

SAPPHIRE CORPORATION LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 198502465W)

UNAUDITED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 30 JUNE 2020 - RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

The Board of Directors (the “**Board**”) of Sapphire Corporation Limited (the “**Company**”) together with its subsidiaries (collectively known as the “**Group**”) refers to the announcement made by the Company on 14 August 2020 in relation to the Company’s unaudited financial statements for the half year ended 30 June 2020 (“**Financial Statements**”).

The Company sets out below its responses to the query raised by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

Query 1:

We note that the Company has set out the assets and liabilities of the disposal group on page 4 of the Financial Statements as at 30 June 2020. Please set out the assets and liabilities of the disposal group as at 31 December 2019 by way of comparison and explain material variances in the line items.

Company’s Response:

Below please find the assets and liabilities of the disposal group as at 30 June 2020 and 31 December 2019:

	Disposal Group 30.6.2020 RMB’000	Disposal Group 31.12.2019 RMB’000
Assets		
Property, plant and equipment	138,928	160,219
Goodwill	42,417	42,417
Investment properties	51,068	52,274
Associated company	50,139	48,726
Other investments	4	4
Deferred tax assets	13,586	13,586
Total non-current assets	296,142	317,226
Inventories	21,722	34,945
Contract assets	864,482	911,679
Trade receivables	426,084	556,453
Other receivables	209,232	210,563
Cash and cash equivalents	107,576	167,501
Total current assets	1,629,096	1,881,141
Total assets	1,925,238	2,198,367

	Disposal Group 30.6.2020 RMB'000	Disposal Group 31.12.2019 RMB'000
Liabilities		
Loans and borrowings	127,819	103,840
Deferred tax liabilities	6,414	6,501
Total non-current liabilities	134,233	110,341
Trade payables	789,072	994,183
Other payables	117,379	151,729
Contract liabilities	88,457	160,206
Loans and borrowings	213,007	208,000
Current tax liabilities	13,320	16,769
Total current liabilities	1,221,235	1,530,887
Total liabilities	1,355,468	1,641,228

Explanation of material variances (30 June 2020 vs 31 December 2019)

As at 31 December 2019 and 30 June 2020, non-current assets of the disposal group were RMB 317.2 million and RMB 296.1 million, respectively. The decrease in non-current assets of the disposal group was mainly due lower plant and equipment which fell by RMB 21.3 million as a result of depreciation and disposal of construction site facilities during the period.

As at 31 December 2019 and 30 June 2020, current assets of the disposal group were RMB 1,881.1 million and RMB 1,629.1 million, respectively. The decrease in current assets of the disposal group was mainly due to the following changes arising mainly from lower operating activities during the period:

- Inventories fell by RMB 13.2 million to RMB 21.7 million;
- Contracts assets fell by RMB 47.2 million to RMB 864.5 million;
- Trade receivables fell by RMB 130.4 million to RMB 426.1 million;
- Other receivables fell by RMB 1.3 million to RMB 209.2 million; and
- Cash and cash equivalents fell by RMB 59.9 million to RMB 107.6 million.

Total non-current liabilities rose by RMB 23.9 million to RMB 134.2 million mainly due to higher non-current portion of finance lease arising from refinancing of lease liabilities.

As at 31 December 2019 and 30 June 2020, current liabilities of the disposal group were RMB 1,530.9 million and RMB 1,221.2 million, respectively. The decrease in current liabilities of the disposal group was mainly due to the following changes arising mainly from lower operating activities during the period:

- Trade payable fell by RMB 205.1 million to RMB 789.1 million;
- Other payables fell by RMB 34.4 million to RMB 117.4 million;
- Contract liabilities fell by RMB 71.7 million to RMB 88.5 million; and
- Current tax liabilities fell by RMB 3.4 million to RMB 13.3 million.

The decrease was offset by higher current loans and borrowings of the disposal group which rose by RMB 5.0 million to RMB 213.0 million mainly due to higher short-term bank borrowings.

By Order of the Board
SAPPHIRE CORPORATION LIMITED

Wang Heng
Chief Executive Officer and Executive Director
24 August 2020