

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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 * on page * 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		
	2Q2018 RMB'000	2Q2017 RMB'000	Change %	1H2018 RMB'000	1H2017 RMB'000	Change %
<u>Continuing Operations</u>		Restated			Restated	
Revenue	338,278	296,449	14.1	641,884	484,555	32.5
Cost of sales	(303,404)	(263,424)	15.2	(580,143)	(424,513)	36.7
Gross profit	34,874	33,025	5.6	61,741	60,042	2.8
Other income	1,802	1,316	36.9	3,120	4,294	(27.3)
Distribution cost	(1,835)	(1,978)	(7.2)	(3,471)	(3,548)	(2.2)
Administrative expenses	(11,541)	(11,526)	0.1	(25,219)	(25,978)	(2.9)
Other expenses	(3,692)	(3,263)	13.1	(6,259)	(6,464)	(3.2)
Profit from operations	19,608	17,574	11.6	29,912	28,346	5.5
Finance costs	(4,401)	(4,382)	0.4	(8,166)	(7,438)	9.8
Profit before income tax	15,207	13,192	15.3	21,746	20,908	4.0
Tax expenses	(4,408)	(3,717)	18.6	(6,738)	(7,221)	(6.7)
Profit from continuing operations	10,799	9,475	14.0	15,008	13,687	9.7
<u>Discontinued operations</u> ^{#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	10,799	9,475	14.0	15,008	14,530	3.3
Profit attributable to:						
Owners of the Company ^{#2}	10,453	9,131	14.5	14,518	13,964	4.0
Minority interest	346	344	0.6	490	566	(13.4)
Profit for the period	10,799	9,475	14.0	15,008	14,530	3.3
#2 Profit attributable to Owners of the Company:						
Continuing Operations	10,453	9,131	14.5	14,518	13,121	10.6
Discontinued Operations	–	–	–	–	843	NM
Profit for the period	10,453	9,131	14.5	14,518	13,964	4.0

^{#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.

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

	Group			Group		
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
Results of discontinued operations	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Restated			Restated		
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	-	-	-	-	-	NM
Operating loss of discontinued operations	-	-	-	-	(3,232)	NM
Gain on disposal of subsidiaries for the Group	-	-	-	-	4,075	-
Profit from discontinued operations	-	-	-	-	843	NM

Consolidated Statement of Comprehensive Income

	Group			Group		
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
	Restated			Restated		
Profit for the period	10,799	9,475	14.0	15,008	14,530	3.3
Other comprehensive income						
Foreign currency translation differences	108	(79)	NM	(576)	(413)	39.5
Realisation of reserve upon disposal of subsidiaries	-	-	-	-	1,757	NM
Other comprehensive income for the period, net of tax	108	(79)	NM	(576)	1,344	NM
Total comprehensive income for the period	10,907	9,396	16.1	14,432	15,874	(9.1)
Total comprehensive income attributable to:						
Owners of the Company	10,561	9,052	16.7	13,942	15,308	(8.9)
Non-controlling interest	346	344	0.6	490	566	(13.4)
Total comprehensive income for the period	10,907	9,396	16.1	14,432	15,874	(9.1)

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

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

Notes to Income Statement

	Group			Group		
	Continuing Operations			Continuing Operations		
	2Q2018	2Q2017	Change	1H2018	1H2017	Change
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Revenue includes the following:						
Infrastructure	338,278	296,449	14.1	641,884	484,555	32.5

Other income includes the following:

Other operating income:						
Interest income – banks	80	59	35.6	182	189	(3.7)
Unwinding of discount for long-term receivable	263	–	NM	526	–	NM
Exchange (loss) / gain, net	–	(358)	NM	–	617	NM
Gain on disposal of property, plant and equipment, net	30	–	NM	30	–	NM
Rental income	905	708	27.8	1,792	1,579	13.5

Other expenses include the following:

Amortisation of intangible assets	(171)	(171)	–	(341)	(341)	–
Loss on disposal of property, plant and equipment, net	5	(496)	NM	–	(510)	NM
Change in fair value of financial asset designated as fair value through profit or loss	(683)	(1,100)	(37.9)	(1,537)	(2,746)	(44.0)
Impairment loss on long-term other investments	(1,437)	–	NM	(1,437)	–	NM

Finance costs include the following:

Interest expense – banks	(1,954)	(1,834)	6.5	(3,227)	(3,632)	(11.2)
Interest expense – corporate bond	(1,211)	(1,227)	(1.3)	(2,459)	(2,357)	4.3
Interest expense – finance lease	(1,236)	(1,321)	(6.4)	(2,480)	(1,449)	71.2

Profit before income tax is arrived after deducting:

Depreciation of property, plant and equipment	(15,740)	(9,758)	61.3	(30,172)	(17,351)	73.9
Depreciation of investment properties	(602)	(577)	4.3	(1,205)	(1,154)	4.4

Notes to Income Statement

	Group Discontinued Operations			Group Discontinued Operations		
	2Q2018 RMB'000	2Q2017 RMB'000	Change %	1H2018 RMB'000	1H2017 RMB'000	Change %
Revenue includes the following:						
Mining services	–	–	–	–	8,675	NM
Other income includes the following:						
Other operating income:						
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

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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	
	30.06.2018 RMB'000	31.12.2017 RMB'000 Restated	30.06.2018 RMB'000	31.12.2017 RMB'000 Restated
Assets				
Property, plant and equipment	143,985	138,328	129	138
Intangible assets and goodwill	70,793	71,134	–	–
Investment properties	55,889	57,094	–	–
Subsidiaries	–	–	368,987	375,420
Other investments	10,975	12,630	10,822	12,476
Other receivables	13,579	21,310	13,579	21,310
Deferred tax assets	14,069	13,794	–	–
Total non-current assets	309,290	314,290	393,517	409,344
Other investment	2,909	4,529	2,909	4,529
Inventories	22,131	32,603	–	–
Contract assets	916,775	949,703	–	–
Trade receivables	357,162	340,224	–	–
Other receivables	297,148	203,234	11,660	16,892
Cash and cash equivalents	73,820	125,748	60	2,076
Total current assets	1,669,945	1,656,041	14,629	23,497
Total assets	1,979,235	1,970,331	408,146	432,841
Equity				
Share capital	413,839	413,839	413,839	413,839
Reserves	97,734	86,164	(13,617)	2,364
Equity attributable to owners of the Company	511,573	500,003	400,222	416,203
Non-controlling interests	10,302	9,831	–	–
Total equity	521,875	509,834	400,222	416,203
Liabilities				
Financial liabilities	75,732	120,145	–	–
Deferred tax liabilities	6,764	6,852	–	–
Total non-current liabilities	82,496	126,997	–	–
Trade payables	630,524	650,445	–	–
Other payables	538,610	466,120	7,924	16,638
Contract liabilities	47,964	52,516	–	–
Financial liabilities	149,198	144,201	–	–
Current tax liabilities	8,568	20,218	–	–
Total current liabilities	1,374,864	1,333,500	7,924	16,638
Total liabilities	1,457,360	1,460,497	7,924	16,638
Total equity and liabilities	1,979,235	1,970,331	408,146	432,841

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

Note 1: Details of trade receivables were as follows:

Turnover days

	As at 30 June 2018	As at 31 December 2017	Change %
		Restated	
Turnover days	102	95	7.4

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

	30.06.2018		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	149,198	–	144,201	–
Amount repayable after one year	75,732	–	120,145	–
	<u>224,930</u>	<u>–</u>	<u>264,346</u>	<u>–</u>
Ranken				
- Short-term bank borrowings	91,000	–	106,000	–
- Long-term bank borrowings	47,628	–	46,927	–
- Current portion of finance lease	23,707	–	23,387	–
- Non-current portion of finance lease	28,104	–	39,210	–
- Short term bond	34,491	–	14,814	–
- Long term bond	–	–	34,008	–
Total	<u>224,930</u>	<u>–</u>	<u>264,346</u>	<u>–</u>

Details of any collateral as at 30 June 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 66.3 million and deposits pledged of RMB 3.3 million pledged.
- (ii) The carrying value of fixed assets under finance lease as at 30 June 2018 approximates RMB 31.7 million.
- (iii) As at 30 June 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 0.4 times as at 30 June 2018.

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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	
	2Q2018 RMB'000	2Q2017 RMB'000 Restated	1H2018 RMB'000	1H2017 RMB'000 Restated
Operating activities				
Profit before income tax	15,207	13,192	21,746	20,908
Adjustments for:				
Depreciation of plant and equipment	15,740	9,758	30,172	17,351
Depreciation of investment properties	602	577	1,205	1,154
Amortisation of intangible assets	171	171	341	341
(Gain)/loss on disposal of property, plant and equipment, net	(35)	496	(30)	510
Change in fair value of financial asset designated as fair value through profit or loss	683	1,100	1,537	2,746
Impairment loss on long-term other investments	1,437	–	1,437	–
Unwinding of discount for long term receivable	(263)	–	(526)	–
Interest income	(80)	(59)	(182)	(189)
Interest expense	4,401	4,382	8,166	7,438
Shares award scheme	–	446	–	446
Operating profit before working capital changes	37,863	30,063	63,866	50,705
Changes in working capital:				
Inventories	(1,598)	(13,957)	10,472	(14,389)
Contract assets and liabilities, net	(4,191)	(87,684)	38,228	(179,541)
Trade and other payables	126,515	141,018	54,001	86,507
Trade and other receivables	(156,904)	(66,376)	(113,547)	4085
Released of fixed deposit pledged	4,833	–	4,600	10,000
Cash flows generated from / (used in) operations	6,518	3,064	57,620	(42,633)
Income tax paid	(15,934)	(16,360)	(18,476)	(16,660)
Net cash (used in) / generated from operating activities	(9,416)	(13,296)	39,144	(59,293)
Net cash used in operating activities from discontinued operations	–	–	–	(5,057)
	(9,416)	(13,296)	39,144	(64,350)
Investing activities				
Interest received	80	59	182	189
Payment for purchase of plant and equipment	(22,810)	(32,507)	(35,903)	(41,089)
Payment for purchase of financial assets	(367)	–	191	(4)
Refund of deposit to a potential acquirer of the Disposal Group	–	–	–	(6,076)
Net cash used in investing activities	(23,097)	(32,448)	(35,530)	(46,980)
Net cash generated from investing activities from discontinued operations	–	–	–	13,101
	(23,097)	(32,448)	(35,530)	(33,879)

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

	Group		Group	
	2Q2018 RMB'000	2Q2017 RMB'000 Restated	1H2018 RMB'000	1H2017 RMB'000 Restated
Financing activities				
Repayment to previous shareholder of Ranken's subsidiary	(3,000)	–	(3,000)	(2,850)
Interest paid	(2,511)	(4,382)	(4,679)	(7,438)
Proceeds from bank loans	46,000	61,000	46,000	61,000
Payment of bank loans	(51,000)	(66,000)	(61,000)	(76,000)
Proceeds from sale and leaseback arrangements, net	–	66,260	–	66,260
Payment of finance lease liabilities	(6,582)	(6,855)	(12,904)	(13,729)
Repayment of bond issued	(15,000)	–	(15,000)	–
Proceeds from bond issued	–	–	–	33,151
Net cash (used in)/generated from financing activities	(32,093)	50,023	(50,583)	60,394
Net cash used in financing activities from discontinued operations	–	–	–	(2,250)
	(32,093)	50,023	(50,583)	58,144
Net (decrease)/increase in cash and cash equivalents	(64,606)	4,279	(46,969)	(40,085)
Cash and cash equivalents at beginning of the period	135,336	104,651	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	(244)	82	(274)	(2,855)
Cash and cash equivalents at end of the period	70,486	109,012	70,486	109,012
Cash and cash equivalents consist of the following:				
Cash and cash equivalents in the statement of financial position	73,820	109,662	73,820	109,662
Fixed deposits pledged	(3,334)	(650)	(3,334)	(650)
Cash and cash equivalents in the statement of cash flows	70,486	109,012	70,486	109,012

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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
1Q2017									
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	–	–	–	–	–	4,833	4,833	222	5,055
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(334)	–	(334)	–	(334)
Realisation of reserve upon disposal of subsidiaries	–	–	–	–	1,757	–	1,757	–	1,757
Total other comprehensive income	–	–	–	–	1,423	–	1,423	–	1,423
Total comprehensive income	–	–	–	–	1,423	4,833	6,256	222	6,478
As at 31 March 2017 (Restated)	413,393	(7,585)	2,075	(6,777)	1,423	72,038	474,567	8,810	483,377
2Q2017									
Profit for the period	–	–	–	–	–	9,131	9,131	344	9,475
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(79)	–	(79)	–	(79)
Total comprehensive income	–	–	–	–	(79)	9,131	9,052	344	9,396
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

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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
1Q2018									
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	–	–	–	–	–	4,065	4,065	144	4,209
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	(684)	–	(684)	–	(684)
Total other comprehensive income	–	–	–	–	(684)	–	(684)	–	(684)
Total comprehensive income	–	–	–	–	(684)	4,065	3,381	144	3,525
At 31 March 2018	413,839	(7,585)	(1,516)	(6,777)	303	104,314	502,578	9,956	512,534
Profit for the period	–	–	–	–	–	10,453	10,453	346	10,799
Other comprehensive income									
Foreign currency translation differences	–	–	–	–	108	–	108	–	108
Total other comprehensive income	–	–	–	–	108	–	108	–	108
Total comprehensive income	–	–	–	–	108	10,453	10,561	346	10,907
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

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.

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
1Q2017						
At 1 January 2017 (Restated)	413,393	(8,294)	(6,777)	–	23,177	421,499
Profit for the period	–	–	–	–	1,061	1,061
Other comprehensive income						
Foreign currency translation differences	–	–	–	11,242	–	11,242
Total other comprehensive income	–	–	–	11,242	–	11,242
Total comprehensive income	–	–	–	11,242	1,061	12,303
At 31 March 2017 (Restated)	413,393	(8,294)	(6,777)	11,242	24,238	433,802
2Q2017						
Loss for the period	–	–	–	–	(3,655)	(3,655)
Other comprehensive income						
Foreign currency translation differences	–	–	–	(454)	–	(454)
Total other comprehensive income	–	–	–	(454)	–	(454)
Total comprehensive income	–	–	–	(454)	(3,655)	(4,109)
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

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
1Q2018							
Company							
At 1 January 2018 (Restated)	413,839	(8,294)	(6,777)	(1,516)	7,456	11,495	416,203
Loss for the period	-	-	-	-	-	(3,158)	(3,158)
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	(7,589)	-	(7,589)
Total other comprehensive income	-	-	-	-	(7,589)	-	(7,589)
Total comprehensive income	-	-	-	-	(7,589)	(3,158)	(10,747)
At 31 March 2018	413,839	(8,294)	(6,777)	(1,516)	(133)	8,337	405,456
2Q2018							
Loss for the period	-	-	-	-	-	(4,103)	(4,103)
Other comprehensive income							
Foreign currency translation differences	-	-	-	-	435	-	435
Total other comprehensive income	-	-	-	-	435	-	435
Total comprehensive income	-	-	-	-	435	(4,103)	(3,368)
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

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.

HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 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**

	30.06.2018	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.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for current reporting period compared with the audited financial statements for the year ended 31 December 2017.

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 June 2017

	Group Adjustments RMB'000
Decrease in other income	(5,487)
Decrease in profit from discontinued operations, net of tax	(48)
Decrease in profit after tax for the year	(5,535)

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.

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 June 2017

	Group Adjustments RMB'000
Increase in revenue	682
Decrease in other income	(1,643)
Decrease in profit after tax for the year	(961)

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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	
	2Q2018	2Q2017 Restated	2Q2018	2Q2017 Restated	2Q2018	2Q2017 Restated
Basic earnings per share (RMB cents)	3.21	2.80	–	–	3.21	2.80
Diluted earnings per share (RMB cents)	3.21	2.80	–	–	3.21	2.80

	Continuing operations		Discontinued operations		Total	
	1H2018	1H2017	1H2018	1H2017	1H2018	1H2017
Basic earnings per share (RMB cents)	4.45	4.03	–	0.26	4.45	4.29
Diluted earnings per share (RMB cents)	4.45	4.03	–	0.26	4.45	4.29

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:

	2Q2018	2Q2017	1H2018	1H2017
Weighted average number of shares	326,071,915	325,927,085	326,071,915	325,862,572

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	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
Net asset value per ordinary share (RMB cents)	156.89	153.34	122.74	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 (2Q2018 vs 2Q2017)

Revenue rose by RMB 41.8 million to RMB 338.3 million in 2Q2018 mainly due to the Group's continued to focus on the execution of ongoing projects during the current period.

Given higher revenue, gross profit rose by RMB 1.8 million to RMB 34.9 million. Overall gross profit margin in 2Q2018 was 10.3% as compared to 11.1% in 2Q2017, mainly due to lower margins from the sale of railway sleepers.

Other income rose by RMB 0.5 million to RMB 1.8 million due mainly to the unwinding of discount for long-term receivables, higher rental income and the absence of exchange loss recorded in 2Q2017.

Distribution costs fell by RMB 0.1 million to RMB 1.8 million, related mainly to Ranken's travelling expenses as well as project assessment and tendering costs.

Administrative expenses of RMB 11.5 million was incurred in 2Q2018, which was comparable to 2Q2017.

Other expenses rose by RMB 0.4 million to RMB 3.7 million, mainly due to the impairment loss recognised of RMB 1.4 million for long-term other investments relating to the Group's 19% interest in Mancala (a former subsidiary), which was partially offset by lower fair value loss on financial assets and absence of loss on disposal of fixed assets.

Finance costs of RMB 4.4 million was incurred in 2Q2018, which was comparable to 2Q2017.

Income tax expense of RMB 4.4 million was incurred in 2Q2018, attributable to provision for income tax on taxable profits for Ranken's operations.

Given the above, net profit for 2Q2018 rose by 14.5% to RMB 10.5 million from RMB 9.1 million for 2Q2017, net of non-controlling interest.

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

Total non-current assets fell by RMB 5.0 million as at 30 June 2018, mainly due to (a) repayment by a former subsidiary company (“Mancala”) resulting in lower other receivables by RMB 7.7 million, (b) impairment loss on long term other receivables (for details see page 17) of RMB 1.4 million and (c) depreciation and amortisation of property, plant and equipment, intangible assets and investment properties during the period, partially offset by the purchase of plant and equipment for the Group’s on-going projects.

Total current assets rose by RMB 13.9 million as at 30 June 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 fell and resulted in a fair value loss of RMB 1.6 million.
- Inventories fell by RMB 10.5 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) fell by RMB 32.9 million to RMB 916.8 million due mainly to higher progress billings made during the period.
- Trade receivables related to Ranken’s projects rose by RMB 16.9 million to RMB 357.2 million. Trade debtor’s turnaround time rose to 102 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 93.9 million to RMB 297.1 million.
- Cash and cash equivalents for the Group fell by RMB 51.9 million to RMB 73.8 million, mainly due to net repayment RMB 50.6 million of Ranken’s financial liabilities and costs when the loans and a bond were due, whilst the Group considers its financing option and seeks lowest possible cost of financing, the Group recorded operating cash inflow of RMB 39.1 million which was adequate for the purchase of plant and equipment for its on-going projects during 1H2018.

Total non-current liabilities fell by RMB 44.5 million as at 30 June 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 41.4 million as at 30 June 2018, mainly due to the following significant changes during the period under review:

- Trade payables related to Ranken’s projects fell by RMB 19.9 million to RMB 630.5 million, mainly due to payment to suppliers and contractors during the period.
- Other payables and accruals rose by RMB 72.5 million to RMB 538.6 million, mainly due to higher cash advances from clients.
- Current financial liabilities rose by RMB 5.0 million to RMB 149.2 million as long term bond and certain long term financial lease liabilities are now due within the next 12 months, offset by repayment of bond and net repayment for banking loans totaling RMB 42.9 million.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 11.6 million to RMB 511.6 million as at 30 June 2018, due to current period earnings of RMB 14.5 million, net of movements of foreign currency translation reserve of RMB 0.6 million, the effects of the adoption of SFRS(I) 9 of RMB 0.8 million (for details of the effects, see page 13) and dividend declared of RMB 1.6 million.

Review of Cash Flows (2Q2018 vs 2Q2017)

Operating cash flow for 2Q2018 improved by RMB 3.8 million to cash outflow of RMB 9.4 million after accounting for (i) operating profit before working capital changes of RMB 37.9 million and (ii) net working capital changes of RMB 31.3 million, net of tax payment of RMB 15.9 million.

Cash flows used in investing activities for 2Q2018 were RMB 23.1 million, due mainly to Ranken's investment in equipment and site facilities for its on-going projects.

Cash flows used in financing activities 2Q2018 were RMB 32.1 million, due mainly to net repayment of Ranken's financial liabilities and costs when the loans and a bond were due, whilst the Group considers its financing option and seeks lowest possible cost of financing.

Given the above, cash and cash equivalents fell by RMB 64.6 million to RMB 70.5 million (net of fixed deposits pledged of RMB 3.3 million).

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 1Q2018 results announcement, the Board stated that the Group expects to be profitable for the financial year ending 31 December 2018 ("FY2018"), barring unforeseen circumstances.

The Group reported a net profit of RMB 10.5 million and RMB 14.5 million in 2Q2018 and 1H2018, 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

While China plans to spend approximately RMB 15 trillion (\$3.1 trillion) on infrastructure, including RMB3.5 trillion (\$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, is controlling and balancing its debt level including reducing wasteful construction whilst maintaining necessary infrastructure spending.

In addition, the ongoing trade tensions between China and United States which is still unfolding and post risk of adverse ramification on China and perhaps international economies. In response, the Chinese government has recently unveiled a package of policies in July 2018 to boost domestic demand. These uncertainties may adversely impact the underlying growth prospects for the Group.

Engineering, procurement and commission ("EPC") is a key component of Ranken's business model and to further expand our presence in this segment, Ranken – which is Sapphire's core revenue driver – is looking to venture into the business opportunities related to environmental conservation and water environmental improvement projects in China, which is boosted by expected investments of RMB 3.3 trillion under China's 13th Five-Year Plan.

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This strategy is aligned with China's green policies that prioritises pollution reduction, efficient use of natural resources, food security, climate change mitigation and adaptation, to address development-related and urbanization issues.

As an established infrastructure and construction group in China with 20 years of operating track record, the Group has been involved in more than 10 water management projects in China. 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.

Ranken's order book remains healthy at RMB 2.6 billion (S\$520 million), and it will continue to proactively identify and bid for new contracts while improving operational capabilities and efficiencies in its efforts to sustain margins.

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/recommendeded, 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 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
10 August 2018