90,562**	72,600	**87,308**	71,037
Non-controlling interests	18	**1,544**	–	**–**	–
Total equity		**92,106**	72,600	**87,308**	71,037
Liabilities					
Other payables	21	**8,653**	7,780	**–**	7,000
Financial liabilities	19	**5,928**	5,649	**11**	–
Deferred tax liabilities	9	**1,816**	463	**–**	–
Total non-current liabilities		**16,397**	13,892	**11**	7,000
Trade payables	20	**74,361**	10,596	**–**	–
Other payables	21	**71,204**	16,972	**14,690**	7,612
Progress billings in excess of construction work in progress	11	**8,416**	–	**–**	–
Financial liabilities	19	**66,852**	7,170	**10**	–
Current tax liabilities		**4,889**	1,165	**–**	–
Total current liabilities		**225,722**	35,903	**14,700**	7,612
Total liabilities		**242,119**	49,795	**14,711**	14,612
Total equity and liabilities		**334,225**	122,395	**102,019**	85,649

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2015

	Note	Group 2015 $'000	Group 2014 $'000
Revenue	22	**116,351**	58,487
Cost of sales		**(97,154)**	(43,746)
Gross profit		**19,197**	14,741
Other income	23	**8,653**	547
Distribution costs		**(376)**	–
Administrative expenses		**(15,130)**	(13,528)
Other expenses		**(1,959)**	(3,883)
Profit/(loss) from operations		**10,385**	(2,123)
Finance costs	24	**(1,914)**	(1,593)
Share of results of associates		**–**	(14)
Profit/(loss) before tax	25	**8,471**	(3,730)
Tax expense	26	**(1,975)**	(1,438)
Profit/(loss) from continuing operations		**6,496**	(5,168)
Discontinued operations			
Profit from discontinued operations (net of tax)	27	**–**	5,306
Profit for the year		**6,496**	138
Profit attributable to:			
Owners of the Company		**6,469**	138
Non-controlling interest		**27**	–
Profit for the year		**6,496**	138
Earnings per share(1)	28		
Basic (cents)		**2.27**	0.05
Diluted (cents)		**2.27**	0.05
Earnings per share – continuing operations(1)	28		
Basic (cents)		**2.27**	(1.91)
Diluted (cents)		**2.27**	(1.91)

(1) Adjusted for share consolidation

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2015

	Group	
	2015	**2014**
	$'000	**$'000**
Profit for the year	**6,496**	138
Other comprehensive income		
Items that are or may be reclassified subsequently to profit and loss:		
Translation differences relating to financial statements of foreign subsidiaries	**(2,162)**	(1,023)
Related tax	**–**	–
Other comprehensive income for the year, net of tax	**(2,162)**	(1,023)
Total comprehensive income for the year	**4,334**	(885)
Total comprehensive income attributable to:		
Owners of the Company	**4,354**	(885)
Non-controlling interests	**(20)**	–
Total comprehensive income for the year	**4,334**	(885)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Other reserves $'000	Statutory reserve $'000	Currency translation reserve $'000	Accumulated losses $'000	Total equity $'000
Group								
At 1 January 2014	260,489	1,235	418	(1,353)	4,954	333	(192,591)	73,485
Total comprehensive income for the year								
Profit for the year	–	–	–	–	–	–	138	138
Other comprehensive income								
Translation differences relating to financial statements of foreign subsidiaries	–	–	–	–	–	(1,023)	–	(1,023)
Total other comprehensive income	–	–	–	–	–	(1,023)	–	(1,023)
Total comprehensive income for the year	–	–	–	–	–	(1,023)	138	(885)
Changes in ownership of subsidiaries								
Disposal of subsidiaries	–	–	–	–	(4,954)	–	4,954	–
At 31 December 2014	260,489	1,235	418	(1,353)	–	(690)	(187,499)	72,600

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

		Attributable to the owners of the Company								
	Note	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Other reserves $'000	Currency translation reserve $'000	Accumulated losses $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group										
At 1 January 2015		260,489	1,235	418	(1,353)	(690)	(187,499)	72,600	–	72,600
Total comprehensive income for the year										
Profit for the year		–	–	–	–	–	6,469	6,469	27	6,496
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries		–	–	–	–	(2,115)	–	(2,115)	(47)	(2,162)
Total other comprehensive income		–	–	–	–	(2,115)	–	(2,115)	(47)	(2,162)
Total comprehensive income for the year		–	–	–	–	(2,115)	6,469	4,354	(20)	4,334
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owner										
Issue of shares during the year	16	16,578	(2,970)	–	–	–	–	13,608	–	13,608
Total contributions by and distributions to owners		16,578	(2,970)	–	–	–	–	13,608	–	13,608
Changes in ownership of subsidiaries										
Acquisition of subsidiary with non-controlling interests	29	–	–	–	–	–	–	–	1,564	1,564
Total changes in ownership of subsidiaries		–	–	–	–	–	–	–	1,564	1,564
Total transactions with owners		16,578	(2,970)	–	–	–	–	13,608	1,564	15,172
At 31 December 2015		277,067	(1,735)	418	(1,353)	(2,805)	(181,030)	90,562	1,544	92,106

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2015

	Share capital $'000	Capital reserve $'000	Other reserves $'000	Fair value reserve $'000	Accumulated losses $'000	Total equity $'000
Company						
At 1 January 2014	260,489	1,084	(1,353)	1,497	(188,517)	73,200
Total comprehensive income						
Loss for the year	–	–	–	–	(666)	(666)
Other comprehensive income						
Reclassification to profit or loss from equity on disposal of available-for-sale financial asset	–	–	–	(1,497)	–	(1,497)
Total other comprehensive income	–	–	–	(1,497)	–	(1,497)
Total comprehensive income	–	–	–	(1,497)	(666)	(2,163)
At 31 December 2014	260,489	1,084	(1,353)	–	(189,183)	71,037

	Note	Share capital $'000	Capital reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
Company						
At 1 January 2015		**260,489**	**1,084**	**(1,353)**	**(189,183)**	**71,037**
Total comprehensive income						
Profit for the year		**–**	**–**	**–**	**2,663**	**2,663**
Total comprehensive income		**–**	**–**	**–**	**2,663**	**2,663**
Transactions with owners, recognised directly in equity						
Issue of shares during the year	16	**16,578**	**(2,970)**	**–**	**–**	**13,608**
Total contributions by and distributions to owners		**16,578**	**(2,970)**	**–**	**–**	**13,608**
At 31 December 2015		**277,067**	**(1,886)**	**(1,353)**	**(186,520)**	**87,308**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit/(loss) before tax		**8,471**	(3,730)
Adjustments for:			
Amortisation of intangible assets		**636**	175
Bad debts written off		**26**	–
Depreciation of property, plant and equipment		**6,038**	3,791
Depreciation of investment properties		**208**	–
Interest expense		**1,914**	1,593
Interest income		**(2,464)**	(17)
Unwinding of discount on retention monies		**(160)**	–
Impairment loss on receivables		**76**	–
Impairment loss on goodwill		**1,215**	–
Gain on disposal of property, plant and equipment		**(75)**	(150)
Loss on disposal of associates		**–**	754
Share of results of associates		**–**	14
Operating profit before working capital changes		**15,885**	2,430
Changes in working capital:			
Inventories		**650**	238
Construction work in progress, net		**1,199**	–
Trade and other payables		**(95,404)**	342
Trade and other receivables		**36,407**	975
Release of fixed deposits pledged		**55,760**	–
Cash flows from operations		**14,497**	3,985
Taxes paid		**(1,607)**	–
Payment of rectification costs		**–**	(74)
Cash flows from operating activities		**12,890**	3,911
Net cash from operating activities from discontinued operations	27	**–**	3,860
		12,890	7,771
Cash flows from investing activities			
Acquisition of a subsidiary, net of cash acquired	29	**(40,210)**	384
Interest received		**2,464**	17
Payment for purchase of property, plant and equipment		**(2,894)**	(346)
Proceeds from sale of property, plant and equipment		**409**	1,306
Proceeds from sale of subsidiary		**56,161**	–
Cash flows from investing activities		**15,930**	1,361
Cash flows from investing activities from discontinued operations	27	**–**	9,296
		15,930	10,657

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2015

	Note	2015 $'000	2014 $'000
Cash flows from financing activities			
Interest paid		**(1,914)**	(1,593)
Proceeds from bank loans		**26,292**	1,736
Payment of finance lease liabilities		**(4,092)**	(11,188)
Payment of bank loans		**(29,522)**	(3,203)
Cash flows used in financing activities		**(9,236)**	(14,248)
Cash flows used in financing activities from discontinued operations	27	**–**	(305)
		(9,236)	(14,553)
Net increase in cash and cash equivalents		**19,584**	3,875
Cash and cash equivalents at beginning of year		**10,511**	6,719
Effect of exchange rate changes on the balances held in foreign currencies		**242**	(83)
Cash and cash equivalents at end of year	15	**30,337**	10,511

Significant non-cash transactions

Except as disclosed in note 29, there were no significant non-cash transactions in 2014 and 2015.

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 24 March 2016.

1. DOMICILE AND ACTIVITIES

Sapphire Corporation Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 1 Robinson Road #17-00, AIA Tower, Singapore 048542.

The financial statements of the Group as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Company are those of an investment management and holding company. The principal activities of the subsidiaries are set out in note 7.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

- Acquisition of subsidiary

  In assessing the fair values of the acquired assets and liabilities and the resultant goodwill, management has used a range of valuation methodologies (see note 29). Any changes in the fair value would have an impact on the goodwill amount recognised.

NOTES TO FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (Cont'd)

- Acquisition of subsidiary (Cont'd)

  In accordance with FRS 103 *Business Combination*, the Group was required to determine the consideration transferred upon the acquisition of the subsidiary, Mancala Holdings Pty Ltd (note 29) in 2014. The Group has engaged an independent professional firm to assess the fair value of the contingent consideration, which was the consideration transferred in exchange for the acquiree. The estimate of fair value was assessed based on expected net profit after tax of the acquiree over the next two years. The Group has classified the obligation to pay contingent consideration as a financial liability. Subsequent changes to the fair value of contingent consideration, that are not measurement period adjustments, has been taken to profit or loss.

- Impairment of goodwill

  Goodwill is assessed for impairment on an annual basis. The impairment assessment requires an estimation of the value-in-use of the cash-generating unit to which the goodwill is allocated.

  Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and apply an appropriate discount rate in order to calculate the present value of those cash flows. Actual cash flows will differ from these estimates as a result of differences between assumptions used and actual operations.

- Revenue recognition

  The Group recognises contract revenue in proportion to the stage of completion of the contract where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the survey of work performed.

  Significant judgement is required in determining the stage of completion, the estimated total contracted revenue, as well as the recoverability of contract costs and foreseeable losses relating to the contracts. Total contract revenue includes an estimation of the variation works and claims that are recoverable from client, if any. Total cost includes actual costs incurred and future costs to completion which takes into consideration potential manpower and resources needed to complete the project. In making the judgement, the Group relies on experiences and inputs from both project managers and external customers.

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).

NOTES TO FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.5 Change in accounting policies

On 1 January 2015, the Group adopted new and amended FRS and interpretations to FRS (INT FRS) that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:
- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises are tested annually for impairment.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Affiliated party

For the purpose of these financial statements, an affiliated party means an entity over which a controlling shareholder of the Company (as defined in the SGX-ST Listing Manual) during the year has significant influence.

3.3 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss except for the differences which are recognised in other comprehensive income arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency (Cont'd)

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.4 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: loans and receivables and available-for-sale financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

Loans and receivables (Cont'd)

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments and club memberships).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded whilst bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented in the fair value reserve. When an investment is derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets only comprise equity securities.

Non-derivative financial liabilities

Financial liabilities for contingent consideration payable in a business combination are recognised at acquisition date. All other financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities for contingent consideration payable in a business combination are initially measured at fair value. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:
- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, 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.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

Depreciation (Cont'd)

The estimated useful lives for the current and comparative years are as follows:

Building	–	30 years
Plant and machinery	–	2 to 20 years
Furniture, fittings and office equipment	–	2 to 5 years
Motor vehicles	–	2 to 10 years
Renovation	–	5 years
Construction site facilities	–	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets and is measured at cost less accumulated impairment losses. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Customer list	–	5 years
Land use rights	–	30 years
Order backlog	–	2 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of investment properties (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) are recognised in profit or loss.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each item of investment properties. The estimated useful lives of investment properties are 30 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

3.8 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases where the leased assets are not recognised in the Group's statement of financial position.

3.9 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a first in first out principle, and cost 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.

3.10 Construction work in progress

Construction work in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date (see 3.14) less progress billings and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work in progress is presented in the statement of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings and recognised losses. If progress billings and recognised losses exceed costs incurred plus recognised profits, then the difference is presented as progress billings in excess of contracts work in progress in the statement of financial position.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Non-current assets and liabilities held for sale

Non-current assets and liabilities or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, the assets and liabilities, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining appropriate assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale are not amortised or depreciated.

3.12 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Impairment (Cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGUs on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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.

Share-based payment transactions

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 profit or loss with a corresponding adjustment to equity.

3.14 Revenue

Mining services

Revenue from mining services contract is recognised when the related services are rendered.

Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognised as incurred unless they create an asset related to future contract activity (see note 3.10).

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Rendering of services

Revenue from providing construction design, consulting and supervision services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue (Cont'd)

Sales 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 when the significant risks and rewards of ownership have been transferred to the buyer, 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.

Interest income

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Rental income

Rental income from operating leases of investment properties are recognised in other income on a straight-line basis over the term of the lease.

3.15 Finance costs

Finance costs comprise interest expense on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.16 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- the fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- the arrangement contains a right to use the assets.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax expense

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing provision for tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.18 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguish from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTES TO FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 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 period, 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 and for the effects of all dilutive potential ordinary shares.

3.20 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

3.21 Financial guarantee contracts

Financial guarantee contracts are accounted for as insurance contracts and treated as contingent liabilities until such time they become probable that the Group will be required to make a payment under the guarantee. A provision is recognised based on the Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

3.22 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company. The Group does not plan to adopt these standards early.

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT

	Building $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Renovation $'000	Construction site facilities $'000	Construction in progress $'000	Total $'000
Group								
Cost								
At 1 January 2014	–	–	99	121	182	–	–	402
Acquisition of a subsidiary	1,133	34,173	215	824	–	–	2,325	38,670
Additions	–	1,576	7	122	–	–	783	2,488
Disposals/write-off	(1,133)	(351)	(120)	(322)	–	–	–	(1,926)
Transfer	–	1,199	1	8	–	–	(1,208)	–
Transfer from assets held for sale	–	271	–	–	–	–	–	271
Translation differences on consolidation	–	(1,229)	(43)	(115)	–	–	(92)	(1,479)
At 31 December 2014	–	35,639	159	638	182	–	1,808	38,426
Acquisition of a subsidiary	2,539	16,309	344	770	–	2,556	–	22,518
Additions	–	651	112	7	5	891	1,228	2,894
Disposals/write-off	–	(542)	(7)	(51)	–	–	(149)	(749)
Transfer	–	437	–	24	–	–	(461)	–
Transfer to assets held for sale	–	(6,434)	–	–	–	–	–	(6,434)
Translation differences on consolidation	(76)	(1,176)	20	47	–	(82)	(81)	(1,348)
At 31 December 2015	**2,463**	**44,884**	**628**	**1,435**	**187**	**3,365**	**2,345**	**55,307**

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Building $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Renovation $'000	Construction site facilities $'000	Construction in progress $'000	Total $'000
Group								
Accumulated depreciation								
At 1 January 2014	–	–	92	121	45	–	–	258
Depreciation for the year	–	3,287	98	370	36	–	–	3,791
Disposals/write-off	–	(145)	(61)	(276)	–	–	–	(482)
Transfer	–	(1)	1	–	–	–	–	–
Translation differences on consolidation	–	(567)	(39)	(106)	–	–	–	(712)
At 31 December 2014	–	2,574	91	109	81	–	–	2,855
Depreciation for the year	29	4,316	77	326	35	1,255	–	6,038
Disposals/write-off	–	(409)	(6)	–	–	–	–	(415)
Translation differences on consolidation	–	380	32	91	–	(8)	–	495
At 31 December 2015	**29**	**6,861**	**194**	**526**	**116**	**1,247**	**–**	**8,973**
Carrying amounts								
At 1 January 2014	–	–	7	–	137	–	–	144
At 31 December 2014	–	33,065	68	529	101	–	1,808	35,571
At 31 December 2015	**2,434**	**38,023**	**434**	**909**	**71**	**2,118**	**2,345**	**46,334**

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Renovation $'000	Total $'000
Company				
Cost				
At 1 January 2014	99	121	182	402
Additions	7	–	–	7
Disposals	(8)	–	–	(8)
At 31 December 2014	98	121	182	401
Additions	40	–	5	45
At 31 December 2015	**138**	**121**	**187**	**446**
Accumulated depreciation				
At 1 January 2014	92	121	45	258
Depreciation for the year	4	–	37	41
Disposals	(8)	–	–	(8)
At 31 December 2014	88	121	82	291
Depreciation for the year	10	–	34	44
At 31 December 2015	**98**	**121**	**116**	**335**
Carrying amounts				
At 1 January 2014	7	–	137	144
At 31 December 2014	10	–	100	110
At 31 December 2015	**40**	**–**	**71**	**111**

NOTES TO FINANCIAL STATEMENTS

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2015, the Group's plant and machinery with carrying amount of $25,313,000 (2014: $14,149,000) were acquired under finance leases.

A building with carrying amount of $2,434,000 is pledged to a bank for banking facilities at the end of the reporting period (note 19).

During the year, depreciation of $5,845,000 (2014: $3,686,000) and $193,000 (2014: $105,000) were charged to cost of goods sold and administrative expenses, respectively, in the consolidated profit or loss.

5. INTANGIBLE ASSETS

	Land use rights $'000	Customer list $'000	Order backlog $'000	Goodwill $'000	Total $'000
Group					
Cost					
At 1 January 2014	–	–	–	–	–
Acquisition of a subsidiary	–	749	–	1,215	1,964
Translation differences on consolidation	–	(30)	–	–	(30)
At 31 December 2014	–	719	–	1,215	1,934
Acquisition of a subsidiary	6,788	–	452	9,518	16,758
Translation differences on consolidation	(203)	(33)	(13)	–	(249)
At 31 December 2015	**6,585**	**686**	**439**	**10,733**	**18,443**
Accumulated amortisation and impairment loss					
At 1 January 2014	–	–	–	–	–
Amortisation	–	175	–	–	175
Translation differences on consolidation	–	(9)	–	–	(9)
At 31 December 2014	–	166	–	–	166
Amortisation	37	158	441	–	636
Impairment loss (written off)	–	–	–	1,215	1,215
Translation differences on consolidation	–	(7)	(2)	–	(9)
At 31 December 2015	**37**	**317**	**439**	**1,215**	**2,008**
Carrying amounts					
At 31 December 2014	–	553	–	1,215	1,768
At 31 December 2015	**6,548**	**369**	**–**	**9,518**	**16,435**

Land use rights with carrying amount of $6,548,000 is pledged to a bank for banking facilities at the end of the reporting period (note 19).

The amortisation of land use rights and customer list is included in other operating expenses while the amortisation of order backlog is included in cost of sales.

NOTES TO FINANCIAL STATEMENTS

5. INTANGIBLE ASSETS (CONT'D)

Goodwill relates to the following cash-generating units (CGU):

	Group	
	2015	**2014**
	$'000	**$'000**
Infrastructure	**9,518**	–
Mining	**–**	1,215
	9,518	1,215

Impairment testing for CGUs containing goodwill

Mining CGU

In 2015, given the prolonged weakness in commodity prices, the Group expected sentiment and outlook for the mining industry to remain guarded.

As such, the Group performed an assessment of the recoverable amount of the mining CGU. The recoverable amount was determined based on value-in-use calculations using cash flow projections in the following key assumptions:

Period of cash flow projections	2016-2020
After-tax discount rate	15%
Terminal growth rate	0%

The cash flow projections are based on financial forecasts prepared by the management. The discount values applied to the cash flow projections were estimated by using an appropriate required rate of return on invested capital.

As the recoverable amount of the mining CGU was determined to be lower than its carrying amount, the goodwill in the mining CGU was impaired and written off in full accordingly. The impairment loss was included in other expenses in the statement of profit or loss.

Infrastructure CGU

The recoverable amount of the infrastructure CGU was based on the value-in-use, determined by discounting the after-tax future cash flows to be generated from the continuing use of the CGU.

The key assumptions used in the estimation of value-in-use were as follows:

Period of cash flow projection	2016-2020
After-tax discount rate	13%
Termnal growth rate	4%

The cash flow projections are based on financial forecasts prepared by the management. The discount values applied to the cash flow projections were estimated by using an appropriate required rate of return on invested capital.

NOTES TO FINANCIAL STATEMENTS

6. INVESTMENT PROPERTIES

	Group	
	2015	2014
	$'000	$'000
Cost		
At 1 January	–	–
Acquisition of a subsidiary	14,084	–
Translation differences on consolidation	(420)	–
At 31 December	13,664	–
Accumulated depreciation		
At 1 January	–	–
Depreciation for the year	208	–
Translation differences on consolidation	(1)	–
At 31 December	207	–
Carrying amount		
At 31 December	13,457	–
Fair value		
At 31 December	14,084	–

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period from 3 to 5 years, with annual rents indexed to consumer prices. No contingent rents are charged. See note 30 for further information.

Security

At 31 December 2015, investment properties of the Group with carrying amounts of $13,457,000 (2014:$Nil) are pledged as security to secure bank loans and bond (note 19).

Major properties held for investment

Location	Description	Existing use	Tenure of land	Remaining term of lease
Ranken Building No.189 Wukexi Second Road Wuhou District, Chengdu City Sichuan Province, The People's Republic of China	9-storey office building	Commercial	Leasehold	45 years
Floor 19 Sichuan International Building Shun Cheng Street, Qing Yang District, Chengdu	1 storey of 27-storey office building	Commercial	Leasehold	34 years

During the year, $220,000 was recognised as rental income in profit or loss (2014: $Nil) by the Group. Depreciation expenses included in administrative expenses amounted to $208,000.

NOTES TO FINANCIAL STATEMENTS

7. INTERESTS IN SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000
Unquoted equity shares at cost		
At 1 January	**54,893**	41,857
Acquisition of a subsidiary (note 29)	**76,811**	13,036
At 31 December	**131,704**	54,893
Less: Impairment losses		
At 1 January	**41,857**	41,857
Impairment during the year	**–**	–
At 31 December	**41,857**	41,857
Net	**89,847**	13,036

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %
Sapphire Construction & Development Pte. Ltd. [1] and its subsidiary:	Dormant	Singapore	**100**	100
– Tudor Jaya Sdn. Bhd. [3] [5]	Dormant	Malaysia	**100**	100
Sapphire Mineral Resources Pte. Ltd. [1]	Dormant	Singapore	**100**	100
Mancala Holdings Pty Ltd[2] [6] and its subsidiaries:	Mining equipment hire	Australia	**100**	100
– Mancala Pty Ltd [2]	Vertical boring and shaft contractor	Australia	**100**	100
– Mancala Asia Ltd [2] and its subsidiary:	Mining labour hire	Hong Kong	**100**	100
– MCL Vietnam Industries Co. Ltd [2]	Contract mining	Vietnam	**49[4]**	49[4]
– Mancala Mining Pty Ltd [2]	Alliance mining	Australia	**100**	100
– Mancala Mine Services Pty Ltd [2]	Mining labour and equipment hire	Australia	**100**	100
– Spectrum Resources Australia Pty Ltd [2]	Dormant	Australia	**100**	100
Ranken Infrastructure Limited [2] and its subsidiary:	Investment holding	Hong Kong	**100**	–
– Chengdu Kai Qi Rui Business Management Co., Ltd. and its subsidiary [2]	Enterprise management, engineering information and technology consultation	China	**98**	–

NOTES TO FINANCIAL STATEMENTS

7. INTERESTS IN SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Country of incorporation/ Place of business	Effective equity interest held by the Group 2015 %	2014 %
– Ranken Railway Construction Group Co., Ltd. and its subsidiaries (2)	Engineering, procurement and construction (EPC) for railway, highway, municipal, industrial and civil construction and airports and water conservancy projects and investment holding	China	**97.6**	–
– Sichuan Xinlong Construction Co., Ltd (2)	EPC for railway, highway, municipal, industrial and civil construction and airports and water conservancy projects	China	**97.6**	–
– Sichuan Longjian Construction Consultancy Co., Ltd. (2)	Construction consulting, projects management consulting, construction cost consulting, construction design, supervision and bidding agency	China	**97.6**	–
– Sichuan Jinlong Labor Service Co., Ltd. (2)	Labor service subcontracting for construction industry; domestic labor dispatching service	China	**87.9**	–
– Chengdu Jialong Property Service Co., Ltd (2)	Property management and consulting services	China	**97.1**	–
– PT Tekgen Indonesia (3)	Construction of electrical networks and other telecommunication channels	Indonesia	**97.6**	–
– Chengdu Ranken Railway Construction Group Co., Ltd. Saudi Arabia Branch (3)	EPC for railway, highway, municipal, industrial and civil construction and water conservancy projects	Saudi Arabia	**97.6**	–

(1) Audited by KPMG LLP.

(2) Audited by other member firms of KPMG International.

(3) The entities are insignificant to the Group and are audited by other auditors.

(4) Although the Group owns less than half of MCL's voting power, the management has determined that the Group controls the entity, by virtue of the shareholders' agreement with its other investor, and is entitled to all results of MCL.

(5) The entity is in the process of being struck off.

(6) The Company has granted security over these shares in favour of the vendors of Mancala Holding Pty Ltd, which will be released from encumbrance when the consideration is paid by the Company (see note 21).

NOTES TO FINANCIAL STATEMENTS

8. OTHER INVESTMENTS

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Available-for-sale equity securities				
Quoted equity shares	**86**	90	**1**	1

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Property, plant and equipment	**1,365**	–	**(144)**	(297)
Investment properties	**–**	–	**(172)**	–
Intangible assets	**540**	–	**(1,500)**	(166)
Trade receivables	**158**	–	**–**	–
Others	**163**	–	**–**	–
Deferred tax assets/(liabilities)	**2,226**	–	**(1,816)**	(463)

NOTES TO FINANCIAL STATEMENTS

9. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

Movement in temporary differences during the year

	At 1 January 2014 $'000	Acquisition of a subsidiary $'000	Recognised in profit or loss $'000	Exchange differences $'000	At 31 December 2014 $'000	Recognised in profit or loss $'000	Acquisition of a subsidiary $'000	Exchange differences $'000	At 31 December 2015 $'000
Group									
Defered tax assets									
Property, plant and equipment	–	–	–	–	–	(34)	1,442	(43)	**1,365**
Intangible assets	–	–	–	–	–	537	–	3	**540**
Trade receivables	–	–	–	–	–	–	162	(4)	**158**
Others	–	–	–	–	–	–	168	(5)	**163**
	–	–	–	–	–	503	1,772	(49)	**2,226**
Deferred tax liabilities									
Property, plant and equipment	–	(201)	(109)	13	(297)	145	(7)	15	**(144)**
Investment properties	–	–	–	–	–	2	(179)	5	**(172)**
Intangible assets	–	(224)	52	6	(166)	165	(1,553)	54	**(1,500)**
	–	(425)	(57)	19	(463)	312	(1,739)	74	**(1,816)**

NOTES TO FINANCIAL STATEMENTS

10. INVENTORIES

	Group	
	2015	2014
	$'000	$'000
Raw materials and consumables	**3,442**	1,910
Good-in-transit	**–**	13
	3,442	1,923
Inventories recognised in cost of sales		
– Continuing operations	**15,658**	64
– Discontinued operations	**–**	93,552

11. CONSTRUCTION WORK IN PROGRESS

	Group	
	2015	2014
	$'000	$'000
Cost incurred plus attributable profit	**534,728**	–
Progress billings	**(488,286)**	–
	46,442	–
Comprising:		
Construction work in progress	**54,858**	–
Progress billings in excess of construction work in progress	**(8,416)**	–
	46,442	–

12. TRADE RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Trade receivables	**124,691**	7,237	**–**	–
Impairment loss	**(75)**	(38)	**–**	–
	124,616	7,199	**–**	–

As at 31 December 2015, trade receivables of the Group included retention monies of $46,295,000 (2014: $Nil) related to construction work in progress.

The Group's exposure to credit risks, currency risks and impairment losses for trade receivables are disclosed in note 33.

NOTES TO FINANCIAL STATEMENTS

13. OTHER RECEIVABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Loans due from a subsidiary	**–**	–	**5,164**	5,414
Current				
Amounts due from subsidiaries	**–**	–	**3,011**	2,388
Impairment loss	**–**	–	**(2,197)**	(2,184)
	–	–	**814**	204
Other receivables				
– third parties	**17,225**	68,266	**25**	56,128
– related parties	**653**	–	**–**	–
	17,878	68,266	**25**	56,128
Impairment loss	**–**	(7,257)	**–**	–
	17,878	61,009	**25**	56,218
Deposits	**8,023**	135	**71**	74
Prepayments	**3,509**	538	**61**	39
Club memberships, at cost	**134**	134	**134**	134
	29,544	61,816	**1,105**	56,579
	29,544	61,816	**6,269**	61,993

The Group's exposure to credit risks and impairment losses for other receivables are disclosed in note 33.

Other receivables of the Group and the Company as at 31 December 2014, include $56,161,000 (RMB263,206,000) receivable for the sale of steel-making operations. The amount was received during the year.

Amounts due from subsidiaries are interest-free, unsecured and repayable on demand.

The loans due from a subsidiary bear interest at 4% (2014:4%) per annum, are unsecured, and are not repayable within the next twelve months.

14. NON-CURRENT ASSETS HELD FOR SALE

	Group	
	2015	**2014**
	$'000	**$'000**
Plant and equipment	**8,148**	1,781

The plant and equipment are classified as held for sale as management has the intent and commitment to dispose of them within the next 12 months. The plant and equipment are currently not being utilised.

NOTES TO FINANCIAL STATEMENTS

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash and bank balances	**28,550**	11,778	**3,831**	10,040
Fixed deposits	**6,529**	469	**1,960**	469
Cash and cash equivalents in the statements of financial position	**35,079**	12,247	**5,791**	10,509
Bank overdrafts used for cash management purposes	**(911)**	(1,736)		
Fixed deposits pledged	**(3,831)**	–		
Cash and cash equivalents in the statement of cash flows	**30,337**	10,511		

Fixed deposits amounting to $3,266,000 and $565,000 were pledged to the bank for notes payable (trade) and banking facilities respectively at the end of the reporting period.

The weighted average effective interest rates per annum relating to cash and cash equivalents at the reporting date for the Group and the Company are 0.82% (2014: 0.62%) and 0.84% (2014: 0.59%) respectively. Interest rates are repriced within one year.

16. SHARE CAPITAL

	2015		2014	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares, with no par value:				
At 1 January	**810,949**	**260,489**	810,949	260,489
Issued under the Sapphire Shares Award Scheme (1)	**896**	**78**	–	–
Issued pursuant to the acquisition of a subsidiary (2)	**165,000**	**16,500**	–	–
Issue of shares during the year	**165,896**	**16,578**	–	–
At 31 December	**976,845**	**277,067**	810,949	260,489

Subsequent to the year end, the Company consolidated its issued share by consolidating three (3) ordinary shares into one (1) consolidated ordinary shares (note 36). The number of shares for the current year has not been adjusted for the effects of the share consolidation.

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.

Issue of ordinary shares

1. On 18 May 2015, the Company issued 895,919 ordinary shares to Directors under the Sapphire Shares Award Scheme at $0.087 per share in partial settlement of directors' fees at $78,000 for the year ended 31 December 2014.

2. On 1 October 2015, the Company issued 165,000,000 ordinary shares pursuant to the acquisition of the subsidiary, Ranken Infrastructure Limited for $0.10 each totalling $16,500,000 in partial settlement of the purchase consideration. The fair value of the shares issued was $13,530,000. The difference of $2,970,000 between the fair value of the shares issued and the issue share price was recorded in capital reserve.

See note 36 for details of proposed capital reduction, subsequent to the year end.

NOTES TO FINANCIAL STATEMENTS

16. SHARE CAPITAL (CONT'D)

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 interests. 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 debts, which includes non-current borrowings disclosed in note 19, issued capital, reserves and retained earnings.

During the financial year, the Group changed its approach to capital management by excluding current borrowings from the capital structure of the Group. With the acquisition of the new subsidiary, Ranken Infrastructure Limited, the Group's current borrowings are now largely for working capital needs. Hence, the Board is of the view that the current borrowings is no longer appropriate to be considered as the Group's capital. The Group is not subjected to externally imposed capital requirements during the financial year ended 31 December 2015 and 31 December 2014.

17. RESERVES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Capital reserve	**(1,735)**	1,235	**(1,886)**	1,084
Merger reserve	**418**	418	**–**	–
Other reserves	**(1,353)**	(1,353)	**(1,353)**	(1,353)
Currency translation reserve	**(2,805)**	(690)	**–**	–
Accumulated losses	**(181,030)**	(187,499)	**(186,520)**	(189,183)
	(186,505)	(187,889)	**(189,759)**	(189,452)

Capital reserve comprises the equity component of convertible bonds and convertible bank loan of the Group and the Company and the difference between the issue share price and fair value of the 165,000,000 new shares issued for the acquisition of the subsidiary, Ranken Infrastructure Limited.

Merger reserve represents the difference between the nominal value of shares issued by the Company in exchange for the nominal value of shares acquired in respect of the acquisition of a subsidiary, Sapphire Construction & Development Pte Ltd, accounted for under the pooling of interest method.

Other reserves represent expenses incurred in relation to the issue of shares of the Company.

The currency translation reserve comprises foreign exchange differences arising from the translation of net assets/ liabilities of foreign subsidiaries.

The capital reserve, merger reserve, other reserves and currency translation reserve are not available for distribution as dividends.

See note 36 for details of proposed capital reduction, subsequent to the year end.

NOTES TO FINANCIAL STATEMENTS

18. NON-CONTROLLING INTERESTS

Non-controlling interests (NCI) relate to minority shareholders' stake in various subsidiaries under Ranken Infrastructure Limited (see note 7). The following table summarises the financial information relating to Ranken Infrastructure Limited and its subsidiaries, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

31 December 2015	**Total $'000**
Non-current assets	**43,086**
Current assets	**223,672**
Non-current liabilities	**(12,330)**
Current liabilities	**(185,363)**
Net assets	**69,065**
Net assets attributable to NCI	**1,544**
Attributable to NCI:	
Profit	**27**
Other comprehensive income	**(47)**
Total comprehensive income	**(20)**
Cash flows from operating activities	**4,501**
Cash flows from investing activities	**(514)**
Cash flows from financing activities	**(3,553)**
Net increase in cash and cash equivalents	**434**

19. FINANCIAL LIABILITIES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Non-current				
Finance lease liabilities	**5,928**	5,649	**11**	–
Current				
Bank overdraft	**911**	1,736	**–**	–
Secured bank loans	**50,247**	2,416	**–**	–
Secured bond	**7,444**	–	**–**	–
Finance lease liabilities	**8,250**	3,018	**10**	–
	66,852	7,170	**10**	–
	72,780	12,819	**21**	–

NOTES TO FINANCIAL STATEMENTS

19. FINANCIAL LIABILITIES (CONT'D)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	2015 Face value $'000	2015 Carrying amount $'000	2014 Face value $'000	2014 Carrying amount $'000
Group							
Bank overdraft (1)	AUD	13.2%	On demand	**911**	**911**	1,736	1,736
Secured bank loan (1)	AUD	7.77%	2016	**1,047**	**1,047**	2,416	2,416
Secured bank loan (2)	RMB	LPR*+0.05%	2016	**4,354**	**4,354**	–	–
Secured bank loan (2)	RMB	LPR*+0.05%	2016	**2,177**	**2,177**	–	–
Secured bank loan (2)	RMB	135% of LPR*	2016	**1,089**	**1,089**	–	–
Secured bank loan (2)	RMB	145% of LPR*	2016	**4,354**	**4,354**	–	–
Secured bank loan (2)	RMB	6.690%	2016	**7,837**	**7,837**	–	–
Secured bank loan (2)	RMB	6.770%	2016	**3,265**	**3,265**	–	–
Secured bank loan (2)	RMB	7.500%	2016	**21,770**	**21,770**	–	–
Secured bank loan (2)	RMB	5.250%	2016	**4,354**	**4,354**	–	–
Secured bond (3)	RMB	8.500%	2016	**7,620**	**7,444**	–	–
Finance lease liabilities	RMB	5.7% - 7%	2017	**8,970**	**8,617**	–	–
Finance lease liabilities	SGD	5.13%	2017	**22**	**21**	–	–
Finance lease liabilities	AUD	6.31% - 8.82%	2016 - 2018	**6,004**	**5,540**	9,639	8,667
				73,774	**72,780**	13,791	12,819
Company							
Finance lease liabilities	SGD	5.13%	2017	**22**	**21**	–	–

* LPR: China's Loan Prime Rate

Notes:

1. These bank overdraft and short term bank loans are secured by personal guarantees granted by previous shareholders of subsidiary, Mancala Holdings Pty Ltd (Mancala) and subordinated loans of $5,164,000 (2014: $5,414,000) from the Company to Mancala, as well as a registered mortgage debenture over assets and undertakings of certain entities of Mancala Holdings Pty Ltd and its subsidiaries.
2. These bank loans are secured by personal guarantees by previous beneficial owners of subsidiary, Ranken Infrastructure Limited and building, investment properties, land use rights with total carrying amount of $21,998,000 (note 4, 5 and 6), and deposits pledged of $565,000 (note 15).
3. The bond is secured by investment properties with carrying amount of $441,000 (note 6), joint guarantee provided by a financial institution and directors of the subsidiary.

NOTES TO FINANCIAL STATEMENTS

19. FINANCIAL LIABILITIES (CONT'D)

The following are the contractual undiscounted cash outflows of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows		
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 1 to 5 years $'000
Group				
2015				
Non-derivative financial liabilities				
Bank overdraft	**911**	**(911)**	**(911)**	**–**
Secured bank loans	**50,247**	**(52,853)**	**(52,853)**	**–**
Secured bond	**7,444**	**(8,152)**	**(8,152)**	**–**
Finance lease liabilities	**14,178**	**(14,996)**	**(8,875)**	**(6,121)**
Trade and other payables	**154,218**	**(154,218)**	**(145,565)**	**(8,653)**
2014				
Non-derivative financial liabilities				
Bank overdraft	1,736	(1,736)	(1,736)	–
Secured bank loans	2,416	(2,597)	(2,597)	–
Finance lease liabilities	8,667	(9,639)	(3,519)	(6,120)
Trade and other payables	35,348	(35,348)	(27,568)	(7,780)
Company				
2015				
Non-derivative financial liabilities				
Trade and other payables	**14,690**	**(14,690)**	**(14,690)**	**–**
Finance lease liabilities	**21**	**(23)**	**(11)**	**(12)**
2014				
Non-derivative financial liabilities				
Trade and other payables	14,612	(14,612)	(7,612)	(7,000)

Finance lease liabilities

The obligations under finance leases are for the purchase of plant and equipment. Obligations under finance leases that are payable are as follows:

	Future minimum lease payments $'000	Interest $'000	Principal $'000
Group			
2015			
Within one year	**8,875**	**625**	**8,250**
Between one and five years	**6,121**	**193**	**5,928**
	14,996	**818**	**14,178**

NOTES TO FINANCIAL STATEMENTS

19. FINANCIAL LIABILITIES (CONT'D)

Finance lease liabilities (Cont'd)

	Future minimum lease payments $'000	Interest $'000	Principal $'000
2014			
Within one year	3,519	501	3,018
Between one and five years	6,120	471	5,649
	9,639	972	8,667
Company			
2015			
Within one year	**11**	**1**	**10**
Between one and five years	**12**	**1**	**11**
	23	**2**	**21**

20. TRADE PAYABLES

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Trade payables	**66,316**	10,596	**–**	–
Notes Payable	**3,266**	–	**–**	–
Retention monies	**4,779**	–	**–**	–
	74,361	10,596	**–**	–

Included in trade payables are notes payable which are non-interest bearing and mature in 2016 and retention monies are payable to sub-contractors after the expiry of defects notification period.

NOTES TO FINANCIAL STATEMENTS

21. OTHER PAYABLES

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Other payables	**8,653**	7,780	**–**	7,000
Current				
Accrued operating expenses	**1,756**	826	**1,187**	782
Amount due to subsidiaries (non-trade)	**–**	–	**257**	16
Advance payment from a third party	**873**	–	**873**	–
Advance payments from customers	**28,467**	–	**–**	–
Deferred income	**248**	–	**–**	–
Deposit received	**547**	–	**547**	–
Other payables	**39,313**	16,146	**11,826**	6,814
	71,204	16,972	**14,690**	7,612
	79,857	24,752	**14,690**	14,612

Included in current and non-current other payables are the contingent consideration of $10,937,000 (2014: $6,009,000) and $Nil (2014: $7,000,000) payable for the acquisition of the subsidiary, Mancala Holdings Pty Ltd in 2014.

Non-current other payables also include interest-free loans of $760,000 (2014: $780,000) and $6,750,000 (2014: $Nil) extended by the previous shareholders of subsidiary, Mancala Holdings Pty Ltd and previous beneficial owners and holding companies of subsidiary, Ranken Infrastructure Limited respectively, which are not expected to be repaid in the next twelve months.

22. REVENUE

	Group Discontinued operations		Group Continuing operations	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Mining services	**–**	–	**54,572**	58,487
Infrastructure				
– Construction contracts	**–**	–	**57,194**	–
– Rendering of services	**–**	–	**4,585**	–
Sale of manufactured vanadium, and steel products, commission from trading of steel projects and other products	**–**	94,291	**–**	–
	–	94,291	**116,351**	58,487

The revenue from infrastructure services were from 1 October 2015 (date of acquisition).

NOTES TO FINANCIAL STATEMENTS

23. OTHER INCOME

	Group Discontinued operations		Group Continuing operations	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Project related:				
Consultancy fees	**–**	–	**127**	–
Unwinding of discount on retention monies	**–**	–	**160**	–
Other operating income:				
Interest income:				
– banks	**–**	532	**954**	17
– bond	**–**	–	**1,238**	–
– third party	**–**	–	**272**	–
Gain on changes in fair value of contingent consideration	**–**	–	**2,099**	–
Gain on disposal of property, plant and equipment	**–**	–	**75**	150
Exchange gain (net)	**–**	–	**3,431**	–
Rental income	**–**	2,726	**231**	63
Others	**–**	50	**66**	317
	–	3,308	**8,653**	547

24. FINANCE COSTS

	Group Discontinued operations		Group Continuing operations	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Interest expense:				
– long term payable to affiliated party	**–**	3,807	**–**	–
– finance lease	**–**	–	**765**	1,020
– secured bond	**–**	–	**216**	–
– banks	**–**	305	**933**	573
	–	4,112	**1,914**	1,593

NOTES TO FINANCIAL STATEMENTS

25. PROFIT/(LOSS) BEFORE TAX

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

	Group Discontinued operations		Group Continuing operations	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Allowance for impairment losses on doubtful receivables	**–**	–	**76**	29
Bad debts written off	**–**	–	**26**	–
Amortisation of intangible assets	**–**	–	**636**	175
Audit fees				
– auditors of the Company	**–**	–	**152**	133
– other auditors	**–**	92	**190**	75
Depreciation of property, plant and equipment	**–**	–	**6,038**	3,791
Depreciation of investment properties	**–**	–	**208**	–
Directors' remuneration and fees	**–**	–	**1,540**	1,433
Exchange loss/(gain) (net)	**–**	1,454	**(3,431)**	2,891
Gain on disposal of property, plant and equipment	**–**	–	**(75)**	(150)
Impairment loss on available-for-sale financial assets	**–**	9,600	**–**	–
Impairment loss on goodwill	**–**	–	**1,215**	–
Loss on disposal of associates	**–**	–	**–**	754
Non-audit fees				
– auditors of the Company	**–**	–	**–**	14
– other auditors	**–**	–	**162**	150
Operating lease expenses	**–**	–	**3,678**	736
Staff costs	**–**	7,682	**33,016**	15,338
Contributions to defined contribution plans included in staff costs	**–**	1,618	**1,638**	1,585

NOTES TO FINANCIAL STATEMENTS

26. TAX EXPENSE

	Group Discontinued operations 2015 $'000	Group Discontinued operations 2014 $'000	Group Continuing operations 2015 $'000	Group Continuing operations 2014 $'000
Current tax expense				
Current year	**–**	–	**2,304**	1,381
Under/(over) provided in prior years	**–**	91	**(805)**	–
Withholding tax expense	**–**	–	**1,291**	–
	–	91	**2,790**	1,381
Deferred tax expense				
Origination and reversal of temporary differences	**–**	–	**(815)**	57
	–	91	**1,975**	1,438

Reconciliation of effective tax rate

	2015 $'000	2014 $'000
Profit for the year	**6,496**	138
Total tax expense	**1,975**	1,529
Total share of results of associates	**–**	14
Profit before tax	**8,471**	1,681
Tax calculated using Singapore tax rate at 17% (2014: 17%)	**1,440**	286
Effect of different tax rates in other countries	**229**	(446)
Expenses not deductible for tax purposes	**445**	7,673
Income not subject to tax	**(357)**	(11,131)
Tax incentives	**(537)**	–
Deferred tax asset not recognised	**269**	5,056
Withholding tax expense	**1,291**	–
(Over)/under provided in prior years	**(805)**	91
	1,975	1,529

Income tax recognised in other comprehensive income

There are no tax effects relating to other comprehensive income presented in the statement of comprehensive income.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Deductible temporary differences	**13,892**	13,892	**(323)**	(323)
Tax losses	**134,259**	132,678	**92,521**	93,130
Unutilised capital allowances	**2,393**	2,393	**–**	–
	150,544	148,963	**92,198**	92,807

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unutilised tax losses and capital allowances 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.

NOTES TO FINANCIAL STATEMENTS

27. DISCONTINUED OPERATIONS

The results of the discontinued operations and the financial effects of the completion of the sale of the Group's steel-making operations are as follows:

	Group 2014 $'000
Results of discontinued operations	
Revenue	94,291
Cost of sales	(96,630)
Gross loss	(2,339)
Other income	3,308
Distribution costs	(766)
Administrative expenses	(3,679)
Other expenses	(11,203)
Loss from operating activities	(14,679)
Finance costs	(4,112)
Loss before income tax	(18,791)
Income tax expense	(91)
Loss from discontinued operations	(18,882)
Gain on disposal of discontinued operations	24,188
Profit from discontinued operations	5,306
Earnings per share of discontinued operations[1]	
Basic (cents)	1.96
Diluted (cents)	1.96

(1) Adjusted for share consolidation (note 28)

Cash flows from discontinued operations	
Net cash from operating activities	3,860
Net cash from investing activities	9,296
Net cash used in financing activities	(305)
Net cash flows for the year	12,851

Effects of disposal on the financial position of the Group

	Group 2014 $'000
Property, plant and equipment	70,797
Prepaid leases	30,724
Inventories	21,927
Trade and other receivables	146,163
Cash and cash equivalents	2,746
Trade and other payables	(197,105)
Financial liabilities	(19,179)
Deferred tax liabilities	(8,934)
Net assets disposed	47,139
Realisation of foreign currency translation reserve	(1,327)
Gain on disposal	24,188
Sale consideration	70,000
Less:	
Sale consideration receivable	(58,500)
Cash and cash equivalents disposed of	(2,746)
Net cash inflow (included in net cash flow from investing activities from discontinued operations)	8,754

NOTES TO FINANCIAL STATEMENTS

28. EARNINGS PER SHARE

The calculation of basic earnings per share (EPS) for the year ended 31 December 2015 was based on the profit attributable to owners of the Company divided by the weighted average number of ordinary shares outstanding of 284,364,000 (2014: 270,316,000), calculated as follows:

	2015			2014		
	Continuing $'000	**Discontinued $'000**	**Total $'000**	**Continuing $'000**	**Discontinued $'000**	**Total $'000**
Group						
Profit/(loss) attributable to owners of the Company	**6,469**	**–**	**6,469**	(5,168)	5,306	138

Weighted-average number of ordinary shares

	Group	
	2015 '000	**2014 '000**
Issued ordinary shares at 1 January	**810,949**	810,949
Effect of shares issued under the Sapphire Shares Award Scheme	**440**	–
Effect of shares issued pursuant to the acquisition of a subsidiary	**41,704**	–
Effect of share consolidation [1]	**(568,729)**	(540,633)
Weighted-average number of ordinary shares during the year	**284,364**	270,316

(1) Subsequent to the year end, the Company consolidated its issued shares by consolidating every three (3) ordinary shares into one (1) consolidated ordinary shares (note 36). The earnings per share for the current and the prior year have been presented after adjusting the number of weighted average number of shares in issue for the effects of the share consolidation.

In 2014 and 2015, the diluted earnings per share are the same as basic earnings per share as the Group does not have any dilutive capital instruments.

29. ACQUISITION OF A SUBSIDIARY

On 1 October 2015, the Group acquired 100% of the equity interest in Ranken Infrastructure Limited (Ranken) and its subsidiaries, an Engineering, Procurement and Construction (EPC) business specialising in design, construction and project consultation in China's rail transit sector.

The acquisition of Ranken will enable the Group to venture into metro, urban rail transit and other major land transport infrastructure projects in China and Southeast Asia, with the ability to undertake and finance major projects in the fast-growing sector in China and other emerging markets.

In the 3 months to 31 December 2015, Ranken contributed revenue of $61.8 million and profit of $2.3 million to the Group's results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue and consolidated profit for the year would have been $181.6 million and $6.6 million, respectively. In determining these amounts, management has assumed that the fair value adjustments, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2015.

NOTES TO FINANCIAL STATEMENTS

29. ACQUISITION OF A SUBSIDIARY (CONT'D)

Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	Note	$'000
Cash		63,281
Equity instruments issued (165 million ordinary shares)	16	13,530
Total consideration transferred		76,811

Equity instruments issued

The fair value of the ordinary shares issued was based on the listed share price of the Company at 1 October 2015 of $0.082 per share.

Acquisition-related costs

The group incurred acquisition-related costs of $434,000 on legal fees and due diligence costs. These costs have been included in the administrative expenses.

Identifiable assets acquired and liabilities assumed

The fair value of the consideration transferred and the assets and liabilities acquired are summarised as follows:

	Recognised value 2015 $'000
Property, plant and equipment	**22,518**
Intangibles	**7,240**
Investment properties	**14,084**
Deferred tax assets	**1,765**
Inventories	**2,170**
Construction work in progress	**59,025**
Trade and other receivables	**178,228**
Fixed deposit pledged	**59,591**
Cash and cash equivalents	**23,071**
Trade and other payables	**(227,349)**
Financial liabilities	**(69,754)**
Deferred tax liabilities	**(1,732)**
Total identifiable net assets	**68,857**
Non-controlling interest	**(1,564)**
Goodwill on acquisition	**9,518**
Total consideration	**76,811**
Cash consideration paid	**(63,281)**
Cash and cash equivalents acquired	**23,071**
Acquisition of a subsidiary, net of cash acquired	**(40,210)**

The goodwill is attributable mainly to the control premium for the 100% acquisition of Ranken, the management, operational and technical skills and talent of its work force, various licenses, its permits and approvals in relation to construction, design engineering, labour services and supervision services as well as its growth potential in the railway infrastructure sector. None of the goodwill recognised is expected to be deductible for tax purposes.

NOTES TO FINANCIAL STATEMENTS

29. ACQUISITION OF A SUBSIDIARY (CONT'D)

Identifiable assets acquired and liabilities assumed (Cont'd)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Items	Valuation technique
Assets acquired	
– Property (namely building), investment properties and intangible assets (namely land use rights)	*Income capitalisation and market comparison approach:* Income capitalisation approach considers the capitalisation of net rental income on a fully let basis having regards to existing tenancies and potential future reversions. Market comparison approach considers comparable market transactions of similar properties, adjusted for factors including time, location and environment.
– Plant and equipment	Carrying amount approximates fair value as most of the assets were purchased in 2015.
– Intangible assets (namely order backlog)	*Multi-period excess earnings method:* The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.
– Trade receivables (namely retention monies)	*Discounted cash flow technique*: Expected collections are discounted to fair values based on appropriate discount rates.

The carrying amounts of the remaining assets and liabilities approximate the fair value due to their short-term nature.

2014

On 7 January 2014, the Group acquired 100% equity interest in Mancala Holdings Pty Ltd (Mancala).

Consideration transferred

Contingent consideration

The purchase consideration of $13,036,000 (equivalent to A$11,562,000) was determined by management based on valuation computed by an external independent professional valuer, having appropriate recognised professional qualifications and experience.

The Group has agreed to pay the selling shareholders a maximum sales consideration of A$15 million (in both cash and shares of the Company) over the next two years based on the stipulated formula if Mancala meets certain net profit after tax targets for the financial years ending 31 December 2014 and 2015.

Subsequent to 2014, the contingent consideration was recomputed based on the actual net profit after tax for the financial year ended 31 December 2014. The change in fair value of the contingent consideration of $2,099,000 was recognised in other income

NOTES TO FINANCIAL STATEMENTS

29. ACQUISITION OF A SUBSIDIARY (CONT'D)

Consideration transferred (Cont'd)

Contingent consideration (Cont'd)

The fair value of the contingent consideration payable and the fair value of the assets and liabilities acquired are summarised as follows:

	Recognised value 2014 $'000
Property, plant and equipment	38,670
Intangibles	749
Other investment	93
Non-current assets held for sale	2,280
Inventories	2,322
Trade and other receivables	12,136
Cash and cash equivalents	384
Trade and other payables	(20,025)
Financial liabilities	(21,135)
Long term payables	(3,044)
Long term provisions	(184)
Deferred tax liabilities	(425)
Total identifiable net assets	11,821
Goodwill on acquisition	1,215
Contingent consideration at fair value	13,036
Consideration payable	(13,036)
Cash and cash equivalents acquired	384
Acquisition of subsidiary, net of cash acquired	384

The goodwill is attributable mainly to the skills and technical talent of Mancala's work force. None of the goodwill recognised is expected to be deductible for tax purposes.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired and contingent consideration were as follows:

Items	**Valuation technique**
Assets acquired	
– Property, plant and equipment	*Market comparison technique and cost technique*: The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.
– Intangible assets	*Multi-period excess earnings method*: The multi-period excess earnings method considers the present value of net cash flows related to contributory assets.
– Contingent consideration	*Discounted cash flow technique*: Expected consideration amounts are discounted to fair value based on appropriate discount rates.

NOTES TO FINANCIAL STATEMENTS

30. COMMITMENTS

Operating lease expense commitments (as lessee)

At 31 December, the Group and the Company have commitments for future minimum lease payments in respect of non-cancellable operating leases as follows:

	Group		Company	
	2015	**2014**	**2015**	**2014**
	$'000	**$'000**	**$'000**	**$'000**
Within 1 year	**1,871**	530	**245**	257
Between 1 and 5 years	**923**	471	**21**	217
	2,794	1,001	**266**	474

The Group and the Company lease a number of offices and housing under operating leases. The leases typically run for an initial period of one year to three years, with an option to renew the lease after that date. None of the leases includes contingent rentals.

Operating lease income commitments (as lessor)

The Group leases out its investment properties (see note 6). The future minimum lease receivables under non-cancellable operating lease rentals are as follows:

	Group	
	2015	**2014**
	$'000	**$'000**
Less than one year	**630**	–
Between one and five years	**1,513**	–
	2,143	–

31. CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 December 2015 and 31 December 2014.

Continuing financial support

In addition to the subordinated loan from the Company to Mancala (note 19), the Company has given formal undertakings, which are unsecured, to provide financial support to Mancala to maintain/further its mining business. In addition, financial support has been given to its dormant companies in order for them to operate as a going concern.

At 31 December 2015, the net current liabilities and deficits in shareholders' funds of these subsidiaries amounted to approximately $10,184,000 (2014: $12,578,000) and $2,191,000 (2014: $2,150,000) respectively.

NOTES TO FINANCIAL STATEMENTS

32. RELATED PARTIES

Key management personnel compensation

Compensation paid/payable to key management personnel comprises:

	Group	
	2015	**2014**
	$'000	**$'000**
Short-term employee benefits	**1,707**	1,643
Post-employment benefits	**29**	30
	1,736	1,673

The Company has on 18 May 2015 granted to the Directors an aggregate of 895,919 share (2014: Nil) awards under the Sapphire Shares Award Scheme as partial payment of Directors' fees for the year ended 31 December 2014.

Other transactions with key management personnel

During the year, the Group and the Company had purchase of wine of $1,000 (2014: $8,000) from a company in which a director of the Company has substantial equity interests. The sales were made on the same terms as other third parties.

33. FINANCIAL RISK MANAGEMENT

Overview

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The function of the Audit and Risk Committee is set out in the Corporate Governance Report.

Credit risk

The Group's credit risk is primarily attributable to its cash and cash equivalents and trade and other receivables.

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.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

Trade and other receivables

Risk management policy

The Group's exposure to credit risk influenced mainly by the individual characteristics of each customers. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which the customers operate, as these factors may have an influence on credit risk.

For 2015, the Group has a concentration of credit risk primarily from two debtors (2014: one debtor) representing approximately 42% (2014: 81%) of trade and other receivables of the Group.

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables (excluding prepayments and club memberships) at the reporting date for the Group and the Company (by geographical area) is:

	Group		Company	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Singapore	**93**	139	**93**	113
China	**137,436**	56,089	**3**	56,089
Australia	**5,920**	5,545	**5,978**	5,618
Vietnam	**6,371**	6,493	**–**	–
Others	**697**	77	**–**	–
	150,517	68,343	**6,074**	61,820

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

Trade and other receivables (Cont'd)

Impairment losses

	Gross 2015 $'000	Impairment losses 2015 $'000	Net 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000	Net 2014 $'000
Group						
Not past due	**144,304**	**–**	**144,304**	63,179	–	63,179
Past due 0 – 30 days	**3,919**	**–**	**3,919**	3,441	–	3,441
Past due 31 – 120 days	**56**	**–**	**56**	443	–	443
Past due 121 – 365 days	**770**	**–**	**770**	1,318	(38)	1,280
More than one year	**1,543**	**(75)**	**1,468**	7,257	(7,257)	–
	150,592	**(75)**	**150,517**	75,638	(7,295)	68,343
Company						
Not past due	**5,725**	**–**	**5,725**	61,671	–	61,671
Past due 0 – 30 days	**–**	**–**	**–**	–	–	–
Past due 31 – 120 days	**52**	**–**	**52**	54	–	54
Past due 121 – 365 days	**154**	**–**	**154**	75	–	75
More than one year	**2,340**	**(2,197)**	**143**	2,204	(2,184)	20
	8,271	**(2,197)**	**6,074**	64,004	(2,184)	61,820

The movements in allowance for impairment in respect of trade and other receivables (excluding prepayments and club memberships) during the year were as follows:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
At 1 January	**7,295**	9,613	**2,184**	37,658
Impairment losses recognised	**76**	40	**13**	–
Impairment losses written back	**–**	(11)	**–**	(35,330)
Impairment losses utilised	**(7,295)**	(2,345)	**–**	(144)
Translation differences	**(1)**	(2)	**–**	–
At 31 December	**75**	7,295	**2,197**	2,184

At 31 December 2015 and 2014, the impairment loss for the Group and the Company are related to several customers that have indicated that they are not expecting to be able to pay their outstanding balances, mainly due to financial difficulties.

Based on the Group's monitoring of customer credit risk, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables.

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Credit risk (Cont'd)

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents 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.

Analysis of contractual cash flows of financial liabilities is set out in note 19.

Market risk

Market risk is the risk of changes in market prices, such as interest rates, foreign exchange rates and equity prices that 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 on risk.

Interest rate risk

At the reporting date, the Group's and the Company's exposure to market risk for changes in interest rates relate primarily to the Group's and the Company's debt obligations. The Group and the Company do not use derivative financial instruments to hedge their exposure in the fluctuations of interest rate.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Fixed rate instruments				
Amount due from subsidiaries	**–**	–	**5,164**	5,414
Secured bond	**(7,444)**	–	**–**	–
Finance lease liabilities	**(14,178)**	(8,667)	**(21)**	–
Bank overdraft	**(911)**	(1,736)	**–**	–
Secured bank loans	**(38,273)**	(2,416)	**–**	–
	(60,806)	(12,819)	**5,143**	5,414
Variable rate instruments				
Secured bank loans	**(11,974)**	–	**–**	–

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (Cont'd)

Interest rate risk (Cont'd)

Cash flow sensitivity analysis for variable rate instruments

In 2015, a change of 100 basis points (equivalent to 1 percentage point) in interest rates at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bp Increase $'000	100 bp decrease $'000
Group		
31 December 2015		
Variable rate instruments	(120)	120
31 December 2014		
Variable rate instruments	–	–

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, receipts, payments and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies arose from the monetary assets and liabilities that give rise to this risk are primarily the United States dollar (USD), Australian dollar (AUD), Hong Kong dollar (HKD), Vietnam dong (VND), Euro (EUR) and Renminbi (RMB).

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (Cont'd)

Foreign currency risk (Cont'd)

The exposures to foreign currency are as follows:

	USD $'000	AUD $'000	RMB $'000	HKD $'000	VND $'000	EUR $'000
Group						
2015						
Trade and other receivables	**973**	**–**	**–**	**–**	**5,293**	**–**
Cash and cash equivalents	**16**	**–**	**5,495**	**181**	**2,618**	**–**
Trade and other payables	**(3,819)**	**(10,937)**	**(1,079)**	**(547)**	**(1,216)**	**(1,789)**
	(2,830)	**(10,937)**	**4,416**	**(366)**	**6,695**	**(1,789)**
2014						
Other investments	–	–	–	1	–	–
Trade and other receivables	2,518	–	56,089	–	3,870	–
Cash and cash equivalents	1,146	469	9,591	178	35	–
Trade and other payables	(1,434)	(13,036)	–	–	(4,451)	(1,876)
	2,230	(12,567)	65,680	179	(546)	(1,876)

	USD $'000	AUD $'000	RMB $'000	HKD $'000
Company				
2015				
Trade and other receivables	**–**	**5,978**	**–**	**–**
Cash and cash equivalents	**–**	**–**	**5,495**	**181**
Trade and other payables	**(470)**	**(10,937)**	**(1,079)**	**(547)**
	(470)	**(4,959)**	**4,416**	**(366)**
2014				
Trade and other receivables	–	5,618	56,089	1
Cash and cash equivalents	74	469	9,591	178
Trade and other payables	(248)	(13,036)	–	–
	(174)	(6,949)	65,680	179

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (Cont'd)

Foreign currency risk (Cont'd)

Sensitivity analysis – foreign currency risk

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit or loss $'000	Company Profit or loss $'000
31 December 2015		
USD	**283**	**47**
AUD	**1,094**	**496**
RMB	**(442)**	**(442)**
HKD	**37**	**37**
VND	**(670)**	**–**
EUR	**179**	**–**
31 December 2014		
USD	(223)	17
AUD	1,257	695
RMB	(6,568)	(6,568)
HKD	(18)	(18)
VND	55	–
EUR	188	–

A 10% weakening of Singapore dollar against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets carried at fair value				
Group and Company				
31 December 2015				
Available-for-sale equity securities (quoted)	**86**	**–**	**–**	**86**
	86	**–**	**–**	**86**
Financial assets carried at fair value				
Group and Company				
31 December 2014				
Available-for-sale equity securities (quoted)	90	–	–	90
	90	–	–	90

NOTES TO FINANCIAL STATEMENTS

33. FINANCIAL RISK MANAGEMENT (CONT'D)

Market risk (Cont'd)

Fair value hierarchy (Cont'd)

During the financial year, there were no transfers (2014: $Nil) of financial instruments between Levels 1, 2 and 3.

Financial assets and financial liabilities whose carrying amounts are measured on an amortised basis approximates their fair value due to their short-term nature and immaterial effects of discounting.

34. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

	Available-for-sale $'000	Loans and receivables $'000	Other financial liabilities within scope of FRS 39 $'000	Other financial liabilities outside scope of FRS 39 $'000	Total carrying amount $'000
Group					
2015					
Assets					
Other investments	**86**	**–**	**–**	**–**	**86**
Cash and cash equivalents	**–**	**35,079**	**–**	**–**	**35,079**
Trade and other receivables[1]	**–**	**150,517**	**–**	**–**	**150,517**
	86	**185,596**	**–**	**–**	**185,682**
Liabilities					
Trade and other payables	**–**	**–**	**154,218**	**–**	**154,218**
Bank overdraft	**–**	**–**	**911**	**–**	**911**
Secured bank loans	**–**	**–**	**50,247**	**–**	**50,247**
Secured bond	**–**	**–**	**7,444**	**–**	**7,444**
Finance lease liabilities	**–**	**–**	**–**	**14,178**	**14,178**
	–	**–**	**212,820**	**14,178**	**226,998**
2014					
Assets					
Other investments	90	–	–	–	90
Cash and cash equivalents	–	12,247	–	–	12,247
Trade and other receivables[1]	–	68,343	–	–	68,343
	90	80,590	–	–	80,680
Liabilities					
Trade and other payables	–	–	35,348	–	35,348
Bank overdraft	–	–	1,736	–	1,736
Secured bank loans	–	–	2,416	–	2,416
Finance lease liabilities	–	–	–	8,667	8,667
	–	–	39,500	8,667	48,167

[1] Excludes prepayment and club membership

NOTES TO FINANCIAL STATEMENTS

34. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES (CONT'D)

	Available-for-sale $'000	Loans and receivables $'000	Other financial liabilities within scope of FRS 39 $'000	Other financial liabilities outside scope of FRS 39 $'000	Total carrying amount $'000
Company					
2015					
Assets					
Other investments	**1**	**–**	**–**	**–**	**1**
Cash and cash equivalents	**–**	**5,791**	**–**	**–**	**5,791**
Trade and other receivables[(1)]	**–**	**6,074**	**–**	**–**	**6,074**
	1	**11,865**	**–**	**–**	**11,866**
Liabilities					
Trade and other payables	**–**	**–**	**14,690**	**–**	**14,690**
Finance lease liabilities	**–**	**–**	**–**	**21**	**21**
	–	**–**	**14,690**	**21**	**14,711**
2014					
Assets					
Other investments	1	–	–	–	1
Cash and cash equivalents	–	10,509	–	–	10,509
Trade and other receivables[(1)]	–	61,820	–	–	61,820
	1	72,329	–	–	72,330
Liabilities					
Trade and other payables	–	–	14,612	–	14,612

(1) Excludes prepayment and club membership

35. SEGMENT REPORTING

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products or services, and are managed separately. For each of the strategic business units, the Group CEO reviews internal management reports of each division at least quarterly. The following summary describes the operations in each of the Group's reportable segments:

- Mining services
- Infrastructure business – newly acquired in October 2015 (note 29)
- Steel-making operations – disposed of in December 2014 (note 27)

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 Group's 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. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and tax assets and liabilities.

NOTES TO FINANCIAL STATEMENTS

35. SEGMENT REPORTING (CONT'D)

	Infrastructure $'000	Mining services $'000	Total $'000
Revenue and expenses			
2015			
Total revenue from external customers	**61,779**	**54,572**	**116,351**
Interest income	**887**	**321**	**1,208**
Unwinding of discount on retention monies	**160**	**–**	**160**
Interest expenses	**(880)**	**(1,033)**	**(1,913)**
Depreciation and amortisation	**(2,701)**	**(4,137)**	**(6,838)**
Reportable segment profit before income tax	**3,641**	**3,728**	**7,369**
Reportable segment assets	**266,758**	**51,950**	**318,708**
Capital expenditure	**1,577**	**1,272**	**2,849**
Reportable segment liabilities	**197,693**	**35,939**	**233,632**

	Discontinued steel-making operations			Continuing operations	
	Manufacturing $'000	Investments $'000	Others $'000	Mining services $'000	Total $'000
Revenue and expenses					
2014					
Total revenue from external customers	93,908	–	383	58,487	152,778
Interest income	531	–	1	17	549
Interest expenses	(4,112)	–	–	(1,593)	(5,705)
Depreciation and amortisation	–	–	–	(3,925)	(3,925)
Reportable segment (loss)/profit before tax	(6,818)	(2,519)	165	2,802	(6,370)
Other material non-cash items:					
– Impairment loss of available-for-sale financial assets	–	(9,600)	–	–	(9,600)
Reportable segment assets	–	–	–	54,090	54,090
Capital expenditure	–	–	–	2,481	2,481
Reportable segment liabilities	–	–	–	40,804	40,804

NOTES TO FINANCIAL STATEMENTS

35. SEGMENT REPORTING (CONT'D)

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

	2015 $'000	2014 $'000
Revenue		
Total revenue for reportable segments	**116,351**	152,778
Elimination of inter-segment	**–**	–
Consolidated revenue	**116,351**	152,778
Profit or loss		
Total profit/(loss) before tax for reportable segments	**7,369**	(6,370)
Unallocated amounts:		
– Other income	**6,668**	24,735
– Other expense	**(5,566)**	(16,698)
– Tax expense	**(1,975)**	(1,529)
Consolidated profit for the year	**6,496**	138
Assets		
Total assets for reportable segments	**318,708**	54,090
Elimination of inter-segment assets	**(667)**	–
Other unallocated amounts	**16,184**	68,305
Consolidated total assets	**334,225**	122,395
Liabilities		
Total liabilities for reportable segments	**233,632**	40,804
Elimination of inter-segment liabilities	**(5,978)**	(5,414)
Other unallocated amounts	**14,465**	14,405
Consolidated total liabilities	**242,119**	49,795

	Reportable segment total $'000	Unallocated amounts $'000	Consolidated total $'000
Other material items 2015			
Interest income	**1,208**	**1,256**	**2,464**
Unwinding of discount on retention monies	**160**	**–**	**160**
Interest expenses	**(1,913)**	**(1)**	**(1,914)**
Capital expenditure	**(2,849)**	**(45)**	**(2,894)**
Depreciation and amortisation	**(6,838)**	**(44)**	**(6,882)**
Other material items 2014			
Interest income	549	–	549
Interest expenses	(5,705)	–	(5,705)
Capital expenditure	(2,481)	(7)	(2,488)
Depreciation and amortisation	(3,925)	(41)	(3,966)

Geographical segments

Geographical segments are analysed by the following principal geographical areas: Australia, Vietnam, Singapore, China, Bangladesh and India.

In presenting information on the basis of geographical segments, segment revenue is based on a geographical location of customers. Segment non-current assets are based on the geographical location of the assets.

NOTES TO FINANCIAL STATEMENTS

35. SEGMENT REPORTING (CONT'D)

Geographical segments (Cont'd)

Geographical information

	Revenue $'000	Non-current assets $'000
31 December 2015		
Australia	**33,702**	**19,287**
Vietnam	**20,870**	**6,536**
Singapore	**–**	**9,629**
China	**61,657**	**43,086**
Bangladesh	**105**	**–**
India	**17**	**–**
	116,351	**78,538**
31 December 2014		
Australia	38,308	29,123
Vietnam	20,179	6,980
Singapore	–	1,326
China	94,291	–
	152,778	37,429

Major customers

Revenue from one (1) customer of the Mining services operations segment and one (1) customer fo the Infrastructure operations segment (2014: one customer of the Mining services operations segment) represents approximately 23% and 11% (2014: 19%) of the Group's total revenue respectively.

36. SUBSEQUENT EVENTS

1. On 8 January 2016, the Company proposed to consolidate three (3) ordinary shares of the Company into one (1) consolidated ordinary share. Subsequently, on 9 March 2016, the proposed share consolidation was completed and the issued share capital of the Company was revised from 976,845,247 to 325,611,757 ordinary shares.

2. On 7 March 2016, the Company proposed a capital reduction which will be effected in the following manner:

   (a) by reducing the share capital of the Company from $277,067,000 to $87,884,000 via the cancellation of the Company's share capital that has been lost or is unrepresented by available assets to the extent of $189,183,000; and

   (b) thereafter applying an amount equal to $189,183,000, being the credit arising from the cancellation of the share capital of the Company, towards writing off the accumulated losses.

   The proposed capital reduction is subject to the approval of Shareholders as an extraordinary general meeting to be convened.

SHAREHOLDINGS STATISTICS

AS AT 10 MARCH 2016

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 10 MARCH 2016

SIZE OF SHAREHOLDINGS			NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1	–	99	858	10.21	31,369	0.01
100	–	1,000	1,998	23.77	942,723	0.29
1,001	–	10,000	4,261	50.69	16,708,557	5.13
10,001	–	1,000,000	1,267	15.07	59,420,767	18.25
1,000,001		AND ABOVE	22	0.26	248,508,341	76.32
TOTAL			**8,406**	**100.00**	**325,611,757**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	PHILLIP SECURITIES PTE LTD	66,759,041	20.50
2	OCBC SECURITIES PRIVATE LIMITED	60,985,241	18.73
3	UOB KAY HIAN PTE LTD	44,082,560	13.54
4	HSBC (SINGAPORE) NOMINEES PTE LTD	11,999,999	3.69
5	NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED	8,632,111	2.65
6	BANK OF SINGAPORE NOMINEES PTE LTD	8,475,479	2.60
7	SICHUAN SHUNTONG MINE INDUSTRY GROUP LTD	6,051,388	1.86
8	DBS NOMINEES PTE LTD	5,087,045	1.56
9	MAYBANK KIM ENG SECURITIES PTE LTD	4,834,276	1.48
10	TEH WING KWAN	4,130,304	1.27
11	RAFFLES NOMINEES (PTE) LTD	3,719,941	1.14
12	CITIBANK NOMINEES SINGAPORE PTE LTD	3,663,481	1.13
13	LOKE GIM TAY	3,286,866	1.01
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,879,080	0.88
15	YANG JIAN	2,689,039	0.83
16	JAMES KOH JYH GANG	2,298,919	0.71
17	ZHANG ZHIHU	1,958,333	0.60
18	DBSN SERVICES PTE LTD	1,866,666	0.57
19	NIPPON PAINT (H.K.) COMPANY LIMITED	1,486,700	0.46
20	CIMB SECURITIES (SINGAPORE) PTE LTD	1,426,336	0.44
	TOTAL	**246,312,805**	75.65

SHAREHOLDINGS STATISTICS

AS AT 10 MARCH 2016

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Deemed Interest		Total Interest	
Substantial Shareholders	**Number of Shares**	**%1)**	**Number of Shares**	**%1)**	**Number of Shares**	**%1)**
ACH Investments Pte Ltd	61,808,727	18.98	–	–	61,808,727	18.98
Mr Christopher Chong Meng Tak (1)	–	–	61,808,727	18.98	61,808,727	18.98
Ms Rosanna Ai Leng Lam (2)	–	–	61,808,727	18.98	61,808,727	18.98
Best Feast Limited	55,000,000	16.89	–	–	55,000,000	16.89
Cheng Du Wu Xing Ke Trading Limited (3)	–	–	55,000,000	16.89	55,000,000	16.89
Ms Wang Heng (4)	–	–	55,000,000	16.89	55,000,000	16.89
Ou Rui Limited	33,589,397	10.32	–	–	33,589,397	10.32
Mr Li Xiaobo (5)	–	–	33,589,397	10.32	33,589,397	10.32

Notes:

(1) Mr Christopher Chong Meng Tak holds a direct interest of 26.6% and an indirect interest of 38.6% in the shares of ACH Investments Pte Ltd and is deemed to be interested in the Shares in which ACH Investments Pte Ltd has an interest.

(2) Ms Rosanna Ai Leng Lam holds a direct interest in 33.5% in the shares of ACH Investments Pte Ltd and is deemed to be interested in the Shares in which ACH Investments Pte Ltd has an interest.

(3) 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 (Cap. 50) of Singapore (the "Act").

(4) Based on her indirect interests (through Chengdu Zhang Qiau Zhi Heng Management Limited) and direct interests in Cheng Du Wu Xing Ke Trading Limited, Ms Wang Heng is deemed interested in the Shares held by Best Feast Limited by virtue of Section 7 of the Act.

(5) 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 Hands of Public

Based on information available to the Company as at 10 March 2016 approximately 51% of the issued ordinary shares of the 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 10 March 2016.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Thirtieth Annual General Meeting of **SAPPHIRE CORPORATION LIMITED** (the "**Company**") will be held at 55 Market Street #03-01, Singapore 048941 on Wednesday, 27 April 2016 at 11.00 a.m. 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 2015 together with the Reports of the Auditors thereon. **(Resolution 1)**

2. To approve the payment of Directors' fees of S$255,710 for the year ended 31 December 2015 (2014: S$275,405) comprising:

   (a) S$206,530 to be paid in cash; and
   (b) S$49,180 to be paid in the form of share awards under the Sapphire Shares Award Scheme, with any residual balance to be paid in cash.

   [See Explanatory Note (i)] **(Resolution 2)**

3. (a) To re-elect Mdm Cheung Kam Wa who retires pursuant to Article 91 of the Company's Constitution and who, being eligible, offer herself for re-election. **(Resolution 3)**

   (b) To re-elect Mr Tao Yeoh Chi who retires pursuant to Article 91 of the Company's Constitution and who, being eligible, offer himself for re-election.
   [See Explanatory Note (ii)] **(Resolution 4)**

   (c) To note the retirement of Mr Foo Tee Heng, retiring pursuant to Article 91 of the Company's Constitution and has decided not to stand for re-election.

4. (a) To re-elect Ms Wang Heng who retires pursuant to Article 97 of the Company's Constitution and who, being eligible, offer herself for re-election. **(Resolution 5)**

   (b) To re-elect Mr Cheung Wai Suen who retires pursuant to Article 97 of the Company's Constitution and who, being eligible, offer himself for re-election. **(Resolution 6)**

5. To re-appoint Messrs KPMG LLP as the Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**

6. 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:

7. **Authority to allot and issue shares in the capital of the Company ("Shares") – Share Issue Mandate**

   "That, pursuant to Section 161 of the Companies Act, Chapter 50 (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

NOTICE OF ANNUAL GENERAL MEETING

(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,

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) 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 fifteen per cent. (15%) of the total number of issued Shares (excluding treasury shares) 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 on a pro-rata basis, the total number of issued Shares (excluding treasury shares) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares) 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 outstanding or subsisting at the time of the passing of this Resolution, 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 previously 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 (iii)] **(Resolution 8)**

8. **Authority to Grant Awards and Issue Shares under the Sapphire Shares Award Scheme**

"That in accordance with the provisions of the Sapphire Shares Award Scheme ("**Scheme**") and pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the Directors of the Company be and are hereby authorised to grant awards ("**Awards**") and allot and issue from time to time such number of shares in the capital of the Company as may be required to be allotted and issued pursuant to the vesting of Awards under the Scheme, provided that the aggregate number of new shares to be allotted and issued pursuant to the Scheme and any other shares-based schemes of the Company shall not exceed fifteen percent (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time."

[See Explanatory Note (iv)] **(Resolution 9)**

9. To transact any other business that may be transacted at an Annual General Meeting of which due notice shall have been given.

By Order of the Board

Gwendolyn Gn Jong Yuh
Company Secretary
Singapore, 5 April 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. A member who is a Relevant Intermediary (as defined in Section 181(1c) of the Act, is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM. A proxy need not be a member of the Company.

3. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

4. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.

5. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Annual will act as your proxy.

6. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.

7. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the depositor proxy form, duly completed, must be deposited by the depositor(s) at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the commencement of the Annual General Meeting.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes:–

(i) The Ordinary Resolution 2 proposed in item 2 above, if passed, will empower the Directors, to pay the Directors' fees of S$255,710 for the financial year ended 31 December 2015 comprising a combination of cash and shares. If approved, the aggregate amount of Directors' fees of S$255,710 will be paid as to S$206,530 in cash, and S$49,180 in the form of share awards under the Scheme with any residual balance to be paid in cash. The actual number of shares to be awarded will be rounded down to the nearest share, and any residual balance settled in cash. Such Directors' fees will be paid upon approval by the shareholders at the Annual General Meeting.

(ii) Further to the re-election of Mr Tao Yeoh Chi pursuant to Ordinary Resolution 4, he will continue to serve as Chairman of the Remuneration Committee and a member of the Audit Committee, Risk Management Committee and Nominating Committee of the Company and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

(iii) The Ordinary Resolution 8 proposed in item 7 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) in the capital of the Company, of which up to 15% of the total number of issued Shares (excluding treasury shares) in the capital of the Company may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of Shares that may be issued on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) 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 is passed and any subsequent bonus issue, consolidation or subdivision of Shares. In determining the 15% which may be issued other than on a pro-rata basis, the total number of issued Shares (excluding treasury shares) will be calculated based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time the Ordinary Resolution 8 is passed.

(iii) The Ordinary Resolution 9 proposed in item 8 above, if passed, will empower the Directors of the Company, to grant Awards pursuant to the Scheme and 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 extraordinary general meeting on 25 April 2008. Please refer to the Circular dated 9 April 2008 for further details.

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SAPPHIRE CORPORATION LIMITED

Company Registration No. 198502465W

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "**Act**"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company ("CPF Investors"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Annual General Meeting.

PERSONAL DATA PROTECTION ACT CONSENT

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 5 April 2016.

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We, ____ (name)

of ____ (address)

being a member/members* of **Sapphire Corporation Limited** (the "**Company**"), hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholding	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	NRIC/Passport Number	Proportion of Shareholding	
		No. of Shares	**%**
Address			

or, failing whom, the Chairman of the meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the 30th Annual General Meeting ("**AGM**") of the Company to be held at 55 Market Street #03-01, Singapore 048941 on Wednesday, 27 April 2016 at 11.00 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for or against the Resolutions proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the proxy/proxies* will vote or abstain from voting at his/her* discretion.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1.	To receive and adopt the Directors' Statement and Audited Financial Statements, and Report of the Auditors thereon, for the financial year ended 31 December 2015		
2.	To approve the Directors' fees for the year ended 31 December 2015		
3.	To re-elect Mdm Cheung Kam Wa as a Director		
4.	To re-elect Mr Tao Yeoh Chi as a Director		
5.	To re-elect Ms Wang Heng as a Director		
6.	To re-elect Mr Cheung Wai Suen as a Director		
7.	To re-appoint KPMG LLP as Auditors and to authorise the Directors to fix their remuneration		
8.	To approve the general authority to allot and issue shares		
9.	To approve the authority to grant awards and issue shares under the Sapphire Shares Award Scheme		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Dated this __________ day of ____________________ 2016

Total Number of Shares Held

____

Signature of Shareholder(s)
or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Companies Act (Cap. 50) of Singapore (the "Act"), a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.

2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

3. A proxy need not be a member of the Company.

4. 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 81SF of the Securities and Futures Act, Cap. 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.

5. The instrument appointing a proxy or proxies must be deposited at the Company Share Registrar's office at **80 Robinson Road, #11-02, Singapore 068898**, not less than **48 hours** before the time set for the meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

7. Where an instrument appointing a proxy or proxies 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.

8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Act, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting.

9. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it 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 appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

10. A Depositor shall not be regarded as a member of the Company entitled to attend the meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the meeting.

11. Investors who have used their CPF monies ("**CPF Investors**") to buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the meeting but would like to vote, may inform CPF Approved Nominees to appoint the Chairman of the meeting to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.