

PART 1

Information required for announcements of quarterly (Q1, Q2, Q3), Half Year and Full Year Announcements

1(a)(i) An income statement and statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	2017	2016	Change
	RMB'000	RMB'000	%
Continuing Operations			
Revenue	1,305,095	1,078,209	21.0
Cost of sales	(1,155,165)	(947,073)	22.0
Gross profit	149,930	131,136	14.3
Other income			
- Project related	3,286	7,533	(56.4)
- Other operating income	18,749	16,323	14.9
Selling and distribution costs	(8,795)	(4,299)	104.6
Administrative expenses	(56,783)	(59,252)	(4.2)
Other expenses	(15,400)	(7,958)	93.5
Profit from operating activities	90,987	83,483	9.0
Finance costs	(25,673)	(12,004)	113.9
Profit before tax	65,314	71,479	(8.6)
Tax expense	(20,529)	(14,779)	38.9
Profit from continuing operations	44,785	56,700	(21.0)
Discontinued Operations⁽¹⁾			
Operating loss of discontinued operations	(3,232)	(8,486)	(61.9)
Net gain on disposal of subsidiaries	4,123	–	NM
Profit/(loss) from discontinued operations, net of tax	891	(8,486)	NM
Profit for the year	45,676	48,214	(5.3)
Profit attributable to:			
Owners of the Company	44,439	46,834	(5.1)
Non-controlling interest	1,237	1,380	(10.4)
Profit for the year	45,676	48,214	(5.3)

⁽¹⁾ The disposal of Mining Services Business (Discontinued Operations) was completed on 28 February 2017. As such, the results of Discontinued Operations for FY2017 comprised net operating loss of Mining Services Business of RMB 3.2 million and the Group's net gain on disposal of Mining Services Business of RMB 4.1 million. The Group has ceased to recognise the financial results of the Mining Services Business from the date of completion onwards.

Note: NM – Not Meaningful.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

	Group		
	2017 RMB'000	2016 RMB'000	Change %
Results of discontinued operations			
Revenue	8,675	125,558	(93.1)
Cost of sales	(7,139)	(93,597)	(92.4)
Gross profit	1,536	31,961	(95.2)
Other income	607	1,472	58.8
Administrative expenses	(4,609)	(33,962)	(86.4)
Other expenses	(12)	(5,414)	(99.8)
Loss from discontinued operations	(2,478)	(5,943)	(58.3)
Finance costs	(754)	(2,732)	(72.4)
Loss before tax	(3,232)	(8,675)	(62.7)
Tax expense	–	189	NM
Loss from discontinued operations	(3,232)	(8,486)	(61.9)
Gain on disposal of subsidiaries for the Group	4,123	–	NM
Profit/(loss) from discontinued operations	891	(8,486)	NM

Consolidated Statement of Comprehensive Income

	Group		
	2017 RMB'000	2016 RMB'000	Change %
Profit for the year	45,676	48,214	(5.3)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	(769)	1,651	NM
Realisation of reserve upon disposal of subsidiaries	(11,155)	–	NM
Net change in fair value of available-for-sale financial assets reserve	(1,516)	–	NM
Other comprehensive income for the year, net of tax	(13,440)	1,651	NM
Total comprehensive income for the year	32,236	49,865	(35.4)
Total comprehensive income attributable to:			
Owners of the Company	30,999	48,485	(36.1)
Non-controlling interests	1,237	1,380	(10.4)
Total comprehensive income for the year	32,236	49,865	(35.4)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1(a)(ii) Items, which if significant must be included in the income statement.

Notes to Income Statement

	Group Discontinued operations			Group Continuing operations		
	2017 RMB'000	2016 RMB'000	Change %	2017 RMB'000	2016 RMB'000	Change %
Revenue includes the following:						
Mining services	8,675	125,558	(93.1)	–	–	–
Infrastructure	–	–	–	1,305,095	1,078,209	21.0

Other income includes the following:

Project related:						
Consultancy fees	–	–	–	–	4,011	NM
Unwinding of discount on retention monies	–	–	–	3,286	3,522	(6.7)
Other operating income:						
Interest income – banks	2	245	(99.2)	378	691	(45.3)
Gain on disposal of subsidiaries, net ⁽¹⁾	4,123	–	NM	12,862	–	NM
Gain on changes in fair value of contingent consideration	–	–	–	–	5,269	NM
Gain on disposal of property, plant and equipment	17	–	NM	–	–	–
Gain on disposal of other investment	–	87	NM	–	–	–
Gain on disposal of non-current assets held for sale	–	298	NM	–	–	–
Exchange gain (net)	588	723	(18.7)	–	1,327	NM
Rental income	–	–	–	3,350	3,502	(4.3)

Other expenses include the following:

Amortisation of intangible assets	–	(758)	NM	(681)	(681)	0.0
Allowance for impairment losses on doubtful receivables	–	(1,326)	NM	(3,223)	–	NM
Discount on long-term receivable	–	–	–	(2,227)	–	NM
Exchange loss (net)	–	–	–	(325)	–	NM
Fair value loss on financial assets	–	–	–	(2,855)	–	NM
Impairment loss on non-current assets held for sale	–	(445)	NM	–	–	–
Loss on disposal of property, plant and equipment, net	–	(2,036)	NM	(499)	(1,525)	(67.3)

Finance costs include the following:

Interest expense – banks	(544)	(1,060)	(48.7)	(16,592)	(7,269)	128.3
Interest expense – corporate bond	–	–	–	(4,840)	(3,256)	48.6
Interest expense – finance lease	(210)	(1,672)	(87.4)	(4,241)	(1,479)	186.7

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	–	(12,700)	NM	(45,572)	(53,334)	(14.6)
Depreciation of investment properties	–	–	–	(2,410)	(2,309)	4.4

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Notes:

(1) Continuing operations

The Group struck off the loss-making Sapphire Mineral Resources Pte Ltd (“SMR”) and Tudor Jaya Sdn. Bhd. (“TJSB”) as well as divested 100% of its stake in Sapphire Construction & Development Pte Ltd (“SCD”) as part of its corporate streamlining exercise. The gain on disposal of subsidiaries of RMB12.8 million relates to the reversal of foreign exchange translation gain of RMB 5.5 million, RMB 4.4 million and RMB 2.9 million relating to the accumulated losses of SMR, TJSB and SCD at historical exchange rates to RMB upon completion of the disposal of all entities.

Discontinued operations

This relates to the disposal of the 81% of the equity interest in Mancala Holdings Limited and its subsidiaries. Please see details on page 10 and 11.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Property, plant and equipment	138,328	99,649	138	334
Intangible assets and goodwill	71,134	71,815	—	—
Investment properties	57,094	59,504	—	—
Subsidiaries ⁽¹⁾	—	—	375,420	368,930
Other investments	12,630	100	12,476	—
Other receivables	21,310	—	21,310	—
Deferred tax assets	15,550	18,108	—	—
Total non-current assets	316,046	249,176	409,344	369,264
Other investment	4,529	—	4,529	—
Inventories	32,603	9,423	—	—
Construction work in progress	573,022	398,876	—	—
Trade receivables ⁽²⁾	709,883	653,539	—	—
Other receivables	203,234	105,397	16,892	50,243
Assets held for sale	—	198,973	—	62,615
Cash and cash equivalents	125,748	145,167	2,076	3,064
Total current assets	1,649,019	1,511,375	23,497	115,922
Total assets	1,965,065	1,760,551	432,841	485,186
Equity				
Share capital	413,839	413,393	413,839	413,393
Reserves	81,021	50,022	2,364	8,106
Equity attributable to owners of the Company	494,860	463,415	416,203	421,499
Non-controlling interests	9,708	8,471	—	—
Total equity	504,568	471,886	416,203	421,499
Liabilities				
Other payables	—	19,620	—	—
Financial liabilities	120,145	14,419	—	—
Deferred tax liabilities	6,852	7,028	—	—
Total non-current liabilities	126,997	41,067	—	—
Trade payables	650,445	526,341	—	—
Other payables	466,120	357,105	16,638	63,637
Progress billings in excess of construction work in progress	52,516	82,754	—	—
Financial liabilities	144,201	159,619	—	50
Current tax liabilities	20,218	23,418	—	—
Liabilities held for sale	—	98,361	—	—
Total current liabilities	1,333,500	1,247,598	16,638	63,687
Total liabilities	1,460,497	1,288,665	16,638	63,687
Total equity and liabilities	1,965,065	1,760,551	432,841	485,186

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Notes:

- (1) The increase in investments in subsidiaries arose solely from the accounting translation of the Company's financial statements in SGD to the presentation currency of RMB; SGD strengthened against the RMB for the year ended 31 December 2017.
- (2) Details of trade receivables as at 31 December 2017 were as follows:

	As at 31 December 2017		
	Trade receivables RMB'000	Revenue RMB'000	Turnover days
Infrastructure Business	709,883	1,305,095	199

Not past due	99%
Due less than 1 year	0%
Due more than 1 year	1%
	100%

	As at 31 December 2016		
	Trade receivables RMB'000	Revenue RMB'000	Turnover days
Infrastructure Business	653,539	1,078,209	221

Not past due	97%
Due less than 1 year	2%
Due more than 1 year	1%
	100%

Trade receivables included retention monies, Built-and-Transfer contract and other guarantee sums, excluding which, the trade receivables turnaround period would have been approximately 95 days as at 31 December 2017 (31 December 2016: 90 days).

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	31.12.2017		31.12.2016	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	144,201	—	159,619	—
Amount repayable after one year	120,145	—	14,419	—
	264,346	—	174,038	—
Finance liabilities classified as held for sale	—	—	17,913	—
	264,346	—	191,951	—
Mancala (Disposed Group)				
- Current portion of finance lease	—	—	15,863	—
- Non-current portion of finance lease	—	—	2,050	—
Ranken				
- Short-term bank borrowings	106,000	—	146,000	—
- Long-term bank borrowings	46,927	—	—	—
- Current portion of finance lease	23,387	—	13,569	—
- Non-current portion of finance lease	39,210	—	—	—
- Short-term bond	14,814	—	—	—
- Long term bond	34,008	—	14,419	—
Corporate function				
- Current portion of finance lease	—	—	50	—
Total	264,346	—	191,951	—

Details of any collateral as at 31 December 2017

Ranken

- (i) The short-term and long-term bank loans for Ranken are secured by personal guarantees by the vendors of Ranken and land and building with total carrying amounts of RMB 71.9 million and deposits pledged of RMB 3.0 million.
- (ii) The carrying value of fixed assets under finance lease as at 31 December 2017 was approximately RMB 34.2 million.
- (iii) As at 31 December 2017, the vendors have granted personal guarantees for the purpose of securing total banking facilities of RMB 833.8 million for Ranken's working capital.

The Group's overall gearing was approximately 0.5 times as at 31 December 2017.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	2017	2016
	RMB'000	RMB'000
Operating activities		
Profit before income tax	65,314	71,479
Adjustments for:		
Allowance for impairment losses on doubtful receivables	3,223	—
Amortisation of intangible assets	681	681
Depreciation of plant and equipment	45,572	53,334
Depreciation of investment properties	2,410	2,309
Discount on long-term receivable	2,227	—
Fair value loss on financial assets	2,855	—
Gain on disposal of a subsidiary, net	(12,862)	—
Interest income	(378)	(691)
Interest expense	25,673	12,004
Loss on disposal of plant and equipment, net	499	1,525
Shares award scheme	446	237
Unwinding of discount on retention monies	(3,286)	(3,522)
Operating profit before working capital changes	132,374	137,356
Changes in working capital:		
Inventories	(23,180)	(2,935)
Construction work in progress, net	(204,384)	(102,791)
Trade and other payables	266,507	286,994
Trade and other receivables	(142,017)	(107,251)
Released of fixed deposit pledged, net	2,631	6,947
Cash flows generated from operations	31,931	218,320
Income tax paid	(21,334)	(17,044)
Net cash generated from operating activities	10,597	201,276
Net cash (used in) / generated from operating activities from discontinued operations	(5,057)	26,972
	5,540	228,248
Investing activities		
Interest received	378	691
Acquisition of plant and equipment	(78,210)	(55,915)
Proceeds from disposal of plant and equipment	1,703	216
Payment for purchase of financial assets	(54)	(100)
Refund of deposit, net	(6,076)	—
Net cash used in investing activities	(82,259)	(55,108)
Net cash generated from / (used in) investing activities from discontinued operations	13,101	(359)
	(69,158)	(55,467)

	Group	
	2017 RMB'000	2016 RMB'000
Financing activities		
Repayment to previous shareholder of Ranken's subsidiary	(19,180)	(4,930)
Interest paid	(23,144)	(12,004)
Proceeds from bank loans	155,000	126,000
Payment of bank loans	(146,000)	(206,000)
Proceeds from finance lease liabilities	70,000	—
Payment of finance lease liabilities	(28,985)	(27,537)
Proceeds from bond issued	35,000	15,000
Repayment of bond issued	—	(35,000)
Payment of transaction costs related to financial liabilities	(8,075)	—
Net cash generated from / (used in) financing activities	34,616	(144,471)
Net cash used in financing activities from discontinued operations	(2,250)	(16,790)
	32,366	(161,261)
Net (decrease)/increase in cash and cash equivalents	(31,252)	11,520
Cash and cash equivalents at beginning of the period	134,517	139,355
Cash and cash equivalents classified as held for sale at beginning of the period	17,435	—
Effect of exchange rate changes on the balances held in foreign currencies	(2,971)	1,077
Cash and cash equivalents of discontinued operations	—	(17,435)
Cash and cash equivalents at end of the period	117,729	134,517
Cash and cash equivalents consist of the following:		
Cash and cash equivalents in the statement of financial position	125,748	145,167
Fixed deposits pledged	(8,019)	(10,650)
Cash and cash equivalents in the statement of cash flows	117,729	134,517

	Group 2017 RMB'000
Cash flows from discontinued operations	
Cash and cash equivalents classified as held for sale as at 31 December 2016	17,435
Net cash used in operating activities	(5,057)
Net cash from investing activities	13,101
Net cash used in financing activities	(2,250)
Effect of exchange rate fluctuations on cash held	(1,094)
	22,135
Cash and cash equivalents at date of disposal	(8,541)
Net cash inflow from disposal of a subsidiary (Note A)	13,594

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Note A

On 28 February 2017, the Group completed the disposal of 81% of the equity interest in Mancala Holdings Limited and its subsidiaries ("Mancala"). The Group continues to hold 19% of Mancala as available-for-sale financial assets classified as other investment on the face of the balance sheet. The effect of cash flow arising from the disposal is set out below:

	Group 2017 RMB'000
Property, plant and equipment	70,509
Intangible assets	1,075
Deferred tax assets	5,627
Inventories	10,896
Trade receivables	6,984
Other receivables	14,908
Non-current assets held for sale	67,887
Cash and cash equivalents	8,541
Deferred tax liabilities	(1,002)
Trade payables	(24,381)
Other payables	(64,798)
Financial liabilities	(31,940)
Current tax liabilities	(296)
Net assets of Mancala at the date of disposal	64,010
Gain on disposal of Mancala, net ⁽²⁾	4,123
Add back: Loss on partial settlement of consideration payable	3,346
Add back: Expenses incurred for disposal transaction	612
Realisation of foreign currency translation reserve	1,708
	<u>73,799</u>
Recognition of 19% stake in Mancala as available-for-sale financial assets	(14,022)
Sales consideration	59,777
Sales consideration receivable in shares of CVT ⁽¹⁾	(34,810)
Offset against deposit received	(2,832)
Sales consideration received in cash	22,135
Cash and cash equivalents disposed of	(8,541)
Net cash inflow from disposal of subsidiaries	<u>13,594</u>

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Note:

- (1) The Group received 95,890,410 new ordinary shares in the share capital of CVT (“**CVT Shares**”) pursuant to the SPA with CVT. The CVT shares were valued based on its market price on completion date for value of RMB 34,810,000.

As previously announced on 30 December 2016 (the “**Update on Mancala Holdings Pty Ltd Announcement**”), the Company has transferred 75,525,506 shares in CVT to the vendors for the partial redemption of the Second Corporate Bonds. Arising from which, the Company recognised a loss on partial settlement of amounts payable to the vendors of Mancala of RMB 3,346,000 during the period.

The Company holds the remaining 20,364,904 shares in CVT (“**remaining CVT shares**”) as financial assets at fair value through profit or loss, designated as such upon initial recognition. Arising from the decrease in fair value of the remaining shares in CVT, the Company recognised fair value loss from the change in fair value of financial assets of RMB 2,855,000 for the year ended 31 December 2017.

- (2) The details of the gain on disposal of Mancala are as follows:

	Group
	2017
	RMB'000
Gain on disposal of Mancala	8,081
Expenses incurred for disposal transaction	(612)
Loss on partial settlement of consideration payable	(3,346)
Net gain from disposal of Mancala	<u>4,123</u>

SAPPHIRE CORPORATION LIMITED
REGISTRATION NUMBER: 198502465W
FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Changes in Equity

Group	Share capital RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Other reserves RMB'000	Currency translation reserve RMB'000	Accumulated profit RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	1,324,336	(7,585)	2,075	(6,777)	(6,282)	(891,074)	414,693	7,091	421,784
Total comprehensive income for the year									
Profit for the year	—	—	—	—	—	46,834	46,834	1,380	48,214
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	1,651	—	1,651	—	1,651
Total other comprehensive income	—	—	—	—	1,651	—	1,651	—	1,651
Total comprehensive income for the year	—	—	—	—	1,651	46,834	48,485	1,380	49,865
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owner									
Issues of shares, net of expenses (Shares Award Scheme) ⁽¹⁾	237	—	—	—	—	—	237	—	237
Reduction of share capital	(911,180)	—	—	—	—	911,180	—	—	—
Total contributions by and distributions to owners	(910,943)	—	—	—	—	911,180	237	—	237
At 31 December 2016	413,393	(7,585)	2,075	(6,777)	(4,631)	66,940	463,415	8,471	471,886

SAPPHIRE CORPORATION LIMITED
REGISTRATION NUMBER: 198502465W

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Group	Share capital RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Fair value reserve RMB'000	Other reserves RMB'000	Currency translation reserve RMB'000	Accumulated profit RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2017	413,393	(7,585)	2,075	–	(6,777)	(4,631)	66,940	463,415	8,471	471,886
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	44,439	44,439	1,237	45,676
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	(769)	–	(769)	–	(769)
Realisation of reserve upon disposal of subsidiaries	–	–	(2,075)	–	–	(11,155)	2,075	(11,155)	–	(11,155)
Net change in fair value of available-for-sale financial assets	–	–	–	(1,516)	–	–	–	(1,516)	–	(1,516)
Total other comprehensive income	–	–	(2,075)	(1,516)	–	(11,924)	2,075	(13,440)	–	(13,440)
Total comprehensive income for the year	–	–	(2,075)	(1,516)	–	(11,924)	46,514	30,999	1,237	32,236
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owner										
Issues of shares, net of expenses (Shares Award Scheme) ⁽²⁾	446	–	–	–	–	–	–	446	–	446
Total contributions by and distributions to owner	446	–	–	–	–	–	–	446	–	446
At 31 December 2017	413,839	(7,585)	–	(1,516)	(6,777)	(16,555)	113,454	494,860	9,708	504,568

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Changes in Equity

Company	Share capital RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Translation reserve RMB'000	Accumulated profit/(losses) RMB'000	Total equity RMB'000
At 1 January 2016	1,324,336	(8,294)	(6,777)	(9,194)	(899,018)	401,053
Profit for the year	—	—	—	—	1,918	1,918
Other comprehensive income						
Foreign currency translation differences	—	—	—	18,291	—	18,291
Total other comprehensive income	—	—	—	18,291	—	18,291
Total comprehensive income for the year	—	—	—	18,291	1,918	20,209
Transactions with owners, recognised directly in equity						
Issues of shares, net of expenses (Shares Award Scheme) ⁽¹⁾	237	—	—	—	—	237
Reduction of share capital	(911,180)	—	—	—	911,180	—
Total contributions by and distributions to owners	(910,943)	—	—	—	911,180	237
At 31 December 2016	413,393	(8,294)	(6,777)	9,097	14,080	421,499

⁽¹⁾ Directors' fees for FY2015 paid in the form of share awards under the Sapphire Shares Award Scheme.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Statement of Changes in Equity

Company	Share capital RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Fair value reserve RMB'000	Translation reserve RMB'000	Accumulated profit/(losses) RMB'000	Total equity RMB'000
At 1 January 2017	413,393	(8,294)	(6,777)	–	9,097	14,080	421,499
Profit for the year	–	–	–	–	–	(11,682)	(11,682)
Other comprehensive income							
Foreign currency translation differences	–	–	–	–	7,456	–	7,456
Net change in fair value of available-for-sale financial assets	–	–	–	(1,516)	–	–	(1,516)
Total other comprehensive income	–	–	–	(1,516)	7,456	–	5,940
Total comprehensive income for the year	–	–	–	(1,516)	7,456	(11,682)	(5,742)
Transactions with owners, recognised directly in equity							
Contributions by and distributions to owner							
Issues of shares, net of expenses (Shares Award Scheme) ⁽²⁾	446	–	–	–	–	–	446
Total contributions by and distributions to owner	446	–	–	–	–	–	446
At 31 December 2017	413,839	(8,294)	(6,777)	(1,516)	16,553	2,398	416,203

⁽²⁾ Directors' fees for FY2016 paid in the form of share awards under the Sapphire Shares Award Scheme.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

Share Capital

	No. of shares	Share capital RMB'000
As at 1 January 2017	325,797,342	413,393
17 May 2017: Issue of shares to Directors under the Sapphire Shares Award Scheme	274,573	446
As at 31 December 2017	326,071,915	413,839

Convertible Securities

The Company has no outstanding convertible securities as at end of the current financial year and as at end of the immediately preceding financial year.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at end of the immediately preceding year**

	31.12.2017	31.12.2016
Total number of issued shares excluding treasury shares	326,071,915	325,797,342

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on**

There were no treasury shares as at end of the current financial year.

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

The figures have not been audited or reviewed by our auditors.

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

Not applicable.

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4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for current reporting year compared with the audited financial statements for the year ended 31 December 2016.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as reasons for, and the effect of, the change

The Group adopted the new/revised FRS and INT FRS applicable for the financial period beginning 1 January 2017. The adoption of the new/revised FRSs did not result in any substantial change to the Group accounting policies or has any significant financial impact on the financial statements.

The Change in Presentation Currency has been adopted as the Company is of the opinion that RMB is a better presentation currency than the S\$, given that:

- a) The disposal of Mancala (mining services) which transactions are mainly denominated in Australian dollars has been completed on 28 February 2017;
- b) The Group's main operations are now mainly conducted by Ranken in the infrastructure business which transactions are mainly denominated in RMB; and
- c) The Group's main business is expected to continue to be in the Infrastructure business, for which the revenue, costs, expenses, profits, assets and liabilities will continue to be mainly denominated in RMB (however the Singapore dollar remains the functional currency of the Company).

In accordance with Financial Reporting Standards 21 - *The Effects of Changes in Foreign Exchange Rates*, the results and financial position of entities within the Group whose functional currency are not denominated in RMB have been translated from its functional currency into the presentation currency (RMB), where their assets and liabilities are translated at the closing rate, and income and expenses are translated at the exchange rates at the dates of the transactions (or at the average rate for the period when it is a reasonable approximation). The comparatives have been restated and presented in RMB using similar method.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

	For the 12 months ended					
	Continuing operations		Discontinued operations		Total	
	2017	2016	2017	2016	2017	2016
Basic earnings per share (RMB cents)	13.36	16.98	0.27	(2.60)	13.63	14.38
Diluted earnings per share (RMB cents)	13.36	16.98	0.27	(2.60)	13.63	14.38

The calculation of the above basic earnings per share and diluted earnings per share was computed based on profit attributable to owners of the Company divided by the weighted average number of shares as detailed below:

	For the 12 months ended	
	2017	2016
Weighted average number of shares	325,968,104	325,710,127

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

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

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

	Group		Company	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
Net asset value per ordinary share (RMB cents)	151.76	142.24	127.64	129.37
Number of shares in issue	326,071,915	325,797,342	326,071,915	325,797,342

- 8 **A review of the performance of the Group to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs and earnings of the Group for the current financial period reported on, including (where applicable) seasonal, or cyclical factors. It must also discuss any material factors that affected the cashflow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Effect for the change of Functional Currency

The presentation of the Group's financial statements has been changed from Singapore dollars ("S\$") to Chinese Renminbi ("RMB") based on the rationale explained in paragraph 5 of this announcement (the "Change in Presentation Currency"). Accordingly, the comparatives have been restated and presented in RMB.

Review of Financial Performance (FY2017 vs FY2016)

Continuing Operations

Revenue rose by RMB 226.9 million to RMB 1.3 billion in FY2017 mainly due to a higher number of ongoing projects in China.

In line with the higher revenue, gross profit edged up 14.3% to RMB 149.9 million from RMB 131.1 million in FY2016, whereas gross profit margin narrowed to 11.5% compared to 12.2% in FY2016. The lower margin was mainly due to higher costs of materials; Ranken generally has to bear approximately 5% of material price fluctuation both ways, with project owners bearing any additional cost of fluctuation outside the agreed percentage.

Other income – including Ranken's project-related income of RMB 3.3 million – fell to RMB 22.0 million, a drop of RMB 1.8 million from FY2016. This was due mainly to the absence of one-off consultancy fees, fair value gain related to the acquisition of Mancala (as a result of a fall in fair value of contingent purchase consideration payable) and net foreign exchange gain, which were recorded in FY2016 but not FY2017. These were mitigated by gain on disposal of subsidiaries arising from reversal of translation differences relating to the accumulated losses of SMR, TJSB and SCD at historical exchange rates to RMB upon completion of disposal, as part of the Group's corporate streamlining exercise.

Selling and distribution costs rose by RMB 4.5 million to RMB 8.8 million, due mainly to Ranken's higher travelling expenses and project tendering costs, including costs for project assessments. Ranken evaluated many more projects during the year under review and has selectively tendered for some under evaluation.

Administrative expenses fell by RMB 2.5 million to RMB 56.8 million due mainly to cost control exercises.

Other expenses rose by RMB 7.4 million to RMB 15.4 million, due mainly to fair value loss on financial assets amounting to RMB 2.9 million, discounting effect on long-term receivables of RMB 2.2 million and allowance for impairment losses of doubtful receivables RMB 3.2 million. These were mitigated by lower loss on disposal of fixed assets of RMB 1.0 million.

Finance costs rose by RMB 13.7 million due mainly to higher refinancing costs during the period under review, specifically RMB 70.0 million for the hire purchase refinancing of facilities obtained in FY2017.

Income tax expense was RMB 20.5 million, attributable to provision for income tax on taxable profits for Ranken's operations.

Given the above, the Continuing Operations recorded net profit of RMB 43.5 million, and net cash generated from operating activities of RMB 10.6 million for FY2017.

Discontinued Operations

The results of Discontinued Operations included (i) net loss for Mancala Group (the Mining Services Business), which is presented as discontinued operations during the period under review pursuant to the Sale and Purchase Agreement (“SPA”) announced on 30 December 2016 to dispose 81% of Mancala Group; and (ii) the Group’s net gain on disposal of Mancala Group, the transaction of which was completed on 28 February 2017.

The mining services business made a net loss of RMB 3.2 million in for the 2 months period ended 28 February 2017. On completion of the disposal of Mancala Group, the Group recognised a gain on disposal of RMB 4.1 million, net of the loss incurred on partial settlement of amounts payable to the vendors of Mancala.

Review of Financial Position (31 December 2017 vs 31 December 2016)

Total non-current assets rose by RMB 66.9 million due mainly to (i) recognition of a 19% stake in Mancala as available-for-sale financial assets valued at RMB 12.5 million, (ii) long-term receivables from a former subsidiary company (“Mancala”) amounting to RMB 21.3 million and (iii) additions of plant and equipment and site facilities by Ranken of RMB 38.7 million for recently secured projects, net of depreciation during the period under review.

Total current assets rose by RMB 137.6 million due mainly to (i) changes in current assets (excluding disposal group, Mancala), which rose by RMB 336.6 million as at 31 December 2017 and offset by (ii) the absence of assets held for sale of RMB 199.0 million following the completion of the disposal of the Mining Services Business. Significant changes (excluding those of the disposal group) during the period under review were:

- Other investments comprised quoted shares classified as financial assets at fair value of RMB 4.5 million.
- Inventories rose by RMB 23.2 million, including railway sleeper stock for the Meng Hua project.
- Contract work in progress, related to Ranken’s projects under construction, rose by RMB 174.1 million to RMB 573.0 million due to works completed in stages that have yet to be certified (and thus not invoiced and not recognised as revenue) during the period.
- Trade receivables related to Ranken’s projects rose by RMB 56.3 million to RMB 709.9 million. Trade debtor’s turnaround time improved to 199 days (31 December 2016: 221 days). Trade receivables included retention monies, build-and-transfer contracts and other guarantee sums, excluding which the trade receivables turnaround period would have been approximately 95 days as at 31 December 2017 (31 December 2016: 90 days).
- Other receivables, deposits and prepayment, which comprised mainly (i) Ranken’s materials procured on behalf of project owners and (ii) security deposits placed with project owners (refundable on project completion), rose by RMB 97.8 million to RMB 203.2 million.
- Cash and cash equivalents for the Group fell by RMB 19.4 million to RMB 125.7 million as at 31 December 2017, due mainly to net cash outflow in investing activities resulting from higher capital expenditure requirements. The cash positions for corporate functions and Ranken as at 31 December 2017 were RMB 2.1 million and RMB 123.6 million, respectively.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

Total non-current liabilities rose by RMB 85.9 million due mainly to refinancing of bank loans, bond proceeds and new finance lease liabilities, net of repayment during the year. Non-current financial liabilities comprised mainly (i) bank loans of RMB 46.9 million, (ii) RMB 34.0 million bonds for Ranken's working capital purposes and (iii) finance lease liabilities of RMB 39.2 million.

Total current liabilities rose by RMB 85.9 million due mainly to (i) higher current liabilities (excluding disposal group, Mancala), which increased by RMB 184.3 million, and offset by (ii) the absence of liabilities held for sale of RMB 98.4 million following the disposal of Mancala. Significant changes (excluding those of the disposal group) during the period under review were:

- Trade payables related to Ranken's projects rose by RMB 124.1 million to RMB 650.4 million.
- Progress billings in excess of construction work in progress fell by RMB 30.2 million due mainly to lower amount of advance billings made to project owners.
- Other payables and accruals rose by RMB 109.0 million to RMB 466.1 million due mainly to (i) higher cash advances from clients as new projects commence the construction phase; and (ii) offset by settlement of consideration payable to Mancala's vendor and the remaining of which is expected to be settled in 1Q2018. Other payables and accruals for Ranken and the Company (corporate) as at 31 December 2017 were RMB 449.5 million and RMB 16.6 million, respectively. Other payables and accruals for Ranken comprised mainly the advances from the clients, deposits from clients and security deposits from sub-contractors, VAT payables and accruals of operating expenses.
- Current financial liabilities fell by RMB 15.4 million to RMB 144.2 million as Ranken continued to pay down its working capital borrowings and finance lease obligations.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 31.4 million to RMB 494.9 million due to (i) earnings of RMB 44.4 million for the current period and (ii) issuance of shares net of expenses under the Shares Award Scheme of RMB 0.4 million, further offset by (iii) net movements in foreign currency translation reserve of RMB 11.9 million, after taking into account translation effects on disposal of foreign subsidiaries and translation of non-RMB denominated financial statements to RMB and (iv) fair value movement of available-for-sale financial asset amounting to RMB 1.5 million.

Review of Cash Flows (FY2017)

Operating cash flow from continuing operations for FY2017 fell by RMB 190.7 million to RMB 10.6 million after accounting for (i) operating profit before working capital changes of RMB 132.4 million and (ii) net working capital changes of RMB 100.4 million, net of tax payment of RMB 21.3 million (mainly for FY2016 tax obligation).

Cash flows used in investing activities from continuing operations for FY2017 were RMB 82.3 million, due mainly to Ranken's investment in equipment and site facilities for its recently secured projects.

Cash flows generated from financing activities of continuing operations for FY2017 were RMB 34.6 million, due mainly to proceeds from bank loans, finance lease liabilities and bonds of RMB 260.0 million for refinancing of Ranken's working capital, offset by repayment of bank loans, finance lease liabilities and interest expense, and loan from a previous shareholder of Ranken's subsidiary amounting to RMB 225.4 million.

Given the above, cash and cash equivalents fell by RMB 16.8 million to RMB 117.7 million (net of fixed deposits pledged of RMB 8.0 million) during FY2017.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

In the Group's 3Q2017 results announcement, the Board stated that the Group expects to be profitable for the financial year ending 31 December 2017 ("FY2017"), barring unforeseen circumstances.

The Group reported a net profit of RMB 44.4 million for FY2017.

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

Infrastructure Business

China's GDP increased 6.9% in 2017, driven primarily by national investment in public infrastructure. The country's plans to spend approximately RMB 15 trillion (S\$3.1 trillion) on infrastructure for the 2016-2020 13th Five-Year Plan, including RMB3.5 trillion (S\$729.2 billion) for railways.

Industry projections indicate that urban rail transit networks will be extended to reach 50 Chinese cities by 2020 and civil engineering works will be required for additional of more than 8,000km of underground utility tunnels. As one of China's top private rail engineering enterprises, with a competitive track record spanning 18 first- and second-tier cities, Ranken – which is Sapphire's core revenue driver – is well positioned to benefit from these developments.

Ranken intends to continue pursuing strategic collaborations such as the cooperation agreement signed with Beijing Enterprises Water Group Co., Ltd. in May 2017, which will open up opportunities relating to environmental conservation and water management. Ranken may also evaluate industry consortiums through which to participate, construct and operate large-scale infrastructure projects on a public-private partnership basis.

Ranken's order book remains healthy at RMB 3.2 billion (S\$660 million), having secured RMB 2.2 billion (S\$438.6 million) worth of projects in 2017. It will aggressively bid for new contracts while improving operational capabilities and efficiencies in its efforts to sustain margins.

The Group is actively exploring ways to enhance shareholder value. It has proposed a final dividend of 0.1 Singapore cent per share – its first in many years – to reward shareholders for their support, subject to approval at its annual general meeting in April.

Barring unforeseen circumstances, the Group expects to be profitable for the financial year ending 31 December 2018.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

11 Dividend

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

Name of dividend: Cash Dividend
Dividend type: Final
Dividend amount per share: Singapore 0.1 cents
Tax rate: One-tier tax exempt

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

No.

(c) Date payable

The proposed final one-tier tax exempt dividend, if approved at the forthcoming annual general meeting of the Company, will be paid at a date to be announced in due course.

(d) Books closure date

The book closure date for the proposed final one-tier tax exempt dividend will be announced at a later date.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

- 13 Segmented revenue and results for business or geographical segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

(a) By business segment: FY2017

	Infrastructure (Continuing Operations) RMB'000	Mining services (Discontinued Operations) RMB'000	Total RMB'000
Revenue and expenses			
Total revenue from external customers	1,305,095	8,675	1,313,770
Interest income	366	2	368
Unwinding of discount on retention monies	3,286	–	3,286
Interest expenses	(25,570)	(754)	(26,324)
Depreciation and amortisation	(48,461)	–	(48,461)
Reportable segment profit before income tax	70,392	891	71,283
Reportable segment assets	1,881,565	–	1,881,565
Capital expenditure	(86,446)	–	(86,446)
Reportable segment liabilities	(1,460,113)	–	(1,460,113)

(b) By business segment: FY2016

	Infrastructure (Continuing Operations) RMB'000	Mining services (Discontinued Operations) RMB'000	Total RMB'000
Revenue and expenses			
Total revenue from external customers	1,078,209	125,558	1,203,767
Interest income	618	245	863
Unwinding of discount on retention monies	3,522	–	3,522
Interest expenses	(12,000)	(2,732)	(14,732)
Depreciation and amortisation	(56,117)	(13,458)	(69,575)
Reportable segment profit/(loss) before income tax	69,098	(8,677)	60,421
Reportable segment assets	1,515,252	198,973	1,714,225
Capital expenditure	(55,906)	(3,181)	(59,087)
Reportable segment liabilities	(1,143,682)	(131,247)	(1,274,929)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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

	2017 RMB'000	2016 RMB'000
Revenue		
Total revenue for reportable segments	1,313,770	1,203,767
Profit or loss		
Total profit/(loss) before tax for reportable segments	71,283	60,421
Unallocated amounts:		
- Other income	13,045	13,142
- Other expense	(18,123)	(10,759)
- Tax expense	(20,529)	(14,590)
Consolidated profit for the year	45,676	48,214
Assets		
Total assets for reportable segments	1,881,565	1,714,225
Elimination of inter-segment assets	—	(500)
Other unallocated amounts	83,500	46,826
Consolidated total assets	1,965,065	1,760,551
Liabilities		
Total liabilities for reportable segments	(1,460,113)	(1,274,929)
Elimination of inter-segment liabilities	16,254	49,246
Other unallocated amounts	(16,638)	(62,982)
Consolidated total liabilities	(1,460,497)	(1,288,665)

	Reportable segment total RMB'000	Unallocated amounts RMB'000	Consolidated total RMB'000
Other material items 2017			
Interest income	368	12	380
Unwinding of discount on retention monies	3,286	—	3,286
Interest expenses	(26,324)	(103)	(26,427)
Capital expenditure	(86,446)	—	(86,446)
Depreciation and amortisation	(48,461)	(202)	(48,663)
Other material items 2016			
Interest income	863	73	936
Unwinding of discount on retention monies	3,522	—	3,522
Interest expenses	(14,732)	(4)	(14,736)
Capital expenditure	59,087	(118,183)	(59,096)
Depreciation and amortisation	(69,575)	(207)	(69,782)

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

(c) By geographical segment

	Revenue		Non-current assets	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Continuing Operations				
Singapore	—	—	33,924	334
China	1,237,211	1,072,600	281,223	248,842
Bangladesh	3,932	5,270	—	—
India	214	339	—	—
Sri Lanka	63,738	—	899	—
	<u>1,305,095</u>	<u>1,078,209</u>	<u>316,046</u>	<u>249,176</u>
Discontinued Operations				
Australia	8,675	73,111	—	—
Vietnam	—	52,447	—	—
	<u>8,675</u>	<u>125,558</u>	<u>—</u>	<u>—</u>
Total	<u>1,313,770</u>	<u>1,203,767</u>	<u>316,046</u>	<u>249,176</u>

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

15 A breakdown of sales

	2017 RMB'000	2016 RMB'000	Change %
Continuing Operations			
(a) Sales reported for first half year	483,873	432,928	11.8
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	20,135	22,896	(12.1)
(c) Sales reported for second half year	821,222	645,281	27.3
(d) Operating profit after tax before deducting non-controlling interests reported for second half year	24,650	33,804	(27.1)
Discontinued Operations			
(a) Sales reported for first half year	8,675	77,388	(88.8)
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	891	1,075	(17.1)
(c) Sales reported for second half year	—	48,170	NM
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	—	(9,561)	NM

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	FY2017	FY2016
	S\$	S\$
Total final dividend	326,072	—
Equivalent RMB #	RMB	RMB
Total final dividend	1,565,145	—

Estimated base on S\$1: RMB 4.8

The proposed final dividend of S\$0.001 per ordinary share of the Company will be subject to approval by the Company's shareholders at the forthcoming annual general meeting to be convened.

- 17 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 31 December 2017**

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

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

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

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

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or Chief Executive Officer of Substantial Shareholder of the Company as at 31 December 2017.

BY ORDER OF THE BOARD

Wang Heng
CEO and Executive Director
28 February 2018