

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

The comparatives have been restated following the adoption of the new financial reporting framework, Singapore Financial Reporting Standards (international) ("SFRS(I)"). Please refer to Paragraph 5 on page 14 of this announcement for the details of impact on application of SFRS (I).

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			Group		
	3Q2018	3Q2017	Change	9M2018	9M2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Continuing Operations		Restated			Restated	
Revenue	551,087	369,595	49.1	1,192,971	854,150	39.7
Cost of sales	(523,291)	(316,478)	65.3	(1,103,434)	(740,991)	48.9
Gross profit	27,796	53,117	(47.7)	89,537	113,159	(20.9)
Other income	5,624	477	1,079.0	8,744	4,771	83.3
Distribution cost	(1,794)	(2,583)	(30.5)	(5,267)	(6,131)	(14.1)
Administrative expenses	(14,561)	(19,295)	(24.5)	(39,780)	(45,273)	(12.1)
Other expenses	377	(1,986)	NM	(5,880)	(8,450)	(30.4)
Profit from operations	17,442	29,730	(41.3)	47,354	58,076	(18.5)
Finance costs	(4,747)	(8,565)	(44.6)	(12,913)	(16,003)	(19.3)
Profit before income tax	12,695	21,165	(40.0)	34,441	42,073	(18.1)
Tax expenses	(2,199)	(7,678)	(71.4)	(8,937)	(14,899)	(40.0)
Profit from continuing operations	10,496	13,487	(22.2)	25,504	27,174	(6.1)
Discontinued operations^{#1}						
Operating loss of discontinued operations	—	—	—	—	(3,232)	NM
Net gain on disposal of subsidiaries	—	—	—	—	4,075	NM
Profit from discontinued operations, net of tax	—	—	—	—	843	NM
Profit for the period	10,496	13,487	(22.2)	25,504	28,017	(9.0)
Profit attributable to:						
Owners of the Company ^{#2}	10,350	13,004	(20.4)	24,868	26,968	(7.8)
Minority interest	146	483	(69.8)	636	1,049	(39.4)
Profit for the period	10,496	13,487	(22.2)	25,504	28,017	(9.0)
#2 Profit attributable to Owners of the Company:						
Continuing Operations	10,350	13,004	(20.4)	24,868	26,125	(4.8)
Discontinued Operations	—	—	—	—	843	NM
Profit for the period	10,350	13,004	(20.4)	24,868	26,968	(7.8)

^{#1} The disposal of Mining Services Business (Discontinued Operations) was completed on 28 February 2017. The Group has ceased to recognise the financial results of the Mining Services Business from the date of completion onwards.

Note: NM – Not Meaningful.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Group			Group		
	3Q2018	3Q2017	Change	9M2018	9M2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Restated			Restated		
Results of discontinued operations						
Revenue	–	–	–	–	8,675	NM
Cost of sales	–	–	–	–	(7,139)	NM
Gross profit	–	–	–	–	1,536	NM
Other income	–	–	–	–	607	NM
Administrative expenses	–	–	–	–	(4,609)	NM
Other expenses	–	–	–	–	(12)	NM
Loss from discontinued operations	–	–	–	–	(2,478)	NM
Finance costs	–	–	–	–	(754)	NM
Loss before tax	–	–	–	–	(3,232)	NM
Tax expense	–	–	–	–	–	–
Operating loss of discontinued operations	–	–	–	–	(3,232)	NM
Gain on disposal of subsidiaries for the Group	–	–	–	–	4,075	NM
Profit from discontinued operations	–	–	–	–	843	NM

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q2018	3Q2017	Change	9M2018	9M2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Restated			Restated		
Profit for the period	10,496	13,487	(22.2)	25,504	28,017	(9.0)
Other comprehensive income						
Foreign currency translation differences	1,976	(357)	NM	1,400	(770)	NM
Realisation of reserve upon disposal of subsidiaries	–	–	–	–	1,757	NM
Net change in fair value of equity investments at FVOCI	(1,437)	–	NM	(1,437)	–	NM
Other comprehensive income/(loss) for the period, net of tax	539	(357)	NM	(37)	987	NM
Total comprehensive income for the period	11,035	13,130	(16.0)	25,467	29,004	(12.2)
Total comprehensive income attributable to:						
Owners of the Company	10,889	12,647	(13.9)	24,831	27,955	(11.2)
Non-controlling interest	146	483	(69.8)	636	1,049	(39.4)
Total comprehensive income for the period	11,035	13,130	(16.0)	25,467	29,004	(12.2)

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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

Notes to Income Statement

	Group Continuing Operations			Group Continuing Operations		
	3Q2018 RMB'000	3Q2017 RMB'000	Change %	9M2018 RMB'000	9M2017 RMB'000	Change %
Revenue includes the following:						
Infrastructure	551,087	369,595	49.1	1,192,971	854,150	39.7

Other income includes the following:

Interest income – banks	55	115	(52.2)	237	304	(22.0)
Unwinding of discount for long-term receivable	271	–	NM	797	–	NM
(Loss)/gain on disposal of property, plant and equipment, net	(6)	–	NM	24	–	NM
Gain on fair value change of financial asset, net	2,332	–	NM	2,332	–	NM
Exchange loss	–	(617)	NM	–	–	–
Rental income	903	880	2.6	2,695	2,459	9.6

Other expenses include the following:

Amortisation of intangible assets	(170)	(170)	NM	(511)	(511)	NM
Gain/(loss) on disposal of property, plant and equipment, net	–	9	NM	–	(501)	NM
Gain/(loss) on fair value change of financial asset, net	1,537	381	303.4	–	(2,365)	NM
Impairment loss on receivables	–	(58)	NM	–	(58)	NM
Exchange loss, net	(777)	(1,450)	(46.4)	(969)	(833)	16.3
Reversal of /(impairment) loss on long-term other investments	1,287	–	NM	(150)	–	NM

Finance costs include the following:

Interest expense – banks	(2,312)	(5,860)	(60.5)	(5,539)	(9,492)	(41.6)
Interest expense – corporate bond	(882)	(1,241)	(28.9)	(3,341)	(3,598)	(7.1)
Interest expense – finance lease	(1,553)	(1,464)	6.1	(4,033)	(2,913)	38.4

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	(14,679)	(18,895)	(22.3)	(44,851)	(36,246)	23.7
Depreciation of investment properties	(603)	(578)	4.3	(1,808)	(1,732)	4.4

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Notes to Income Statement

	Group Discontinued Operations			Group Discontinued Operations		
	3Q2018 RMB'000	3Q2017 RMB'000	Change %	9M2018 RMB'000	9M2017 RMB'000	Change %
Revenue includes the following:						
Mining services	–	–	–	–	8,675	NM
Other income includes the following:						
Interest income – banks	–	–	–	–	2	NM
Gain on disposal of a subsidiary, net	–	–	–	–	4,075	NM
Gain on disposal of property, plant and equipment	–	–	–	–	17	NM
Exchange gain, net	–	–	–	–	588	NM
Finance costs include the following:						
Interest expense – banks	–	–	–	–	(544)	NM
Interest expense – finance lease	–	–	–	–	(210)	NM
Profit before income tax is arrived after deducting:						
Depreciation of property, plant and equipment	–	–	–	–	(3,334)	NM

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

(1) 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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
	RMB'000	RMB'000	RMB'000	RMB'000
		Restated		Restated
Assets				
Property, plant and equipment	167,494	138,328	128	138
Intangible assets and goodwill	70,623	71,134	—	—
Investment properties	55,286	57,094	—	—
Subsidiaries	—	—	386,761	375,420
Other investments	11,347	12,630	11,343	12,476
Other receivables	14,202	21,310	14,202	21,310
Deferred tax assets	14,069	13,794	—	—
Total non-current assets	333,021	314,290	412,434	409,344
Other investment	7,076	4,529	7,076	4,529
Inventories	26,664	32,603	—	—
Contract assets	1,137,424	949,703	—	—
Trade receivables	325,532	340,224	—	—
Other receivables	256,734	203,234	6,319	16,892
Cash and cash equivalents	128,329	125,748	415	2,076
Total current assets	1,881,759	1,656,041	13,810	23,497
Total assets	2,214,780	1,970,331	426,244	432,841
Equity				
Share capital	413,839	413,839	413,839	413,839
Reserves	108,623	86,164	8,503	2,364
Equity attributable to owners of the Company	522,462	500,003	422,342	416,203
Non-controlling interests	10,448	9,831	—	—
Total equity	532,910	509,834	422,342	416,203
Liabilities				
Financial liabilities	41,170	120,145	—	—
Deferred tax liabilities	6,721	6,852	—	—
Total non-current liabilities	47,891	126,997	—	—
Trade payables	826,550	650,445	—	—
Other payables	530,906	466,120	3,902	16,638
Contract liabilities	44,119	52,516	—	—
Financial liabilities	223,150	144,201	—	—
Current tax liabilities	9,254	20,218	—	—
Total current liabilities	1,633,979	1,333,500	3,902	16,638
Total liabilities	1,681,870	1,460,497	3,902	16,638
Total equity and liabilities	2,214,780	1,970,331	426,244	432,841

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Note 1: Details of trade receivables were as follows:

Turnover days

	As at 30 September 2018	As at 31 December 2017	Change %
		Restated	
Turnover days	75	95	(21.1)

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

	30.09.2018		31.12.2017	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
Amount repayable in one year or less, or on demand	223,150	—	144,201	—
Amount repayable after one year	41,170	—	120,145	—
	264,320	—	264,346	—
Ranken				
- Short-term bank borrowings	160,980	—	106,000	—
- Long-term bank borrowings	—	—	46,927	—
- Current portion of finance lease	27,436	—	23,387	—
- Non-current portion of finance lease	41,170	—	39,210	—
- Short term bond	34,734	—	14,814	—
- Long term bond	—	—	34,008	—
Total	264,320	—	264,346	—

Details of any collateral as at 30 September 2018

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 65.6 million and deposits pledged of RMB 4.1 million pledged.
- (ii) The carrying value of fixed assets under finance lease as at 30 September 2018 approximates RMB 41.2 million.
- (iii) As at 30 September 2018, the vendors have granted personal guarantees for the purpose of securing total banking facilities of RMB 1.0 billion for Ranken's working capital.

The Group's overall gearing was approximately 0.5 times as at 30 September 2018.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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		Group	
	3Q2018	3Q2017	9M2018	9M2017
	RMB'000	RMB'000	RMB'000	RMB'000
		Restated		Restated
Operating activities				
Profit before income tax	12,695	21,165	34,441	42,073
Adjustments for:				
Depreciation of plant and equipment	14,679	18,895	44,851	36,246
Depreciation of investment properties	603	578	1,808	1,732
Amortisation of intangible assets	170	170	511	511
Loss/(gain) on disposal of property, plant and equipment, net	6	(9)	(24)	501
Change in fair value of financial asset designated as fair value through profit or loss	(3,869)	(381)	(2,332)	2,365
Impairment loss on receivables	–	58	–	58
(Reversal of)/impairment loss on long-term other investments	(1,287)	–	150	–
Unwinding of discount for long-term receivable	(271)	–	(797)	–
Interest income	(55)	(115)	(237)	(304)
Interest expense	4,747	8,565	12,913	16,003
Shares award scheme	–	–	–	446
Operating profit before working capital changes	27,418	48,926	91,284	99,631
Changes in working capital:				
Inventories	(4,533)	(15,240)	5,939	(29,629)
Contract assets and liabilities, net	(224,494)	(1,059)	(186,266)	(180,600)
Trade and other payables	192,244	139,088	246,245	225,595
Trade and other receivables	71,692	(77,462)	(41,855)	(73,377)
(Placement)/released of fixed deposit pledged	(853)	629	3,747	10,629
Cash flows generated from operations	61,474	94,882	119,094	52,249
Income tax paid	(1,556)	(2,353)	(20,032)	(19,013)
Net cash generated from operating activities	59,918	92,529	99,062	33,236
Net cash used in operating activities from discontinued Operations	–	–	–	(5,057)
	59,918	92,529	99,062	28,179
Investing activities				
Interest received	55	115	237	304
Payment for purchase of plant and equipment	(5,672)	(26,128)	(41,575)	(67,217)
Proceeds from disposal of plant and equipment	18	23	209	23
Payment for purchase of financial assets	–	(50)	–	(54)
Refund of deposit to a potential acquirer of the Disposal Group	–	–	–	(6,076)
Net cash used in investing activities	(5,599)	(26,040)	(41,129)	(73,020)
Net cash generated from investing activities from discontinued operations	–	–	–	13,101
	(5,599)	(26,040)	(41,129)	(59,919)

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

	Group		Group	
	3Q2018	3Q2017	9M2018	9M2017
	RMB'000	RMB'000	RMB'000	RMB'000
		Restated		Restated
Financing activities				
Repayment to previous shareholder of Ranken's subsidiary	(3,920)	(7,700)	(6,920)	(10,550)
Interest paid	(6,499)	(8,565)	(11,178)	(16,003)
Proceeds from bank loans	67,000	64,000	113,000	125,000
Payment of bank loans	(45,000)	(40,000)	(106,000)	(116,000)
Proceeds from sale and leaseback arrangements, net	—	—	—	66,260
Payment of finance lease liabilities	(13,566)	(6,828)	(26,470)	(20,557)
Repayment of bond issued	—	—	(15,000)	—
Proceeds from bond issued	—	—	—	33,151
Net cash (used in)/generated from financing activities	(1,985)	907	(52,568)	61,301
Net cash used in financing activities from discontinued operations	—	—	—	(2,250)
	(1,985)	907	(52,568)	59,051
Net increase in cash and cash equivalents	52,334	67,396	5,365	27,311
Cash and cash equivalents at beginning of the period	70,486	109,012	117,729	134,517
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	1,455	(168)	1,181	(3,023)
Cash and cash equivalents at end of the period	124,275	176,240	124,275	176,240
Cash and cash equivalents consist of the following:				
Cash and cash equivalents in the statement of financial position	128,329	176,260	128,329	176,260
Fixed deposits pledged	(4,054)	(20)	(4,054)	(20)
Cash and cash equivalents in the statement of cash flows	124,275	176,240	124,275	176,240

Significant non-cash transactions

For the 3 months ended and 9 months ended 30 September, the Group acquired plant and equipment with cost of RMB 32.7million by way of finance lease.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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 reserve RMB'000	Currency translation reserve RMB'000	Accumulated profit RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
6M2017									
As at 1 January 2017 (Restated)	413,393	(7,585)	2,075	(6,777)	—	67,205	468,311	8,588	476,899
Profit for the period	—	—	—	—	—	13,964	13,964	566	14,530
Other comprehensive income									
Foreign currency translation Differences	—	—	—	—	(413)	—	(413)	—	(413)
Realisation of reserve upon disposal of subsidiaries	—	—	—	—	1,757	—	1,757	—	1,757
Total other comprehensive income	—	—	—	—	1,344	—	1,344	—	1,344
Total comprehensive income	—	—	—	—	1,344	13,964	15,308	566	15,874
Transactions with owners, recognised directly in equity									
Issue of shares, net of expenses (Shares Award Scheme)	446	—	—	—	—	—	446	—	446
Total contributions by and distributions to owner	446	—	—	—	—	—	446	—	446
As at 30 June 2017 (Restated)	413,839	(7,585)	2,075	(6,777)	1,344	81,169	484,065	9,154	493,219
3Q2017									
Profit for the period	—	—	—	—	—	13,004	13,004	483	13,487
Other comprehensive income									
Foreign currency translation differences	—	—	—	—	(357)	—	(357)	—	(357)
Total comprehensive income	—	—	—	—	(357)	13,004	12,647	483	13,130
As at 30 September 2017 (Restated)	413,839	(7,585)	2,075	(6,777)	987	94,173	496,712	9,637	506,349

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Consolidated Statement of Changes in Equity

Group	Share capital RMB'000	Capital 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
6M2018									
At 31 December 2017 (Restated)	413,839	(7,585)	(1,516)	(6,777)	987	101,055	500,003	9,831	509,834
Adoption of SFRS(I) 9	–	–	–	–	–	(806)	(806)	(19)	(825)
At 1 January 2018	413,839	(7,585)	(1,516)	(6,777)	987	100,249	499,197	9,812	509,009
Profit for the period	–	–	–	–	–	14,518	14,518	490	15,008
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(576)	–	(576)	–	(576)
Total other comprehensive income	–	–	–	–	(576)	–	(576)	–	(576)
Total comprehensive income	–	–	–	–	(576)	14,518	13,942	490	14,432
Transactions with owners, recognised directly in equity									
Dividend declared #	–	–	–	–	–	(1,566)	(1,566)	–	(1,566)
Total contributions by and distributions to owner	–	–	–	–	–	(1,566)	(1,566)	–	(1,566)
At 30 June 2018	413,839	(7,585)	(1,516)	(6,777)	411	113,201	511,573	10,302	521,875
Profit for the period	–	–	–	–	–	10,350	10,350	146	10,496
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	1,976	–	1,976	–	1,976
Net change in fair value of equity investments at FVOCI	–	–	(1,437)	–	–	–	(1,437)	–	(1,437)
Total other comprehensive income	–	–	(1,437)	–	1,976	–	539	–	539
Total comprehensive income	–	–	(1,437)	–	1,976	10,350	10,889	146	11,035
At 30 September 2018	413,839	(7,585)	(2,953)	(6,777)	2,387	123,551	522,462	10,448	532,910

Tax-exempt (one-tier) final dividend of Singapore 0.1 cents per share for the year ended 31 December 2017 was declared at the AGM on 26 April 2018 and paid on 20 July 2018.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Statement of Changes in Equity

Company	Share capital RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Currency translation reserve RMB'000	Accumulated profit/(losses) RMB'000	Total equity RMB'000
6M2017						
At 1 January 2017 (Restated)	413,393	(8,294)	(6,777)	–	23,177	421,499
Profit for the period	–	–	–	–	(2,594)	(2,594)
Other comprehensive income						
Foreign currency translation differences	–	–	–	10,788	–	10,788
Total other comprehensive income	–	–	–	10,788	–	10,788
Total comprehensive income	–	–	–	10,788	(2,594)	8,194
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owner						
Issues of shares, net of expenses (Shares Award Scheme)	446	–	–	–	–	446
Total contributions by and distributions to owner	446	–	–	–	–	446
At 30 June 2017 (Restated)	413,839	(8,294)	(6,777)	10,788	20,583	430,139
3Q2017						
Loss for the period	–	–	–	–	(5,559)	(5,559)
Other comprehensive income						
Foreign currency translation differences	–	–	–	(2,511)	–	(2,511)
Total other comprehensive income	–	–	–	(2,511)	–	(2,511)
Total comprehensive income	–	–	–	(2,511)	(5,559)	(8,070)
At 30 September 2017 (Restated)	413,839	(8,294)	(6,777)	8,277	15,024	422,069

Statement of Changes in Equity

	Share Capital RMB'000	Capital reserve RMB'000	Other reserves RMB'000	Fair value reserve RMB'000	Currency translation reserve RMB'000	Accumulated profit / (losses) RMB'000	Total equity RMB'000
6M2018							
Company							
At 1 January 2018 (Restated)	413,839	(8,294)	(6,777)	(1,516)	7,456	11,495	416,203
Loss for the period	–	–	–	–	–	(7,261)	(7,261)
Other comprehensive income							
Foreign currency translation differences	–	–	–	–	(7,154)	–	(7,154)
Total other comprehensive income	–	–	–	–	(7,154)	–	(7,154)
Total comprehensive income	–	–	–	–	(7,154)	(7,261)	(14,415)
Transactions with owners, recognised directly in equity							
Dividend declared #	–	–	–	–	–	(1,566)	(1,566)
Total contributions by and distributions to owner	–	–	–	–	–	(1,566)	(1,566)
At 30 June 2018	413,839	(8,294)	(6,777)	(1,516)	302	2,668	400,222
3Q2018							
Profit for the period	–	–	–	–	–	4,086	4,086
Other comprehensive income							
Foreign currency translation differences	–	–	–	–	19,471	–	19,471
Net change in fair value of equity investments at FVOCI	–	–	–	(1,437)	–	–	(1,437)
Total other comprehensive income	–	–	–	(1,437)	19,471	–	18,034
Total comprehensive income	–	–	–	(1,437)	19,471	4,086	22,120
At 30 September 2018	413,839	(8,294)	(6,777)	(2,953)	19,773	6,754	422,342

Tax-exempt (one-tier) final dividend of Singapore 0.1 cents per share for the year ended 31 December 2017 was declared at the AGM on 26 April 2018 and paid on 20 July 2018.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

- 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

There was no change in the Company's issued capital since the previous period reported on.

Convertible Securities

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

- 1d(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**

	30.09.2018	31.12.2017
Total number of issued shares excluding treasury shares	326,071,915	326,071,915

- 1d(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 period.

- 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.

- 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 period compared with the audited financial statements for the year ended 31 December 2017.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

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 has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018.

In adopting the new framework, the Group has applied specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes amendments arising from IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and measurement of share-based payment transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of investment property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

Except for SFRS(I) 1, SFRS(I) 9 and SFRS(I) 15, the adoption of the above standards and interpretations does not have a significant impact on the financial statements.

SFRS(I) 1

The Group has elected to reset the cumulative foreign currency translation reserve ("FCTR") arising from the translation of the financial statements in currencies other than the Group's presentation currency to nil at the date of transition and reclassified the cumulative negative FCTR of RMB 4,631,000 as at 1 January 2017 determined in accordance with FRS at that date to retained earnings. Similarly, the Company reclassified FCTR of RMB 9,097,000 as at 1 January 2017 at that date to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations excludes translation differences that arose before the date of transition.

The impact on the adoption of SFRS(I) 1 is described below.

Consolidated statement of financial position as at 31 December 2017

	Group Adjustments RMB'000
Decrease in negative currency translation reserve	17,542
Decrease in retained earnings	(17,542)

Consolidated statement of profit or loss for the period ended 30 September 2017

	Group Adjustments RMB'000
Decrease in other income	(9,918)
Decrease in profit from discontinued operations, net of tax	(48)
Decrease in profit after tax for the year	(9,966)

SFRS(I) 9

The Group has elected to adopt the exemption in SFRS(I) allowing it not to restate comparative information in the financial statements. Differences in the carrying amounts of financial asset and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserve as at 1 January 2018.

Except for the impairment of financial assets, where the Group applied the simplified approach and recorded a forward-looking expected credit loss ("ECL") on all trade receivable, the adoption of SFRS(I) 9, has no significant impact on the financial statements.

Arising from the adoption of SFRS(I) 9, an increase in impairment for trade receivables of RMB 1,100,000 and an increase in deferred tax asset of RMB 275,000 as at 1 January 2018 had been adjusted. The non-controlling interests share of these adjustments of RMB 19,000 had also been adjusted as at 1 January 2018, with net effect of reducing equity attributable to owners of the Company of RMB 806,000.

Classification and measurement: financial assets

For financial assets held at fair value, the Group continued to measure most of these assets at fair value.

The Group elected to present in other comprehensive income ("OCI") the changes in fair value of its Available-for-sale ("AFS") equity securities that were held by the Group and the Company because these investments are not held for trading. These equity securities are now termed "Equity investments at FVOCI".

For equity securities that have been designated at fair value to profit and loss, the Group continued to measure these assets at fair value to profit and loss.

SFRS(I) 15

The Group has adopted SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. Arising from the adoption of SFRS(I) 15, the retention monies are no longer considered to have a significant financing component as these amounts are deemed to provide the customers with protection from the Group failing to adequately complete some or all of its obligations under the contract.

The impact on the adoption of SFRS(I) 15 is described below.

Consolidated statement of financial position as at 31 December 2017

	Group Adjustments RMB'000
Increase in trade and other receivables	7,022
Decrease in deferred tax assets	(1,756)
Increase in retained earnings	(5,143)
Increase in non-controlling interests	(123)

Consolidated statement of profit or loss for the period ended 30 September 2017

	Group Adjustments RMB'000
Increase in revenue	752
Decrease in other income	(2,464)
Decrease in tax expenses	(616)
Decrease in profit after tax for the year	(1,096)

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Also arising from the adoption of SFRS(I) 15, the financial statements now clearly distinguish between an unconditional right to consideration (a receivable) and a conditional right to receive consideration (a contract asset). An unconditional right to consideration (a receivable) occurs when there are no further performance obligations required to be satisfied before the entity has the right to collect the customer's consideration. A right is unconditional if nothing other than the passage of time is required before payment of that consideration is due. As a result, previously termed "Construction work in progress" for contract work performed which are subject to further checks and certifications are now classified as "Contract assets". In addition, retention sums, receivable from build-and-transfer contract and other guarantee sums where payment terms are deemed to provide the customer with protection from the Group failing to adequately complete some or all of its obligation under the contract, are also now classified as "Contract assets".

Previously termed "Progress billings in excess of construction work in progress" represents amounts where the customer prepays its promised consideration are now classified as "Contract liabilities".

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

	Continuing operations		Discontinued operations		Total	
	3Q2018	3Q2017 Restated	3Q2018	3Q2017 Restated	3Q2018	3Q2017 Restated
Basic earnings per share (RMB cents)	3.17	3.99	–	–	3.17	3.99
Diluted earnings per share (RMB cents)	3.17	3.99	–	–	3.17	3.99

	Continuing operations		Discontinued operations		Total	
	9M2018	9M2017	9M2018	9M2017	9M2018	9M2017
Basic earnings per share (RMB cents)	7.63	8.01	–	0.26	7.63	8.27
Diluted earnings per share (RMB cents)	7.63	8.01	–	0.26	7.63	8.27

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:

	3Q2018	3Q2017	9M2018	9M2017
Weighted average number of shares	326,071,915	326,071,915	326,071,915	325,933,120

The weighted average number of shares during the period is the number of shares outstanding at the beginning of the period, 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	
	30.09.2018	31.12.2017	30.09.2018	31.12.2017
Net asset value per ordinary share (RMB cents)	160.23	153.34	129.52	127.64
Number of shares in issue	326,071,915	326,071,915	326,071,915	326,071,915

- 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.

Review of Financial Performance (3Q2018 vs 3Q2017)

Revenue rose by RMB 181.5 million to RMB 551.1million in 3Q2018 due mainly to the Group's continued focus on execution of ongoing projects during the current period.

However, gross profit fell by RMB 25.3 million to RMB 27.8 million with gross profit margin of 5.0% in 3Q2018 as compared to 14.4% in 3Q2017. The Group's gross profit margin was mainly affected by the rising costs of construction materials such as cement, construction sand and gravel due to government directives issued to limit production in order to reduce pollution and environmental impact for the upcoming winter season, the tail-end phase of some projects (where operating margins are lower) as well as the sale of railway sleepers (which commanded lower margins).

Other income rose by RMB 5.1 million to RMB 5.6 million due mainly to gain on the fair value change of financial assets, unwinding of discount for long-term receivables, higher government grants as well as the absence of exchange loss in 3Q2018 .

Distribution costs fell by RMB 0.8 million to RMB 1.8 million, due mainly to lower Ranken's advertising and promotion cost incurred in 3Q2018.

Administrative expenses fell by RMB 4.7 million to RMB 14.6 million, due mainly to lower staff costs incurred in 3Q2018.

Other expenses in 3Q2018 was a profit of RMB 0.4 million, mainly due to reversal of impairment loss on long-term other investments and reversal of fair value loss on financial assets. The reversal of impairment loss on long-term other investments was due a decrease in fair value of equity investments at FVOCI, which should have been recorded in the OCI. The reversal of fair value loss on financial assets was due to the increase in share price (fair value) of equity securities designated at fair value to profit and loss.

Finance costs fell by RMB 3.8 million to RMB 4.7 million, due mainly due to lower financial liabilities.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

Income tax expense of RMB 2.2 million was incurred in 3Q2018, attributable to provision for income tax on taxable profits for Ranken's operations.

Given the above, net profit for 3Q2018 fell by 20.4% to RMB 10.4 million from RMB 13.0 million for 3Q2017, net of non-controlling interest.

Review of Financial Position (30 September 2018 vs 31 December 2017)

Total non-current assets rose by RMB 18.7 million as at 30 September 2018, mainly due to (a) increase in plant and equipment (in particular addition of a tunnel boring machine by way of finance lease) of RMB 29.2 million for its on-going projects, net of depreciation during the period under review, partially offset by (b) repayment by a former subsidiary company ("Mancala") resulting in lower other receivables by RMB 7.1 million and (c) decrease in fair value of equity investments at FVOCI (long-term other investments).

Total current assets rose by RMB 225.7 million as at 30 September 2018, mainly due to the following significant changes during the period under review:

- Other investment comprised quoted shares classified as financial assets carried at fair value through profit or loss, whose fair value rose and resulted in a fair value gain of RMB 2.5 million.
- Inventories fell by RMB 5.9 million due to sale of railway sleeper stock for the Meng Hua project.
- Contract assets (previously known as construction work in progress and reclassification of retention monies, Built and Transfer contract receivable and other guarantee sums from trade receivable arising from the adoption of SFRS(I) 15) rose by RMB 187.7 million to RMB 1,137.4 million due mainly to works completed in stages that have yet to be certified (and thus not invoiced and not recognized as trade debtors) during the period.
- Trade receivables related to Ranken's projects fell by RMB 14.7 million to RMB 325.5 million. Trade debtor's turnaround time fell to 75 days as compared to 95 days as at 31 December 2017.
- Other receivables, deposits and prepayment, which comprised mainly (i) Ranken's materials procured on behalf of project owners and (ii) security deposits placed with the project owners (refundable on project completion) rose by RMB 53.5 million to RMB 256.7 million.
- Cash and cash equivalents for the Group rose by RMB 2.6 million to RMB 128.3 million, with operating cash inflow of RMB 99.1 million which was adequate for the investing activities (mainly purchase of plant and equipment for its on-going projects) and the financing activities (net repayment of financial liabilities).

Total non-current liabilities fell by RMB 79.1 million as at 30 September 2018, mainly due to reclassification of long term bond and certain long term finance lease liabilities to current liabilities during the period.

Total current liabilities rose by RMB 300.5 million as at 30 September 2018, mainly due to the following significant changes during the period under review:

- Trade payables related to Ranken's projects rose by RMB 176.1 million to RMB 826.6 million, mainly due to higher operating activities during the period.
- Other payables and accruals rose by RMB 64.8 million to RMB 530.9 million, mainly due to higher cash advances from clients.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

- Current financial liabilities rose by RMB 78.9 million to RMB 223.2 million mainly due to long term bond and certain long-term financial lease liabilities are now due within the next 12 months.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 22.5 million to RMB 522.5 million as at 30 September 2018, due to current period earnings of RMB 24.9 million, movements of foreign currency translation reserve of RMB 1.4 million, net of change in fair value of equity investments at FVOCI of RMB 1.4 million, the effects of the adoption of SFRS(I) 9 of RMB 0.8 million (for details of the effects, see page 15) and dividend declared of RMB 1.6 million.

Review of Cash Flows (3Q2018 vs 3Q82017)

Operating cash inflow for 3Q2018 fell by RMB 32.6 million, but continued to be positive with cash inflow of RMB 59.9 million after accounting for (i) operating profit before working capital changes of RMB 27.4 million and (ii) net working capital changes of RMB 34.1 million, net of tax payment of RMB 1.6 million.

Cash outflow from investing activities fell by RMB 20.4 million with lower cash investment in plant and equipment. Ranken had acquired a tunnel boring machine by way of finance lease during 3Q2018.

Cash flows used in financing activities 3Q2018 were RMB 2.0 million, which increased from RMB 0.9 million cash inflow in 3Q2017.

Given the above, cash and cash equivalents rose by RMB 52.3 million to RMB 124.3 million (net of fixed deposits pledged of RMB 4.1 million).

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

The Group did not previously disclose any forecast or a prospect statement in the 1H2018 results announcement, or other announcements.

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

Sapphire's core revenue driver - Ranken - is an established infrastructure and construction group in China with 20 years of operating track record.

Aligned with our capabilities and working experience, Ranken's business strategy is positioned towards China's macro urbanization trends and green policies under the country's 2016-2020 13th Five-Year Plan.

While China plans to spend approximately RMB 15 trillion (S\$3.1 trillion) on infrastructure, including RMB3.5 trillion (S\$729.2 billion) for railways infrastructure under its 2016-2020 13th Five-Year Plan, the Chinese government also intend to shift its economic growth model to one more reliant on consumption and less on investment.

Since the beginning of 2018, the growth rate of infrastructure investment in China has slowed down. In the first three quarters of 2018, infrastructure investment only increased by 3.3%, down by 16.5% as compared to first three quarters of last year.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2018

On October 31, 2018, the State Council of China issued a guidance which highlights key shortcomings in the infrastructure sector, maintaining necessary investments as well as expand domestic infrastructure utilisation and structural improvements.

In addition, the ongoing trade tensions between China and United States which is still unfolding and post risk of adverse ramification on China, which may adversely impact the underlying growth prospects for the Group.

In response, the Chinese government has recently unveiled a package of policies in July 2018 to boost domestic demand and support the economy.

In August 2018, it was reported that China's state planner has approved a total RMB 78.7 billion of urban railway projects, that includes eight new rail lines with a total length of 135.4 kilometres, in the capital of the northern Jilin province, marking the country's first urban rail project to be approved in a year.

And it was reported that the coastal cities around Jiangsu province and Zhejiang province have plans to invest the equivalent of billions of renminbi to boost their underground subway systems.

Engineering, procurement and construction ("EPC") is a key component of Ranken's business model in this area. With its previous track records in major railway infrastructure projects within the Jiangzhe (江浙) region, the Group intend to further expand our presence in this segment by proactively identify and bid for new contracts while improving operational capabilities and efficiencies in its efforts to sustain margins.

On the back of increasingly stringent environmental protection regulations in China, investments in environmental conservation and water environmental improvement projects in China is expected to reach RMB 3.3 trillion under China's 13th Five-Year Plan.

On this front, the Group intends to continue pursuing strategic collaborations such as the cooperation agreement signed with Hong Kong mainboard-listed Beijing Enterprises Water Group Co., Ltd. in May 2017, and may also evaluate industry consortiums through which to participate, construct and operate large-scale infrastructure projects on a public-private partnership basis.

The Group currently has an order book of RMB 2.8 billion.

11 Dividend

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

No.

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommended in the current period reported on.

13 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 30 June 2018

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

14 Confirmations by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim consolidated financial statements for the period ended 30 June 2018 to be false or misleading in any material aspect.

15 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).

BY ORDER OF THE BOARD

Wang Heng
Group Chief Executive Officer
12 November 2018