

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

The presentation of the financial statements of the Group have been changed from Singapore dollars (“S\$”) to Chinese Renminbi (“RMB”). Please refer to in paragraph 5 of this announcement (the “Change in Presentation Currency”) for details. Accordingly, the comparatives have also been restated and presented in RMB.

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		
	3Q2017 RMB'000	3Q2016 RMB'000	Change %	9M2017 RMB'000	9M2016 RMB'000	Change %
Continuing Operations						
Revenue	369,525	301,368	22.6	853,398	734,296	16.2
Cost of sales	(316,478)	(261,795)	20.9	(740,991)	(631,552)	17.3
Gross profit	53,047	39,573	34.0	112,407	102,744	9.4
Other income						
- Project related	821	861	(4.6)	2,464	2,582	(4.6)
- Other operating income	4,908	2,487	97.3	14,689	8,255	77.9
Selling and distribution costs	(2,583)	(1,156)	123.4	(6,131)	(2,966)	106.7
Administrative expenses	(19,295)	(12,301)	56.9	(45,273)	(38,966)	16.2
Other expenses	(1,986)	(2,862)	(30.6)	(8,450)	(6,428)	31.5
Profit from operating activities	34,912	26,602	31.2	69,706	65,221	6.9
Finance costs	(8,565)	(2,923)	193.0	(16,003)	(9,314)	71.8
Profit before tax	26,347	23,679	11.3	53,703	55,907	(3.9)
Tax expense	(8,294)	(6,544)	26.7	(15,515)	(15,876)	(2.3)
Profit from continuing operations	18,053	17,135	5.4	38,188	40,031	(4.6)
Discontinued Operations ^{#1}						
Operating loss of discontinued operations	-	(3,293)	NM	(3,232)	(2,218)	45.7
Net gain on disposal of subsidiaries	-	-	-	4,123	-	NM
(Loss)/profit from discontinued operations, net of tax	-	(3,293)	NM	891	(2,218)	NM
Profit for the period	18,053	13,842	30.4	39,079	37,813	3.3
Profit attributable to:						
Owners of the Company	17,570	13,404	31.1	38,030	36,742	3.5
Non-controlling interests	483	438	10.3	1,049	1,071	(2.1)
Profit for the period	18,053	13,842	30.4	39,079	37,813	3.3

^{#1} The disposal of Mining Services Business (Discontinued Operations) was completed on 28 February 2017. As such, the results of Discontinued Operations for 9M2017 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.

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	Group			Group		
	3Q2017 RMB'000	3Q2016 RMB'000	Change %	9M2017 RMB'000	9M2016 RMB'000	Change %
Results of discontinued operations						
Revenue	–	30,112	NM	8,675	107,500	(91.9)
Cost of sales	–	(22,904)	NM	(7,139)	(79,318)	(91.0)
Gross profit	–	7,208	NM	1,536	28,182	(94.5)
Other income	–	639	NM	607	1,349	(55.0)
Administrative expenses	–	(9,209)	NM	(4,609)	(25,374)	(81.8)
Other expenses	–	(858)	NM	(12)	(2,675)	(99.6)
(Loss)/profit from discontinued operations	–	(2,220)	NM	(2,478)	1,482	NM
Finance costs	–	(1,346)	NM	(754)	(3,072)	(75.5)
Loss before tax	–	(3,566)	NM	(3,232)	(1,590)	103.3
Tax expense	–	273	NM	–	(628)	NM
Operating loss of discontinued operations	–	(3,293)	NM	(3,232)	(2,218)	45.7
Gain on disposal of subsidiaries for the Group	–	–	–	4,123	–	NM
(Loss)/profit from discontinued operations	–	(3,293)	NM	891	(2,218)	NM

Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q2017 RMB'000	3Q2016 RMB'000	Change %	9M2017 RMB'000	9M2016 RMB'000	Change %
Profit for the period	18,053	13,842	30.4	39,079	37,813	3.3
Other comprehensive income						
Foreign currency translation differences ⁽¹⁾	(357)	769	NM	(770)	(445)	73.0
Realisation of reserve upon disposal of subsidiaries	(4,431)	–	NM	(8,209)	–	NM
Movement of available-for-sale financial assets reserve	–	–	–	–	523	NM
Other comprehensive income for the period, net of tax	(4,788)	769	NM	(8,979)	78	NM
Total comprehensive income for the period	13,265	14,611	(9.2)	30,100	37,891	(20.6)
Total comprehensive income attributable to:						
Owners of the Company	12,782	14,173	(9.8)	29,051	36,820	(21.1)
Non-controlling interests	483	438	10.3	1,049	1,071	(2.1)
Total comprehensive income for the period	13,265	14,611	(9.2)	30,100	37,891	(20.6)

Note:

- (1) Translation differences relate to accounting translation of financial statements of companies in currency other than presentation currency to RMB. The translation loss for 3Q2017 was due to weakening of SGD against the RMB.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

Notes to Income Statement

	Group Continuing Operations			Group Continuing Operations		
	3Q2017 RMB'000	3Q2016 RMB'000	Change %	9M2017 RMB'000	9M2016 RMB'000	Change %
Revenue includes the following:						
Infrastructure	369,525	301,368	22.6	853,398	734,296	16.2

Other income includes the following:

Project related:						
Unwinding of discount on retention monies	821	861	(4.6)	2,464	2,582	(4.6)
Other operating income:						
Interest income – banks	115	99	16.2	304	485	(37.3)
Gain on disposal of subsidiaries, net ⁽¹⁾	4,431	–	NM	9,917	–	NM
Exchange (loss)/gain, net	(617)	(1,067)	(42.2)	–	2,357	NM
Rental income	880	906	(2.9)	2,459	2,643	(7.0)

Other expenses include the following:

Amortisation of intangible assets	(170)	(215)	(20.9)	(511)	(645)	(20.8)
Gain/(Loss) on disposal of property, plant and equipment, net	9	(1,216)	NM	(501)	(1,524)	(67.1)
Fair value gain/(loss) on financial assets	381	–	NM	(2,365)	–	NM
Exchange loss, net	(833)	–	NM	(833)	–	NM
Impairment loss on receivables	(58)	–	NM	(58)	–	NM

Finance costs include the following:

Interest expense – banks	(5,860)	(1,613)	263.3	(9,492)	(5,130)	85.0
Interest expense – corporate bond	(1,241)	(994)	24.8	(3,598)	(2,960)	21.6
Interest expense – finance lease	(1,464)	(316)	363.3	(2,913)	(1,224)	138.0

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	(18,895)	(6,380)	196.2	(36,246)	(35,275)	2.8
Depreciation of investment properties	(578)	(573)	0.9	(1,732)	(1,668)	3.8

Notes:

- (1) During the 9 months ended 30 September 2017, the Group struck off loss-making Sapphire Mineral Resources Pte Ltd (“SMR”) and Tudor Jaya Sdn. Bhd. (“TJSB”) as part of its corporate streamlining exercise. The gain on disposal of subsidiary of RMB 5.5 million and RMB 4.4 million respectively, relates to the reversal of foreign exchange translation gain relating to the accumulated losses of SMR and TJSB at historical exchange rates to RMB upon completion of the disposal of both entities.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Notes to Income Statement

	Group			Group		
	Discontinued Operations			Discontinued Operations		
	3Q2017	3Q2016	Change	9M2017	9M2016	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue includes the following:						
Mining services	–	30,112	NM	8,675	107,500	(91.9)

Other income includes the following:

Other operating income:						
Interest income – banks	–	42	NM	2	237	(99.2)
Gain on disposal of a subsidiary, net ⁽¹⁾	–	–	–	4,123	–	NM
Gain on disposal of property, plant and equipment	–	–	–	17	–	NM
Gain on disposal of non-current assets held for sale	–	–	–	–	105	NM
Exchange gain, net	–	530	NM	588	878	(33.0)
Rental income	–	–	–	–	52	NM

Other expenses include the following:

Amortisation of intangible assets	–	(192)	NM	–	(562)	NM
Gain/(loss) on disposal of property, plant and equipment, net	–	35	NM	–	(1,107)	NM

Finance costs include the following:

Interest expense – banks	–	(942)	NM	(544)	(1,725)	(68.5)
Interest expense – finance lease	–	(404)	NM	(210)	(1,347)	(84.4)

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	–	(2,484)	NM	–	(8,651)	NM
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Note:

- (1) 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.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Property, plant and equipment	130,093	99,649	189	334
Intangible assets and goodwill	71,304	71,815	–	–
Investment properties	57,773	59,504	–	–
Subsidiaries (Note 1)	–	–	376,158	368,930
Other investments	14,168	100	14,014	–
Deferred tax assets	15,937	18,108	–	–
Total non-current assets	289,275	249,176	390,361	369,264
Other investment	5,030	–	5,030	–
Inventories	39,052	9,423	–	–
Construction work in progress	550,803	398,876	–	–
Trade receivables (Note 2)	602,578	653,539	–	–
Other receivables	241,567	105,397	37,781	50,243
Assets held for sale	–	198,973	–	62,615
Cash and cash equivalents	176,260	145,167	12,692	3,064
Total current assets	1,615,290	1,511,375	55,503	115,922
Total assets	1,904,565	1,760,551	445,864	485,186
Equity				
Share capital	413,839	413,393	413,839	413,393
Reserves	79,073	50,022	8,229	8,106
Equity attributable to owners of the Company	492,912	463,415	422,068	421,499
Non-controlling interests	9,520	8,471	–	–
Total equity	502,432	471,886	422,068	421,499
Liabilities				
Other payables	5,960	19,620	–	–
Financial liabilities	123,026	14,419	–	–
Deferred tax liabilities	6,896	7,028	–	–
Total non-current liabilities	135,882	41,067	–	–
Trade payables	583,729	526,341	–	–
Other payables	493,427	357,105	23,783	63,637
Progress billings in excess of construction work in progress	28,517	82,754	–	–
Financial liabilities	142,709	159,619	13	50
Current tax liabilities	17,869	23,418	–	–
Liabilities held for sale	–	98,361	–	–
Total current liabilities	1,266,251	1,247,598	23,796	63,687
Total liabilities	1,402,133	1,288,665	23,796	63,687
Total equity and liabilities	1,904,565	1,760,551	445,864	485,186

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 has strengthened against the RMB during the nine months ended 30 September 2017.

(2) Details of trade receivables as at 30 September 2017 were as follows:

	As at 30 September 2017		
	Trade receivables RMB'000	Revenue RMB'000	Turnover days
Infrastructure Business	602,578	853,398	193

Not past due	96%
Due less than 1 year	3%
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 76 days as at 30 September 2017 (31 December 2016: 90 days).

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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

	30.09.2017		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	142,709	–	159,619	–
Amount repayable after one year	123,026	–	14,419	–
	265,735	–	174,038	–
Finance liabilities classified as held for sale	–	–	17,913	–
	265,735	–	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	49,000	–	–	–
- Current portion of finance lease	21,982	–	13,569	–
- Non-current portion of finance lease	40,239	–	–	–
- Short-term bond	14,714	–	–	–
- Long-term bond	33,787	–	14,419	–
Corporate function				
- Current portion of finance lease	13	–	50	–
Total	265,735	–	191,951	–

Details of any collateral as at 30 September 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 72.6 million and deposits pledged of RMB 20,000 pledged.
- (ii) The carrying value of fixed assets under finance lease as at 30 September 2017 approximates RMB 27.1 million.
- (iii) As at 30 September 2017, the vendors have granted personal guarantees for the purpose of securing total banking facilities of RMB 835.2 million for Ranken's working capital.

Corporate function

- (i) The carrying value of fixed assets under finance lease as at 30 September 2017 approximates RMB 0.1 million.

The Group's overall gearing (excluding the disposal group, Mancala) was approximately 0.5 times as at 30 September 2017.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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		Group	
	3Q2017 RMB'000	3Q2016 RMB'000	9M2017 RMB'000	9M2016 RMB'000
Operating activities				
Profit before income tax	26,347	23,679	53,703	55,907
Adjustments for:				
Depreciation of plant and equipment	18,895	6,380	36,246	35,275
Depreciation of investment properties	578	573	1,732	1,668
Amortisation of intangible assets	170	215	511	645
Gain on disposal of a subsidiary, net	(4,431)	–	(9,917)	–
(Gain)/Loss on disposal of plant and equipment, net	(9)	1,216	501	1,524
Fair value (gain)/loss on financial assets	(381)	–	2,365	–
Impairment loss on receivables	58	–	58	–
Interest income	(115)	(99)	(304)	(485)
Interest expense	8,565	2,923	16,003	9,314
Shares award scheme	–	–	446	237
Unwinding of discount on retention monies	(821)	(861)	(2,464)	(2,582)
Operating profit before working capital changes	48,856	34,026	98,880	101,503
Changes in working capital:				
Inventories	(15,240)	199	(29,629)	(1,240)
Construction work in progress, net	(11,548)	(178,776)	(206,164)	(235,189)
Trade and other payables	139,088	151,947	225,595	233,747
Trade and other receivables	(66,903)	29,924	(47,062)	(19,677)
Released/(Placement) of fixed deposit pledged	629	(10,053)	10,629	(9,053)
Cash flows generated from operations	94,882	27,267	52,249	70,091
Income tax paid	(2,353)	(1,028)	(19,013)	(15,776)
Net cash generated from operating activities	92,529	26,239	33,236	54,315
Net cash generated from/(used in) operating activities from discontinued operations	–	10,165	(5,057)	27,975
	92,529	36,404	28,179	82,290
Investing activities				
Interest received	115	99	304	485
Acquisition of plant and equipment	(26,128)	(18,302)	(67,217)	(49,056)
Proceeds from disposal of plant and equipment	23	–	23	215
Payment for purchase of financial assets	(50)	–	(54)	–
Refund of deposit	–	–	(6,076)	–
Net cash used in investing activities	(26,040)	(18,203)	(73,020)	(48,356)
Net cash (used in)/generated from investing activities from discontinued operations	–	(123)	13,101	766
	(26,040)	(18,326)	(59,919)	(47,590)

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	Group		Group	
	3Q2017	3Q2016	9M2017	9M2016
	RMB'000	RMB'000	RMB'000	RMB'000
Financing activities				
Repayment to previous shareholder of Ranken's subsidiary	(7,700)	–	(10,550)	(4,930)
Interest paid	(8,565)	(2,923)	(16,003)	(9,314)
Proceeds from bank loans	64,000	35,000	125,000	96,000
Payment of bank loans	(40,000)	(20,000)	(116,000)	(146,000)
Proceeds from finance lease liabilities	–	–	66,260	–
Payment of finance lease liabilities	(6,828)	(6,559)	(20,557)	(19,409)
Proceeds from bond	–	–	33,151	–
Net cash generated from/(used in) financing activities	907	5,518	61,301	(83,653)
Net cash used in financing activities from discontinued operations	–	(4,873)	(2,250)	(14,155)
	907	645	59,051	(97,808)
Net increase/(decrease) in cash and cash equivalents	67,396	18,723	27,311	(63,108)
Cash and cash equivalents at beginning of the period	109,012	41,414	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	(168)	(1,138)	(3,023)	(1,225)
Cash and cash equivalents net of bank overdrafts of discontinued operations	–	(3,953)	–	(19,976)
Cash and cash equivalents at end of the period	176,240	55,046	176,240	55,046
Cash and cash equivalents consist of the following:				
Cash and cash equivalents in the statement of financial position	176,260	81,696	176,260	81,696
Fixed deposits pledged	(20)	(26,650)	(20)	(26,650)
Cash and cash equivalents in the statement of cash flows	176,240	55,046	176,240	55,046

	<u>Group</u> <u>9M2017</u> <u>RMB'000</u>
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)
	<u>22,135</u>
Cash and cash equivalents at date of disposal	<u>(8,541)</u>
Net cash inflow from disposal of a subsidiary (Note A)	<u><u>13,594</u></u>

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:

	<u>Group</u> <u>9M2017</u> <u>RMB'000</u>
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	<u>64,010</u>
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	<u>(14,022)</u>
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	<u>22,135</u>
Cash and cash equivalents disposed of	<u>(8,541)</u>
Net cash inflow from disposal of subsidiaries	<u><u>13,594</u></u>

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 2,365,000 during the nine months period.

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

	<u>Group</u> <u>9M2017</u> <u>RMB'000</u>
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>

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

	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 / (losses) RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
6M2016										
Group										
At 1 January 2016	1,324,336	(7,585)	2,075	–	(6,777)	(6,282)	(891,074)	414,693	7,091	421,784
Profit for the period	–	–	–	–	–	–	23,338	23,338	633	23,971
Other comprehensive income										
Foreign currency translation differences	–	–	–	–	–	(1,214)	–	(1,214)	–	(1,214)
Movement of available-for-sale financial assets reserve	–	–	–	523	–	–	–	523	–	523
Total other comprehensive income	–	–	–	523	–	(1,214)	–	(691)	–	(691)
Total comprehensive income	–	–	–	523	–	(1,214)	23,338	22,647	633	23,280
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owner										
Issues of shares, net of expenses (Share Award Scheme) *	237	–	–	–	–	–	–	237	–	237
Reduction of share capital	(911,180)	–	–	–	–	–	911,180	–	–	–
Total contributions by and distributions to owner	(910,943)	–	–	–	–	–	911,180	237	–	237
At 30 June 2016	413,393	(7,585)	2,075	523	(6,777)	(7,496)	43,444	437,577	7,724	445,301

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

Consolidated Statement of Changes in Equity

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
3Q2016										
Profit for the period	-	-	-	-	-	-	13,404	13,404	438	13,842
Other comprehensive income										
Foreign currency translation differences	-	-	-	-	-	769	-	769	-	769
Total other comprehensive income	-	-	-	-	-	769	-	769	-	769
Total comprehensive income	-	-	-	-	-	769	13,404	14,173	438	14,611
At 30 September 2016	413,393	(7,585)	2,075	523	(6,777)	(6,727)	56,848	451,750	8,162	459,912

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

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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
6M2017									
At 1 January 2017	413,393	(7,585)	2,075	(6,777)	(4,631)	66,940	463,415	8,471	471,886
Profit for the period	–	–	–	–	–	20,460	20,460	566	21,026
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(413)	–	(413)	–	(413)
Realisation of reserve upon disposal of subsidiaries	–	–	–	–	(3,778)	–	(3,778)	–	(3,778)
Total other comprehensive income	–	–	–	–	(4,191)	–	(4,191)	–	(4,191)
Total comprehensive income	–	–	–	–	(4,191)	20,460	16,269	566	16,835
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owner									
Issues of shares, net of expenses (Share Award Scheme) *	446	–	–	–	–	–	446	–	446
Total contributions by and distributions to owner	446	–	–	–	–	–	446	–	446
At 30 June 2017	413,839	(7,585)	2,075	(6,777)	(8,822)	87,400	480,130	9,037	489,167

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

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
3Q2017									
Profit for the period	-	-	-	-	-	17,570	17,570	483	18,053
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	(357)	-	(357)	-	(357)
Realisation of reserve upon disposal of subsidiaries	-	-	-	-	(4,431)	-	(4,431)	-	(4,431)
Total other comprehensive income	-	-	-	-	(4,788)	-	(4,788)	-	(4,788)
Total comprehensive income	-	-	-	-	(4,788)	17,570	12,782	483	13,265
At 30 September 2017	413,839	(7,585)	2,075	(6,777)	(13,610)	104,970	492,912	9,520	502,432

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

In accordance with Financial Reporting Standards 21 - *The Effects of Changes in Foreign Exchange Rates*, the share capital and reserves of the Company and entities consolidated in the Group whose functional currencies are not denominated in RMB have been translated from its functional currency into the presentation currency (RMB), using historical rates with differences accounted for as foreign currency translation differences. The equity figures above have been determined by the management and are subject to audit and may be adjusted accordingly upon finalisation by the auditors.

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
6M2016						
At 1 January 2016	1,324,336	(8,294)	(6,777)	(9,194)	(899,018)	401,053
Loss for the period	–	–	–	–	(4,807)	(4,807)
Other comprehensive income						
Foreign currency translation differences	–	–	–	28,675	–	28,675
Total other comprehensive income	–	–	–	28,675	–	28,675
Total comprehensive income	–	–	–	28,675	(4,807)	23,868
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owner						
Issues of shares, net of expenses (Shares Award Scheme) *	237	–	–	–	–	237
Reduction of share capital	(911,180)	–	–	–	911,180	–
Total contributions by and distributions to owner	(910,943)	–	–	–	911,180	237
At 30 June 2016	413,393	(8,294)	(6,777)	19,481	7,355	425,158
3Q2016						
Loss for the period	–	–	–	–	(4,053)	(4,053)
Other comprehensive income						
Foreign currency translation differences	–	–	–	(3,135)	–	(3,135)
Total other comprehensive income	–	–	–	(3,135)	–	(3,135)
Total comprehensive income	–	–	–	(3,135)	(4,053)	(7,188)
At 30 September 2016	413,393	(8,294)	(6,777)	16,346	3,302	417,970

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

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	413,393	(8,294)	(6,777)	9,097	14,080	421,499
Loss for the period	-	-	-	-	(2,595)	(2,595)
Other comprehensive income						
Foreign currency translation differences	-	-	-	10,788	-	10,788
Total other comprehensive income	-	-	-	10,788	-	10,788
Total comprehensive income	-	-	-	10,788	(2,595)	8,193
Transactions with owners, recognised directly in equity						
Contributions by and distributions to owner						
Issues of shares, net of expenses (Share Award Scheme) *	446	-	-	-	-	446
Total contributions by and distributions to owner	446	-	-	-	-	446
At 30 June 2017	413,839	(8,294)	(6,777)	19,885	11,485	430,138
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	413,839	(8,294)	(6,777)	17,374	5,926	422,068

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

In accordance with Financial Reporting Standards 21 - *The Effects of Changes in Foreign Exchange Rates*, the share capital and reserves of the Company and entities consolidated in the Group whose functional currencies are not denominated in RMB have been translated from its functional currency into the presentation currency (RMB), using historical rates with differences accounted for as foreign currency translation differences. The equity figures above have been determined by the management and are subject to audit and may be adjusted accordingly upon finalisation by the auditors.

- 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 and subsidiary holdings, 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 30 September 2017	326,071,915	413,839

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**

	30.09.2017	31.12.2016
Total number of issued shares excluding treasury shares	326,071,915	325,797,342

- 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 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 impact on the interim 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.

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

	Continuing operations		Discontinued operations		Total	
	3Q2017	3Q2016	3Q2017	3Q2016	3Q2017	3Q2016
Basic earnings per share (RMB cents)	5.39	5.12	–	(1.01)	5.39	4.11
Diluted earnings per share (RMB cents)	5.39	5.12	–	(1.01)	5.39	4.11

	Continuing operations		Discontinued operations		Total	
	9M2017	9M2016	9M2017	9M2016	9M2017	9M2016
Basic earnings per share (RMB cents)	11.40	11.96	0.27	(0.68)	11.67	11.28
Diluted earnings per share (RMB cents)	11.40	11.96	0.27	(0.68)	11.67	11.28

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:

	3Q2017	3Q2016	9M2017	9M2016
Weighted average number of shares	326,071,915	325,797,342	325,933,120	325,680,843

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	
	30.09.2017	31.12.2016	30.09.2017	31.12.2016
Net asset value per ordinary share (RMB cents)	151.17	142.24	129.44	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 cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

Review of Group Performance

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 (3Q2017 vs 3Q2016)

Continuing Operations

Revenue rose by RMB 68.2 million to RMB 369.5 million in 3Q2017 as (i) Ranken completed site preparation works and commenced the construction phase of several recently secured projects and (ii) a higher number of ongoing projects in China.

Given the higher revenue, gross profit rose by RMB 13.5 million to RMB 53.0 million. Overall gross profit margin in 3Q2017 was 14.4% compared to 13.1% in 3Q2016.

Other income, including Ranken's project-related income of RMB 0.8 million, rose by RMB 2.4 million to RMB 5.7 million. This was due mainly to a foreign exchange gain of RMB 4.4 million, arising from reversal of translation differences relating to the accumulated losses of TJSB at historical exchange rates to RMB upon the completion of its disposal, as part of the Group's corporate streamlining exercise. These were mitigated by lower government grants during the period under review.

Selling and distribution costs rose by RMB 1.4 million to RMB 2.6 million, due mainly to Ranken's higher travelling expenses and project tendering costs, including costs for project assessment. Ranken has evaluated many more projects during the period in review and has selectively tendered for some of those under evaluation.

Administrative expenses rose by RMB 7.0 million to RMB 19.3 million due mainly to Ranken's higher staff costs and professional fees incurred for new projects secured.

Other expenses fell by RMB 0.9 million to RMB 2.0 million due mainly to lower loss on disposal of equipment compared to the previous corresponding period.

Finance costs rose by RMB 5.6 million due mainly to higher refinancing costs during the period under review, specifically for the hire purchase refinancing facilities of RMB 66.3 million obtained in 2Q2017.

Income tax expense was RMB 8.3 million, attributable to provision for income tax on taxable profits for Ranken's operations.

There were no results reported under Discontinued Operations for 3Q2017 following the Group's completion of the disposal of its Mining Services Business (Discontinued Operations) ("Mancala" or the "Mining Services Business") on 28 February 2017.

Given the above, net profit for 3Q2017 rose by 31.1% to RMB 17.6 million from RMB 13.4 million for 3Q2016, and net cash generated from operating activities rose to RMB 92.5 million for the current period.

Review of Financial Position (30 September 2017 vs 31 December 2016)

Total non-current assets rose by RMB 40.1 million due mainly to (i) recognition of a 19% stake in Mancala as available-for-sale financial assets (other investment) valued at RMB 14.2 million and (ii) additions of plant and equipment and site facilities by Ranken of RMB 30.4 million for recently secured projects, net of depreciation during the period under review.

Total current assets rose by RMB 103.9 million due mainly to (i) changes in current assets (excluding disposal group, Mancala), which rose by RMB 302.9 million as at 30 September 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 5.0 million.
- Inventories rose by RMB 29.6 million, including railway sleepers stock for the Meng Hua project.
- Contract work in progress, related to Ranken's projects under construction, rose by RMB 151.9 million to RMB 550.8 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 fell by RMB 51.0 million to RMB 602.6 million. Trade debtor's turnaround time improved to 193 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 76 days as at 30 September 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 101.5 million to RMB 206.9 million. The increase in other receivables was also due to the inclusion of RMB 34.7 million in net amount owing by Mancala, which was eliminated upon consolidation when Mancala was a subsidiary of the Group as at the last comparable date.
- Cash and cash equivalents for the Group increased by RMB 31.1 million to RMB 176.3 million as at 30 September 2017 due mainly to higher operating cash inflow. The cash positions for corporate function and Ranken as at 30 September 2017 were RMB 12.7 million and RMB 163.6 million, respectively.

Total non-current liabilities rose by RMB 94.8 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 49.0 million, (ii) RMB 33.8 million bonds for Ranken's working capital purposes and (iii) finance lease liabilities of RMB 40.2 million.

Total current liabilities rose by RMB 18.7 million due mainly to (i) higher current liabilities (excluding disposal group, Mancala), which increased by RMB 117.1 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 57.4 million to RMB 583.7 million.
- Progress billings in excess of construction work in progress fell by RMB 54.2 million due mainly to lower amount of advance billings made to project owners.

QUARTERLY FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

- Other payables and accruals rose by RMB 136.3 million to RMB 493.4 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 this financial year ending 2017. Other payables and accruals for Ranken and the Company (corporate) as at 30 September 2017 were RMB 470.3 million and RMB 23.1 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 16.9 million to RMB 142.7 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 29.5 million to RMB 492.9 million due to (i) current period earnings of RMB 38.0 million and (ii) issuance of shares net of expenses under Shares Award Scheme of RMB 0.4 million, (iii) offset by net movements in foreign currency translation reserve of RMB 8.9 million after taking into account of translation effects on disposal of foreign subsidiaries and translation of non-RMB denominated financial statements to RMB.

Review of Cash Flows (3Q2017 vs 3Q2016)

Operating cash flow from continuing operations for 3Q2017 rose by RMB 66.3 million to RMB 92.5 million after accounting for operating profit before working capital changes of RMB 48.9 million and net working capital changes of RMB 46.0 million, net of tax payment of RMB 2.4 million (mainly for FY2016 tax obligation).

Cash flows used in investing activities from continuing operations for 3Q2017 were RMB 26.0 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 3Q2017 were RMB 0.9 million, due mainly to bank loan proceeds of RMB 64.0 million for refinancing of Ranken's working capital, offset by repayment of bank loans, finance lease liabilities and interest expense, and loan from previous shareholder of Ranken's subsidiary amounting to RMB 63.1 million.

Given the above, cash and cash equivalents rose by RMB 67.4 million to RMB 176.2 million (net of fixed deposits pledged of RMB 20,000) during 3Q2017.

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 2Q2017 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 17.6 million and RMB 38.0 million in 3Q2017 and 9M2017, respectively.

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

In China, investments in major rail and road infrastructure – as funded largely by debts – remain aggressive. The increasingly higher infrastructure spending at this macro level explains Ranken’s consistently healthy order book, which most recently rose to RMB 3.4 billion (S\$705 million) – a record high since its acquisition by Sapphire in 2015. It also secured RMB 1.9 billion (S\$385 million) worth of projects in the year to date, surpassing RMB 1.7 billion (S\$349 million) for the entire financial year ended 31 December 2016.

Against this positive industry development and in view of China’s economic reforms, some forms of competitive pressure can be expected from state-owned enterprises going forward. It is therefore of operational importance for Ranken to gain efficiency and scale in order to sustain margins. To further improve Ranken’s ability in bidding for larger-scale projects, it needs large strategic partners in China.

On 18 October 2017, Sapphire announced that two of its largest shareholders, Ou Rui Limited (“Ou Rui”) and Best Feast Limited (“Best Feast”) are swapping their stakes with Hong Kong-listed Hong Kong International Construction Investment Management Group Co., Limited (“HKICIM”). This will see HKICIM, a subsidiary of China’s HNA Holdings Group Co., emerge as a 27.96% shareholder of Sapphire upon completion of the share swap deal (“Shares Swap Deal”). If completed, this deal may open more doors for Ranken in China.

In anticipation of the completion of the Shares Swap Deal, the existing Board of Directors has indicated that they intend to voluntarily step down to facilitate board renewal. Under the leadership of the Group CEO, Mr Teh Wing Kwan, the existing Board has helped Sapphire build strong business fundamentals over the last few years after executing a major restructuring exercise and turnaround strategies. In a recent interview with The Edge Singapore, Mr Teh stated that Sapphire is well positioned for faster growth ahead and expressed confidence that post-turnaround Sapphire will continue to thrive even in the event of board changes in future.

Barring unforeseen circumstances, the Group expects to be profitable for the current financial year ending 31 December 2017 (“FY2017”).

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/recommendeded in the current period reported on.

13 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the period ended 30 September 2017

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 September 2017 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

Teh Wing Kwan
Managing Director and Group Chief Executive Officer
13 November 2017