

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

|   | <b>Group</b>   |                 |               |
|---|----------------|-----------------|---------------|
|   | <b>FY2018</b>  | <b>FY2017</b>   | <b>Change</b> |
|   | <b>RMB'000</b> | <b>RMB'000</b>  | <b>%</b>      |
|   |                | <b>Restated</b> |               |
| <b><u>Continuing Operations</u></b>                     |                |                 |               |
| Revenue   | 1,796,982      | 1,308,719       | 37.3          |
| Cost of sales   | (1,662,993)    | (1,155,165)     | 44.0          |
| <b>Gross profit</b>                                     | <b>133,989</b> | <b>153,554</b>  | <b>(12.7)</b> |
| Other income  | 9,359          | 5,886           | 59.0          |
| Selling and distribution costs                          | (10,545)       | (8,795)         | 19.9          |
| Administrative expenses                                 | (58,149)       | (56,783)        | 2.4           |
| Other expenses  | (24,081)       | (15,400)        | 56.4          |
| <b>Profit from operating activities</b>                 | <b>50,573</b>  | <b>78,462</b>   | <b>(35.5)</b> |
| Finance costs   | (20,421)       | (25,673)        | (20.5)        |
| <b>Profit before tax</b>                                | <b>30,152</b>  | <b>52,789</b>   | <b>(42.9)</b> |
| Tax expenses  | (13,329)       | (20,614)        | (35.3)        |
| <b>Profit from continuing operations</b>                | <b>16,823</b>  | <b>32,175</b>   | <b>(47.7)</b> |
| <b><u>Discontinued operations</u></b> <sup>#1</sup>     |                |                 |               |
| 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            |
| <b>Profit for the year</b>                              | <b>16,823</b>  | <b>33,018</b>   | <b>(49.0)</b> |
| <b>Profit attributable to:</b>                          |                |                 |               |
| Owners of the Company <sup>#2</sup>                     | 16,364         | 31,775          | (48.5)        |
| Non-controlling interests                               | 459            | 1,243           | (63.1)        |
| <b>Profit for the year</b>                              | <b>16,823</b>  | <b>33,018</b>   | <b>(49.0)</b> |
| <b>#2 Profit attributable to Owners of the Company:</b> |                |                 |               |
| Continuing Operations                                   | 16,364         | 30,932          | (47.1)        |
| Discontinued Operations                                 | —              | 843             | NM            |
| <b>Profit for the year</b>                              | <b>16,364</b>  | <b>31,775</b>   | <b>(48.5)</b> |

<sup>#1</sup> 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.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Group             |                               | Change<br>% |
|--|-------------------|-------------------------------|-------------|
|  | FY2018<br>RMB'000 | FY2017<br>RMB'000<br>Restated |             |
| <b>Results of discontinued operations</b>        |                   |                               |             |
| Revenue  | –                 | 8,675                         | NM          |
| Cost of sales                                    | –                 | (7,139)                       | NM          |
| <b>Gross profit</b>                              | –                 | <b>1,536</b>                  | <b>NM</b>   |
| Other income                                     | –                 | 607                           | NM          |
| Administrative expenses                          | –                 | (4,609)                       | NM          |
| Other expenses                                   | –                 | (12)                          | NM          |
| <b>Loss from discontinued operations</b>         | –                 | <b>(2,478)</b>                | <b>NM</b>   |
| Finance costs                                    | –                 | (754)                         | NM          |
| <b>Loss before tax</b>                           | –                 | <b>(3,232)</b>                | <b>NM</b>   |
| Tax expense                                      | –                 | –                             | NM          |
| <b>Operating loss of discontinued operations</b> | –                 | <b>(3,232)</b>                | <b>NM</b>   |
| Gain on disposal of subsidiaries for the Group   | –                 | 4,075                         | NM          |
| <b>Profit from discontinued operations</b>       | –                 | <b>843</b>                    | <b>NM</b>   |

**Consolidated Statement of Comprehensive Income**

|  | Group             |                               | Change<br>%   |
|--|-------------------|-------------------------------|---------------|
|  | FY2018<br>RMB'000 | FY2017<br>RMB'000<br>Restated |               |
| <b>Profit for the year</b>   | <b>16,823</b>     | <b>33,018</b>                 | <b>(49.0)</b> |
| <b>Other comprehensive income</b>  |                   |                               |               |
| <b>Items that will not be reclassified to profit and loss</b>                                  |                   |                               |               |
| Equity investments at fair value through other comprehensive income – net change in fair value | (7,701)           | –                             | NM            |
| Net change in fair value of available-for-sale financial assets                                | –                 | (1,516)                       | NM            |
| <b>Items that are or may be reclassified subsequently to profit or loss</b>                    |                   |                               |               |
| Foreign currency translation differences   | 1,821             | (769)                         | NM            |
| Realisation of reserve upon disposal of subsidiaries   | –                 | 1,756                         | NM            |
| <b>Other comprehensive income for the year, net of tax</b>                                     | <b>(5,880)</b>    | <b>(529)</b>                  | <b>1011.5</b> |
| <b>Total comprehensive income for the year</b>   | <b>10,943</b>     | <b>32,489</b>                 | <b>(66.3)</b> |
| <b>Total comprehensive income attributable to:</b>   |                   |                               |               |
| Owners of the Company  | 10,484            | 31,246                        | (66.4)        |
| Non-controlling interest   | 459               | 1,243                         | (63.1)        |
| <b>Total comprehensive income for the year</b>   | <b>10,943</b>     | <b>32,489</b>                 | <b>(66.3)</b> |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

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

Notes to Income Statement

|  | Group<br>Continuing Operations |                               |             |
|--|--------------------------------|-------------------------------|-------------|
|  | FY2018<br>RMB'000              | FY2017<br>RMB'000<br>Restated | Change<br>% |

Revenue includes the following:

|                |           |           |      |
|----------------|-----------|-----------|------|
| Infrastructure | 1,796,982 | 1,308,719 | 37.3 |
|----------------|-----------|-----------|------|

Other income includes the following:

|                                      |       |       |       |
|--------------------------------------|-------|-------|-------|
| Interest income – banks              | 363   | 378   | (4.0) |
| Rental income                        | 4,131 | 3,350 | 23.3  |
| Unwinding of discount on receivables | 1,062 | –     | NM    |
| Fair value gain on financial assets  | 1,115 | –     | NM    |

Other expenses include the following:

|   |          |         |        |
|---|----------|---------|--------|
| Amortisation of intangible assets   | (681)    | (681)   | NM     |
| Allowance for impairment losses on doubtful receivables and contract assets | (15,447) | (3,223) | 379.3  |
| Discount on long-term receivable  | –        | (2,227) | NM     |
| Fair value loss on financial assets   | –        | (2,855) | NM     |
| Exchange loss, net  | (1,400)  | (325)   | 330.8  |
| Loss on disposal of long-term other investments                             | (150)    | –       | NM     |
| Loss on disposal of property, plant and equipment, net                      | (36)     | (499)   | (92.8) |

Finance costs include the following:

|  |          |          |        |
|--|----------|----------|--------|
| Interest expense – banks and financing company | (10,780) | (16,592) | (35.0) |
| Interest expense – corporate bond              | (4,222)  | (4,840)  | (12.8) |
| Interest expense – finance leases              | (5,419)  | (4,241)  | 27.8   |

Profit before income tax is arrived after deducting:

|   |          |          |      |
|---|----------|----------|------|
| Depreciation of property, plant and equipment | (59,315) | (45,572) | 30.2 |
| Depreciation of investment properties         | (2,410)  | (2,410)  | NM   |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Notes to Income Statement

|  | Group<br>Discontinued Operations |                   |             |
|--|----------------------------------|-------------------|-------------|
|  | FY2018<br>RMB'000                | FY2017<br>RMB'000 | Change<br>% |
| <b>Revenue includes the following:</b>               |                                  |                   |             |
| Mining services                                      | –                                | 8,675             | NM          |
| <b>Other income includes the following:</b>          |                                  |                   |             |
| Interest income – banks                              | –                                | 2                 | NM          |
| Gain on disposal of a subsidiary,<br>net             | –                                | 4,075             | NM          |
| Gain on disposal of property, plant and<br>equipment | –                                | 17                | NM          |
| Exchange gain, net                                   | –                                | 588               | NM          |
| <b>Finance costs include the following:</b>          |                                  |                   |             |
| Interest expense – banks                             | –                                | (544)             | NM          |
| Interest expense – finance lease                     | –                                | (210)             | NM          |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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        |                |                |
|--------------------------------------|------------------|------------------|------------------|----------------|----------------|----------------|
|                                      | 31.12.2018       | 31.12.2017       | 1.1.2017         | 31.12.2018     | 31.12.2017     | 1.1.2017       |
|                                      | RMB'000          | RMB'000          | RMB'000          | RMB'000        | RMB'000        | RMB'000        |
|                                      |                  | Restated         | Restated         |                | Restated       | Restated       |
| <b>Assets</b>                        |                  |                  |                  |                |                |                |
| Property, plant and equipment        | 170,634          | 138,328          | 99,649           | 93             | 138            | 334            |
| Intangible assets and goodwill       | 70,453           | 71,134           | 71,815           | –              | –              | –              |
| Investment properties                | 54,684           | 57,094           | 59,504           | –              | –              | –              |
| Subsidiaries                         | –                | –                | –                | 387,151        | 375,420        | 368,930        |
| Investments in associates            | 25,000           | –                | –                | –              | –              | –              |
| Other investments                    | 4,970            | 12,630           | 100              | 4,966          | 12,476         | –              |
| Other receivables                    | 14,153           | 21,310           | –                | 14,153         | 21,310         | –              |
| Deferred tax assets                  | 13,971           | 13,794           | 16,437           | –              | –              | –              |
| <b>Total non-current assets</b>      | <b>353,865</b>   | <b>314,290</b>   | <b>247,505</b>   | <b>406,363</b> | <b>409,344</b> | <b>369,264</b> |
| Other investment                     | 5,815            | 4,529            | –                | 5,815          | 4,529          | –              |
| Inventories                          | 23,432           | 32,603           | 9,423            | –              | –              | –              |
| Contract assets                      | 980,244          | 949,703          | 754,229          | –              | –              | –              |
| Trade receivables                    | 379,457          | 340,224          | 304,870          | –              | –              | –              |
| Other receivables                    | 229,143          | 203,234          | 105,397          | 6,829          | 16,892         | 50,243         |
| Assets held for sale                 | –                | –                | 198,973          | –              | –              | 62,615         |
| Cash and cash equivalents            | 203,949          | 125,748          | 145,167          | 251            | 2,076          | 3,064          |
| <b>Total current assets</b>          | <b>1,822,040</b> | <b>1,656,041</b> | <b>1,518,059</b> | <b>12,895</b>  | <b>23,497</b>  | <b>115,922</b> |
| <b>Total assets</b>                  | <b>2,175,905</b> | <b>1,970,331</b> | <b>1,765,564</b> | <b>419,258</b> | <b>432,841</b> | <b>485,186</b> |
| <b>Equity</b>                        |                  |                  |                  |                |                |                |
| Share capital                        | 413,839          | 413,839          | 413,393          | 413,839        | 413,839        | 413,393        |
| Reserves                             | 92,078           | 86,164           | 54,918           | 1,822          | 2,364          | 8,106          |
| Equity attributable to owners        | 505,917          | 500,003          | –                | 415,661        | 416,203        | 421,499        |
| Non-controlling interests            | 10,219           | 9,831            | 8,588            | –              | –              | –              |
| <b>Total equity</b>                  | <b>516,136</b>   | <b>509,834</b>   | <b>476,899</b>   | <b>415,661</b> | <b>416,203</b> | <b>421,499</b> |
| <b>Liabilities</b>                   |                  |                  |                  |                |                |                |
| Other payables                       | –                | –                | 19,620           | –              | –              | –              |
| Loan and borrowings                  | 27,829           | 120,145          | 14,419           | –              | –              | –              |
| Deferred tax liabilities             | 6,677            | 6,852            | 7,028            | –              | –              | –              |
| <b>Total non-current liabilities</b> | <b>34,506</b>    | <b>126,997</b>   | <b>41,067</b>    | <b>–</b>       | <b>–</b>       | <b>–</b>       |
| Trade payables                       | 970,570          | 650,445          | 526,341          | –              | –              | –              |
| Other payables                       | 175,084          | 170,199          | 182,993          | 3,597          | 16,638         | 63,637         |
| Contract liabilities                 | 215,152          | 348,437          | 256,866          | –              | –              | –              |
| Loan and borrowings                  | 253,968          | 144,201          | 159,619          | –              | –              | 50             |
| Current tax liabilities              | 10,489           | 20,218           | 23,418           | –              | –              | –              |
| Liabilities held for sale            | –                | –                | 98,361           | –              | –              | –              |
| <b>Total current liabilities</b>     | <b>1,625,263</b> | <b>1,333,500</b> | <b>1,247,598</b> | <b>3,597</b>   | <b>16,638</b>  | <b>63,687</b>  |
| <b>Total liabilities</b>             | <b>1,659,769</b> | <b>1,460,497</b> | <b>1,288,665</b> | <b>3,597</b>   | <b>16,638</b>  | <b>63,687</b>  |
| <b>Total equity and liabilities</b>  | <b>2,175,905</b> | <b>1,970,331</b> | <b>1,765,564</b> | <b>419,258</b> | <b>432,841</b> | <b>485,186</b> |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

**Note 1:** Details of trade receivables were as follows:

**Turnover days**

|               | As at 31 December 2018 | As at 31 December 2017 | Change % |
|---------------|------------------------|------------------------|----------|
|               |                        | <b>Restated</b>        |          |
| Turnover days | 77                     | 95                     | (18.9)   |

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

|  | <b>31.12.2018</b>          |                              | <b>31.12.2017</b>          |                              |
|--|----------------------------|------------------------------|----------------------------|------------------------------|
|  | <b>Secured<br/>RMB'000</b> | <b>Unsecured<br/>RMB'000</b> | <b>Secured<br/>RMB'000</b> | <b>Unsecured<br/>RMB'000</b> |
| Amount repayable in one year or less, or on demand | 253,968                    | —                            | 144,201                    | —                            |
| Amount repayable after one year                    | 27,829                     | —                            | 120,145                    | —                            |
|  | <b>281,797</b>             | <b>—</b>                     | <b>264,346</b>             | <b>—</b>                     |
| <b>Ranken</b>                                      |                            |                              |                            |                              |
| - Short-term bank borrowings                       | 141,201                    | —                            | 106,000                    | —                            |
| - Long-term bank borrowings                        | —                          | —                            | 46,927                     | —                            |
| - Current portion of finance lease                 | 32,791                     | —                            | 23,387                     | —                            |
| - Non-current portion of finance lease             | 27,829                     | —                            | 39,210                     | —                            |
| - Short term bond                                  | 34,976                     | —                            | 14,814                     | —                            |
| - Long term bond                                   | —                          | —                            | 34,008                     | —                            |
| - Secured borrowing from financing company         | 45,000                     | —                            | —                          | —                            |
| <b>Total</b>                                       | <b>281,797</b>             | <b>—</b>                     | <b>264,346</b>             | <b>—</b>                     |

**Details of any collateral as at 31 December 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 64.9 million and deposits pledged of RMB 7.9 million pledged.
- (ii) The carrying value of fixed assets under finance lease as at 31 December 2018 approximates RMB 38.0 million.
- (iii) As at 31 December 2018, the vendors have granted personal guarantees for the purpose of securing total banking facilities of RMB 1.1 billion for Ranken's working capital.
- (iv) The secured borrowing from financing company is secured by trade receivables and contract assets with total carrying amount of RMB 160.6 million.

The Group's overall gearing was approximately 0.5 times as at 31 December 2018.

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 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             |                               |
|--|-------------------|-------------------------------|
|  | FY2018<br>RMB'000 | FY2017<br>RMB'000<br>Restated |
| <b>Operating activities</b>  |                   |                               |
| Profit before tax  | 30,152            | 52,789                        |
| Adjustments for:   |                   |                               |
| Allowance for impairment losses on doubtful receivables and contract assets      | 15,447            | 3,223                         |
| Depreciation of plant and equipment  | 59,315            | 45,572                        |
| Depreciation of investment properties  | 2,410             | 2,410                         |
| Amortisation of intangible assets  | 681               | 681                           |
| Loss on disposal of property, plant and equipment, net                           | 36                | 499                           |
| Fair value (gain)/loss on financial assets                                       | (1,115)           | 2,855                         |
| Discount on long-term receivable   | –                 | 2,227                         |
| Unwinding of discount for long term receivable                                   | (1,062)           | –                             |
| Interest income  | (363)             | (378)                         |
| Interest expense   | 20,421            | 25,673                        |
| Loss on disposal of long-term other investments                                  | 150               | –                             |
| Shares award scheme  | –                 | 446                           |
| <b>Operating profit before working capital changes</b>                           | <b>126,072</b>    | <b>135,997</b>                |
| Changes in working capital:  |                   |                               |
| Inventories  | 9,171             | (23,180)                      |
| Contract assets and liabilities, net   | (172,555)         | (188,054)                     |
| Trade and other payables   | 330,363           | 266,507                       |
| Trade and other receivables  | (67,465)          | (161,970)                     |
| Released of fixed deposit pledged  | 35                | 2,631                         |
| <b>Cash flows generated from operations</b>                                      | <b>225,621</b>    | <b>31,931</b>                 |
| Tax paid   | (22,660)          | (21,334)                      |
| <b>Net cash generated from operating activities</b>                              | <b>202,961</b>    | <b>10,597</b>                 |
| <b>Net cash used in operating activities from discontinued operations</b>        | <b>–</b>          | <b>(5,057)</b>                |
|  | <b>202,961</b>    | <b>5,540</b>                  |
| <b>Investing activities</b>  |                   |                               |
| Interest received  | 363               | 378                           |
| Payment for purchase of plant and equipment                                      | (60,352)          | (78,210)                      |
| Investment in associates   | (25,000)          | –                             |
| Proceeds from disposal of plant and equipment                                    | 1,256             | 1,703                         |
| Payment for purchase of financial assets   | –                 | (54)                          |
| Refund of deposit to a potential acquirer of the Disposal Group                  | –                 | (6,076)                       |
| <b>Net cash used in investing activities</b>                                     | <b>(83,733)</b>   | <b>(82,259)</b>               |
| <b>Net cash generated from investing activities from discontinued operations</b> | <b>–</b>          | <b>13,101</b>                 |
|  | <b>(83,733)</b>   | <b>(69,158)</b>               |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

|  | Group           |                     |
|--|-----------------|---------------------|
|  | 2018            | 2017                |
|  | RMB'000         | RMB'000<br>Restated |
| <b>Financing activities</b>  |                 |                     |
| Repayment to previous shareholder of Ranken's subsidiary                       | (6,920)         | (19,180)            |
| Interest paid  | (16,836)        | (23,144)            |
| Proceeds from bank loans   | 93,000          | 155,000             |
| Proceeds from secured borrowing from financing company                         | 45,000          | –                   |
| Payment of bank loans  | (106,000)       | (146,000)           |
| Proceeds from refinancing of finance lease liabilities                         | –               | 70,000              |
| Payment of finance lease liabilities   | (35,837)        | (28,985)            |
| Payment of transaction costs related to financial liabilities                  | –               | (8,075)             |
| Repayment/(proceeds) from bond issued  | (15,000)        | 35,000              |
| <b>Net cash (used in)/generated from financing activities</b>                  | <b>(42,593)</b> | <b>34,616</b>       |
| <b>Net cash used in financing activities from discontinued operations</b>      | <b>–</b>        | <b>(2,250)</b>      |
|  | <b>(42,593)</b> | <b>32,366</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>                    | <b>76,635</b>   | <b>(31,252)</b>     |
| Cash and cash equivalents at beginning of the year                             | 117,729         | 134,517             |
| Cash and cash equivalents classified as held for sale at beginning of the year | –               | 17,435              |
| Effect of exchange rate changes on the balances held in foreign currencies     | 1,676           | (2,971)             |
| <b>Cash and cash equivalents at end of the year</b>                            | <b>196,040</b>  | <b>117,729</b>      |
| <b>Cash and cash equivalents consist of the following:</b>                     |                 |                     |
| Cash and cash equivalents in the statement of financial position               | 203,949         | 125,748             |
| Fixed deposits pledged   | (7,909)         | (8,019)             |
| <b>Cash and cash equivalents in the statement of cash flows</b>                | <b>196,040</b>  | <b>117,729</b>      |

**Significant non-cash transactions**

For the year ended 31 December 2018, the Group acquired plant and equipment with cost of RMB 32.7million by way of finance lease.



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

| <b>Group</b>  | <b>Share capital<br/>RMB'000</b> | <b>Capital reserve<br/>RMB'000</b> | <b>Merger reserve<br/>RMB'000</b> | <b>Fair Value reserve<br/>RMB'000</b> | <b>Other reserve<br/>RMB'000</b> | <b>Translation reserve<br/>RMB'000</b> | <b>Accumulated profit<br/>RMB'000</b> | <b>Total<br/>RMB'000</b> | <b>Non-controlling interests<br/>RMB'000</b> | <b>Total equity<br/>RMB'000</b> |
|---|----------------------------------|------------------------------------|-----------------------------------|---------------------------------------|----------------------------------|--|---------------------------------------|--------------------------|--|---------------------------------|
| <b>2017</b>   |                                  |                                    |                                   |                                       |                                  |  |                                       |                          |  |                                 |
| As at 1 January 2017<br>(Restated)                                    | 413,393                          | (7,585)                            | 2,075                             | –                                     | (6,777)                          | –                                      | 67,205                                | 468,311                  | 8,588  | 476,899                         |
| Profit for the year   | –                                | –                                  | –                                 | –                                     | –                                | –                                      | 31,775                                | 31,775                   | 1,243  | 33,018                          |
| <b>Other comprehensive income</b>                                     |                                  |                                    |                                   |                                       |                                  |  |                                       |                          |  |                                 |
| Net change in fair value of<br>available-for-sale financial<br>assets | –                                | –                                  | –                                 | (1,516)                               | –                                | –                                      | –                                     | (1,516)                  | –  | (1,516)                         |
| Realisation of reserve upon<br>disposal of subsidiaries               | –                                | –                                  | (2,075)                           | –                                     | –                                | 1,756                                  | 2,075                                 | 1,756                    | –  | 1,756                           |
| Foreign currency translation<br>differences                           | –                                | –                                  | –                                 | –                                     | –                                | (769)                                  | –                                     | (769)                    | –  | (769)                           |
| Total other comprehensive<br>income                                   | –                                | –                                  | (2,075)                           | (1,516)                               | –                                | 987                                    | 2,075                                 | (529)                    | –  | (529)                           |
| <b>Total comprehensive income</b>                                     | –                                | –                                  | (2,075)                           | (1,516)                               | –                                | 987                                    | 33,850                                | 31,246                   | 1,243  | 32,489                          |
| <b>Transactions with owners,<br/>recognised directly in equity</b>    |                                  |                                    |                                   |                                       |                                  |  |                                       |                          |  |                                 |
| Issue of shares, net of<br>expenses<br>(Shares Award Scheme)          | 446                              | –                                  | –                                 | –                                     | –                                | –                                      | –                                     | 446                      | –  | 446                             |
| <b>Total contributions by and<br/>distributions to owner</b>          | 446                              | –                                  | –                                 | –                                     | –                                | –                                      | –                                     | 446                      | –  | 446                             |
| As at 31 December 2017<br>(Restated)                                  | 413,839                          | (7,585)                            | –                                 | (1,516)                               | (6,777)                          | 987                                    | 101,055                               | 500,003                  | 9,831  | 509,834                         |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated Statement of Changes in Equity

| Group  | Share capital<br>RMB'000 | Capital reserve<br>RMB'000 | Fair value reserve<br>RMB'000 | Other reserves<br>RMB'000 | Translation reserve<br>RMB'000 | Accumulated profit<br>RMB'000 | Total<br>RMB'000 | Non-controlling interests<br>RMB'000 | Total equity<br>RMB'000 |
|--|--------------------------|----------------------------|-------------------------------|---------------------------|--------------------------------|-------------------------------|------------------|--------------------------------------|-------------------------|
| <b>2018</b>  |                          |                            |                               |                           |                                |                               |                  |                                      |                         |
| 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  | –                        | –                          | –                             | –                         | –                              | (3,004)                       | (3,004)          | (71)                                 | (3,075)                 |
| At 1 January 2018  | 413,839                  | (7,585)                    | (1,516)                       | (6,777)                   | 987                            | 98,051                        | 496,999          | 9,760                                | 506,759                 |
| Profit for the year  | –                        | –                          | –                             | –                         | –                              | 16,364                        | 16,364           | 459                                  | 16,823                  |
| <b>Other comprehensive income</b>  |                          |                            |                               |                           |                                |                               |                  |                                      |                         |
| Net change in fair value – equity investments at fair value through other comprehensive income | –                        | –                          | (7,701)                       | –                         | –                              | –                             | (7,701)          | –                                    | (7,701)                 |
| Foreign currency translation differences   | –                        | –                          | –                             | –                         | 1,821                          | –                             | 1,821            | –                                    | 1,821                   |
| Total other comprehensive income   | –                        | –                          | (7,701)                       | –                         | 1,821                          | –                             | (5,880)          | –                                    | (5,880)                 |
| <b>Total comprehensive income</b>  | –                        | –                          | (7,701)                       | –                         | 1,821                          | 16,364                        | 10,484           | 459                                  | 10,943                  |
| <b>Transactions with owners, recognised directly in equity</b>                                 |                          |                            |                               |                           |                                |                               |                  |                                      |                         |
| Dividend declared #  | –                        | –                          | –                             | –                         | –                              | (1,566)                       | (1,566)          | –                                    | (1,566)                 |
| <b>Total contributions by and distributions to owner</b>                                       | –                        | –                          | –                             | –                         | –                              | (1,566)                       | (1,566)          | –                                    | (1,566)                 |
| As at 31 December 2018   | 413,839                  | (7,585)                    | (9,217)                       | (6,777)                   | 2,808                          | 112,849                       | 505,917          | 10,219                               | 516,136                 |

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

Statement of Changes in Equity

|  | Share<br>Capital<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Fair value<br>reserve<br>RMB'000 | Other<br>reserve<br>RMB'000 | Translation<br>reserve<br>RMB'000 | Accumulated<br>profit /<br>(losses)<br>RMB'000 | Total<br>equity<br>RMB'000 |
|--|-----------------------------|-------------------------------|----------------------------------|-----------------------------|-----------------------------------|--|----------------------------|
| <b>2017</b>  |                             |                               |                                  |                             |                                   |  |                            |
| <b>Company</b>   |                             |                               |                                  |                             |                                   |  |                            |
| At 1 January 2017 (Restated)                                       | 413,393                     | (8,294)                       | —                                | (6,777)                     | —                                 | 23,177   | 421,499                    |
| Loss for the year  | —                           | —                             | —                                | —                           | —                                 | (11,682)                                       | (11,682)                   |
| <b>Other comprehensive income</b>                                  |                             |                               |                                  |                             |                                   |  |                            |
| Net change in fair value of<br>available-for-sale financial assets | —                           | —                             | (1,516)                          | —                           | —                                 | —  | (1,516)                    |
| Foreign currency translation<br>differences                        | —                           | —                             | —                                | —                           | 7,456                             | —  | 7,456                      |
| Total other comprehensive income                                   | —                           | —                             | (1,516)                          | —                           | 7,456                             | —  | 5,940                      |
| <b>Total comprehensive income</b>                                  | —                           | —                             | (1,516)                          | —                           | 7,456                             | (11,682)                                       | (5,742)                    |
| <b>Transactions with owners,<br/>recognised directly in equity</b> |                             |                               |                                  |                             |                                   |  |                            |
| <b>Contributions by and distributions<br/>to owner</b>             |                             |                               |                                  |                             |                                   |  |                            |
| Issues of shares, net of expenses<br>(Shares Award Scheme)         | 446                         | —                             | —                                | —                           | —                                 | —  | 446                        |
| <b>Total contributions by and<br/>distributions to owner</b>       | 446                         | —                             | —                                | —                           | —                                 | —  | 446                        |
| At 31 December 2017 (Restated)                                     | 413,839                     | (8,294)                       | (1,516)                          | (6,777)                     | 7,456                             | 11,495   | 416,203                    |

Statement of Changes in Equity

|  | Share<br>Capital<br>RMB'000 | Capital<br>reserve<br>RMB'000 | Fair value<br>reserves<br>RMB'000 | Other<br>reserve<br>RMB'000 | Translation<br>reserve<br>RMB'000 | Accumulated<br>profit /<br>(losses)<br>RMB'000 | Total<br>equity<br>RMB'000 |
|--|-----------------------------|-------------------------------|-----------------------------------|-----------------------------|-----------------------------------|--|----------------------------|
| <b>2018</b>  |                             |                               |                                   |                             |                                   |  |                            |
| <b>Company</b>   |                             |                               |                                   |                             |                                   |  |                            |
| At 1 January 2018 (Restated)   | 413,839                     | (8,294)                       | (1,516)                           | (6,777)                     | 7,456                             | 11,495   | 416,203                    |
| Loss for the year  | –                           | –                             | –                                 | –                           | –                                 | (3,904)  | (3,904)                    |
| <b>Other comprehensive income</b>  |                             |                               |                                   |                             |                                   |  |                            |
| Net change in fair value – equity<br>investments at fair value through<br>other comprehensive income | –                           | –                             | (7,701)                           | –                           | –                                 | –  | (7,701)                    |
| Foreign currency translation<br>differences  | –                           | –                             | –                                 | –                           | 12,629                            | –  | 12,629                     |
| Total other comprehensive income   | –                           | –                             | (7,701)                           | –                           | 12,629                            | –  | 4,928                      |
| <b>Total comprehensive income</b>  | –                           | –                             | (7,701)                           | –                           | 12,629                            | (3,904)  | 1,024                      |
| <b>Transactions with owners,<br/>recognised directly in equity</b>                                   |                             |                               |                                   |                             |                                   |  |                            |
| Dividend declared #  | –                           | –                             | –                                 | –                           | –                                 | (1,566)  | (1,566)                    |
| <b>Total contributions by and<br/>distributions to owner</b>   | –                           | –                             | –                                 | –                           | –                                 | (1,566)  | (1,566)                    |
| At 31 December 2018  | 413,839                     | (8,294)                       | (9,217)                           | (6,777)                     | 20,085                            | 6,025  | 415,661                    |

# Tax-exempt (one-tier) final dividend of Singapore 0.1 cents per share for the year ended 31 December 2017 was declared and approved at the AGM on 26 April 2018 and paid on 20 July 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 year and as at the end of the corresponding period of the immediately preceding financial year.

Proposed rights issue

On 30 December 2018, the Company proposed to undertake a non-renounceable non-underwritten rights issue of up to 81,517,978 new ordinary shares in the capital of the Company (the "Rights Shares") at an issue price of S\$0.128 for each Rights Share (the "Issue Price"), on the basis of one Rights Share for every four existing ordinary shares in the capital of the Company ("Shares") held by the shareholders of the Company ("Shareholders") (the "Rights Issue") as at a books closure date to be determined by the Board.

The Books Closure Date shall only be determined after the Rights Issue has been approved by the Singapore Exchange Securities Trading Limited ("SGX-ST"); the Rights Issue and the issue of the Rights Shares being approved by Shareholders at the EGM; and other conditions.

The Company is currently seeking the necessary approvals and will make the necessary announcement in due course.

- 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**

|   | 31.12.2018  | 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 year.

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

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

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

Not applicable.

**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 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**

|   | <b>Group<br/>Adjustments<br/>RMB'000</b> |
|---|--|
| Decrease in negative currency translation reserve | 17,542                                   |
| Decrease in retained earnings                     | (17,542)                                 |

**Consolidated statement of profit or loss for the period ended 31 December 2017**

|   | <b>Group<br/>Adjustments<br/>RMB'000</b> |
|---|--|
| Decrease in other income                                    | (12,863)                                 |
| Decrease in profit from discontinued operations, net of tax | (48)                                     |
| Decrease in profit after tax for the year                   | (12,911)                                 |

**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 and other receivables and contract assets, 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 4,100,000 and an increase in deferred tax asset of RMB 1,025,000 as at 1 January 2018 had been adjusted. The non-controlling interests share of these adjustments of RMB 71,000 had also been adjusted as at 1 January 2018, with net effect of reducing equity attributable to owners of the Company of RMB 3,004,000.

*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**

|   | <b>Group<br/>Adjustments<br/>RMB'000</b> |
|---|--|
| 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 31 December 2017**

|   | <b>Group<br/>Adjustments<br/>RMB'000</b> |
|---|--|
| Increase in revenue                       | 3,624                                    |
| Decrease in other income                  | (3,286)                                  |
| Increase in tax expenses                  | (85)                                     |
| Increase in profit after tax for the year | 253                                      |

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**

|  | For the 12 months ended |      |                         |      |       |      |
|--|-------------------------|------|-------------------------|------|-------|------|
|  | Continuing operations   |      | Discontinued operations |      | Total |      |
|  | 2018                    | 2017 | 2018                    | 2017 | 2018  | 2017 |
| Basic earnings per share (RMB cents)   | 5.02                    | 9.49 | –                       | 0.26 | 5.02  | 9.75 |
| Diluted earnings per share (RMB cents) | 5.02                    | 9.49 | –                       | 0.26 | 5.02  | 9.75 |

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

|                                   | For the 12 months ended |             |
|-----------------------------------|-------------------------|-------------|
|                                   | 2018                    | 2017        |
| Weighted average number of shares | 326,071,915             | 325,968,104 |

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

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

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

|  | Group       |             | Company     |             |
|--|-------------|-------------|-------------|-------------|
|  | 31.12.2018  | 31.12.2017  | 31.12.2018  | 31.12.2017  |
| Net asset value per ordinary share (RMB cents) | 155.15      | 153.34      | 127.48      | 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 (FY2018 vs FY2017)**

Revenue rose by RMB 488.3 million to RMB 1,797.0 million mainly due to the Group's continued to focus on the execution of ongoing projects during the current period.

However, gross profit fell by RMB 19.6 million to RMB 134.0 million. Overall gross profit margin in FY2018 was 7.5% as compared to 11.7% in FY2017. The Group's gross profit margin was mainly affected by a reversal of revenue due to modification of a build-and-transfer contract, 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 environment impact as well as the sale of railway sleepers (which commanded lower margins).

Other income rose by RMB 3.5 million to RMB 9.4 million due mainly to fair value gain on financial assets, unwinding of discount for long-term receivables, higher rental income and government grants.

Selling and distribution costs rose by RMB 1.8 million to RMB 10.5 million, due mainly due higher travelling expenses.

Administrative expenses rose by RMB 1.4 million to RMB 58.1 million, due mainly to Ranken's higher staff costs, offset by lower corporate expenses in FY2018.

Other expenses rose by RMB 8.7 million to RMB 24.1 million, mainly due to higher impairment losses on doubtful receivables and contract assets and higher exchange loss. The higher impairment losses were due to (a) the receipt of termination letters for the Group's two project in Sri Lanka after the year ended 31 December 2018; and the adoption of SFRS(I) 9, where the Group recorded a forward-looking expected credit loss ("ECL") on all trade and other receivables and contract assets and none was recorded in FY2017 in accordance to the change in accounting standards (see page 15). These were offset by the absence of discount on long-term receivable and fair value loss on financial assets and lower loss on disposal of plant and equipment.

Finance costs fell by RMB 5.3 million to RMB 20.4 million mainly due to lower interest expense incurred for banks and financing company and corporate bond, offset by higher interest expense for finance leases.

Tax expense of RMB 13.3 million was incurred in FY2018, attributable to provision for income tax on taxable profits for Ranken's operations.

In 2017, the mining services business made a net loss of RMB 3.2 million for the 2 months period ended 28 February 2017. On completion of the disposal of Mancala Group, the Group recognised a gain on disposal of RMB 4.1 million, net of the loss incurred on partial settlement of amounts payable to the vendors of Mancala, resulting in a net profit from Discontinued operations of RMB 0.8 million. The Group has ceased to recognise the financial results of the Mining Services Business from 28 February 2017, being the date of completion of disposal.

Given the above, net profit for FY2018 fell by 48.5% to RMB 16.4 million from RMB 31.8 million for FY2017, net of non-controlling interest.

**Review of Financial Position (31 December 2018 vs 31 December 2017)**

Total non-current assets rose by RMB 39.6 million as at 31 December 2018, mainly due to (a) increase in plant and equipment which was mainly for the purchase of a tunnel boring machine by way of finance lease) of RMB 32.3 million for on-going projects, net of depreciation during the period under review and (b) investment in associates of RMB 25.0 million, partially offset by (c) repayment by a former subsidiary company ("Mancala") resulting in lower other receivables by RMB 7.2 million and (d) decrease in fair value of equity investments at FVOCI (long-term other investments) by RMB 7.7 million.

Total current assets rose by RMB 166.0 million as at 31 December 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 1.1 million.
- Inventories fell by RMB 9.2 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 30.5 million to RMB 980.2 million mainly due to work completed in stages that have yet to be certified (and thus not invoiced and not recognized as trade debtors) during the year.
- Trade receivables related to Ranken's projects rose by RMB 39.2 million to RMB 379.5 million. Trade debtor's turnaround time fell to 77 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 25.9 million to RMB 229.1 million.
- Cash and cash equivalents for the Group rose by RMB 78.2 million to RMB 203.9 million, mainly due to operating cash inflow of RMB 203.0 million, partially offset by cash outflow 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 92.5 million as at 31 December 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 291.8 million as at 31 December 2018, mainly due to the following significant changes during the period under review:

- Trade payables related to Ranken's projects rose by RMB 320.1 million to RMB 970.6 million, mainly due to higher operating activities during the year.
- Other payables and accruals rose by RMB 4.9 million to RMB 175.1 million, mainly due to higher cash advances from clients offset by amount paid to vendors of Mancala during the year.
- Contract liabilities fell by RMB 133.3 million to RMB 215.2 million, mainly due to lower billings in excess of contract work to be completed in stages.
- Current financial liabilities rose by RMB 109.8 million to RMB 254.0 million mainly due to long term bond and certain long term financial lease liabilities are now due within the next 12 months, a new secured borrowings from a financing company, partially offset by repayment during the year.

Total equity

Total equity attributable to owners of the Company or Shareholders' Equity rose by RMB 5.9 million to RMB 505.9 million as at 31 December 2018, due to current year earnings of RMB 16.4 million and movements of foreign currency translation reserve of RMB 1.8 million, net of net change in fair value of equity investments at FVOCI of RMB 7.7 million, the effects of the adoption of SFRS(I) 9 of RMB 3.0 million (for details of the effects, see page 15) and dividend declared of RMB 1.6 million.

**Review of Cash Flows (FY2018 vs FY2017)**

The Group generated net cash of RMB 203.0 million during FY2018, which was an increase of RMB 197.4 million from previous corresponding period, after accounting for (i) operating profit before working capital changes of RMB 126.1 million and (ii) net working capital changes of RMB 99.5 million, net of tax payment of RMB 22.7 million.

Cash flows used in investing activities for FY2018 were RMB 83.7 million, mainly due to Ranken's investment in equipment and site facilities for its on-going projects and investment in an associate.

Cash flows used in financing activities for FY2018 were RMB 42.6 million, mainly due to net repayment of Ranken's financial liabilities and costs when the loans and a bond were due during the year.

Given the above, cash and cash equivalents rose by RMB 78.3 million to RMB 196.0 million (net of fixed deposits pledged of RMB 7.9 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 3Q2018 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 its capabilities and working experience, Ranken's business strategy is positioned towards China's macro urbanisation trends and environmental policies under the country's 2016-2020 13th Five-Year Plan.

To strengthen our business foundation and create new revenue streams, the Group is adopting a two-prong business approach in its enhanced our business model in following industries:

1. Urban railway transit related projects, including traditional EPC projects and, potentially design, construction and operations in Transit-Oriented Development ("TOD") projects; and
2. Environmental conservation and water environmental improvement projects.

*Large-scale subway infrastructure construction projects*

EPC for large-scale subway infrastructure projects has been a key component of Ranken's business model and in recent years, the Chinese government has been increasing transportation fixed asset investments in a targeted manner to boost the economy and have better project control as highlighted in previous announcements.

Railways and subways are the two primarily segments to drive transportation fixed asset investments and with a strong track record in this segment, the Group intends to further expand its business presence by proactively identifying and bidding for new contracts while improving operational capabilities and costs efficiencies in its efforts for margin expansion.

*TOD projects*

In recent years, road congestion, air pollution and traffic safety have become major problems in urban China due to rapid urbanization and motorisation. To mitigate this situation and to promote sustainable urban traffic, the concept of Transit-Oriented Development – a strategy that promotes dense, mixed-use, and walkable development near transit stations – is gaining momentum. Shenzhen, Guangzhou, Beijing and Shanghai, among others, are spearheading TOD around transit stops.

Through overall planning of transportation and the development of land resources, as well as the integration of different types of land uses, TOD can be an ideal and value added solution, and is able to bring a win-win situation for the government, urban rail transit companies, investors and citizens.

Many cities in China with urban rail transit projects intend to develop TOD along with their urban rail transit development, especially Chengdu. Chengdu Railway Group plans to initiate 13 demonstration TOD projects within 2 years, with estimated investment amount of hundreds of billions RMB.

Ranken's design institute has been involved in the design of multiple TOD projects. As such, Ranken plans to explore more opportunities in TOD construction, investment and operations on the original EPC basis in near future.

*Environmental conservation and water environmental improvement projects*

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.

In addition to its strengths in urban railway infrastructure construction, the Group has built up a growing track record by successfully completing many iconic city water environmental projects in China. The Group had secured an EPC Contract of RMB 832 million related to its Public-Private-Partnership ("PPP") Project for the first phase of Wuhou District, "Liveable River Bank" project in Chengdu, Sichuan Province, China..

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 ("PPP") basis.

A PPP project is generally defined as a long-term contract between a government agency and private organisation(s) for the construction and operation of economic and social infrastructure (such as water treatment facilities, utilities and public transport systems). The PPP model has been utilised for many public infrastructure projects and it has been used in many countries.

While China is currently the largest PPP market in the world, the Chinese government has tightened approval rules for new ones, given the increased concerns about the quality of projects and potential abuses of the programme.

**FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018**

Nevertheless, the PPP market in China presents huge potential as the Chinese government continue to adopt PPP as an important approach to provide infrastructure and public services for economic and social development.

The Group targets to be a strategic shareholder with the first mover advantage to secure the large-scale EPC contract and operations management contract related to the environmental conservation and water environmental improvement projects in China.

**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?**

Name of dividend: Cash Dividend

Dividend Type: Final

Dividend amount per share: Singapore 0.1 cents

Tax rate: One-tier tax exempt

**(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 year.

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

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

(a) By business segment: FY2018

|   | Infrastructure<br>(Continuing<br>Operations)<br>RMB'000 | Mining services<br>(Discontinued<br>Operations)<br>RMB'000 | Total<br>RMB'000 |
|---|---|--|------------------|
| <b>Revenue and expenses</b>                 |   |  |                  |
| Total revenue from external customers       | 1,796,982   | —  | 1,796,982        |
| Interest income                             | 363   | —  | 363              |
| Interest expenses                           | (20,421)  | —  | (20,421)         |
| Depreciation and amortisation               | (62,394)  | —  | (62,394)         |
| Reportable segment profit before income tax | 36,710  | —  | 36,710           |
| Reportable segment assets                   | 2,150,046   | —  | 2,150,046        |
| Capital expenditure                         | 93,048  | —  | 93,048           |
| Reportable segment liabilities              | (1,662,106)   | —  | (1,662,106)      |

(b) By business segment: FY2017 (Restated)

|   | Infrastructure<br>(Continuing<br>Operations)<br>RMB'000<br>Restated | Mining services<br>(Discontinued<br>Operations)<br>RMB'000<br>Restated | Total<br>RMB'000<br>Restated |
|---|---|--|------------------------------|
| <b>Revenue and expenses</b>                 |   |  |                              |
| Total revenue from external customers       | 1,308,719   | 8,675  | 1,317,394                    |
| Interest income                             | 366   | 2  | 368                          |
| Interest expenses                           | (25,570)  | (754)  | (26,324)                     |
| Depreciation and amortisation               | (48,461)  | —  | (48,461)                     |
| Reportable segment profit before income tax | 70,730  | 843  | 71,573                       |
| Reportable segment assets                   | 1,929,247   | —  | 1,929,247                    |
| Capital expenditure                         | (86,446)  | —  | (86,446)                     |
| Reportable segment liabilities              | (1,460,113)   | —  | (1,460,113)                  |

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

2018  
RMB'000

2017  
RMB'000

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

|   | <b>Restated</b> |             |
|---|-----------------|-------------|
| <b>Revenue</b>                                  |                 |             |
| Total revenue for reportable segments           | 1,796,982       | 1,317,394   |
| <b>Profit or loss</b>                           |                 |             |
| Total profit before tax for reportable segments | 36,710          | 71,573      |
| Unallocated amounts:                            |                 |             |
| - Other income                                  | 2,684           | 182         |
| - Other expense                                 | (9,242)         | (18,123)    |
| - Tax expense                                   | (13,329)        | (20,614)    |
| Consolidated profit for the year                | 16,823          | 33,018      |
| <b>Assets</b>                                   |                 |             |
| Total assets for reportable segments            | 2,150,046       | 1,929,247   |
| Elimination of inter-segment assets             | —               | —           |
| Other unallocated amounts                       | 25,859          | 41,084      |
| Consolidated total assets                       | 2,175,905       | 1,970,331   |
| <b>Liabilities</b>                              |                 |             |
| Total liabilities for reportable segments       | (1,662,106)     | (1,460,113) |
| Elimination of inter-segment liabilities        | 5,935           | 16,254      |
| Other unallocated amounts                       | (3,598)         | (16,638)    |
| Consolidated total liabilities                  | (1,659,769)     | (1,460,497) |

|                                  | <b>Reportable<br/>segment total<br/>RMB'000</b> | <b>Unallocated<br/>amounts<br/>RMB'000</b> | <b>Consolidated<br/>total<br/>RMB'000</b> |
|----------------------------------|---|--|---|
| <b>Other material items 2018</b> |   |  |   |
| Interest income                  | 363   | —  | 363                                       |
| Interest expenses                | (20,421)  | —  | (20,421)                                  |
| Capital expenditure              | (93,048)  | (7)  | (93,055)                                  |
| Depreciation and amortisation    | (62,394)  | (12)                                       | (62,406)                                  |
| <b>Other material items 2017</b> |   |  |   |
| Interest income                  | 368   | 12   | 380                                       |
| Interest expenses                | (26,324)  | (103)                                      | (26,427)                                  |
| Capital expenditure              | (86,446)  | —  | (86,446)                                  |
| Depreciation and amortisation    | (48,461)  | (202)                                      | (48,663)                                  |

c) **By geographical segment**

| <b>Revenue</b> |             | <b>Non-current assets</b> |             |
|----------------|-------------|---------------------------|-------------|
| <b>2018</b>    | <b>2017</b> | <b>2018</b>               | <b>2017</b> |



FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

|                                | RMB'000          | RMB'000<br>Restated | RMB'000        | RMB'000<br>Restated |
|--------------------------------|------------------|---------------------|----------------|---------------------|
| <b>Continuing Operations</b>   |                  |                     |                |                     |
| Singapore                      | —                | —                   | 19,212         | 33,924              |
| China                          | 1,762,958        | 1,240,835           | 320,472        | 265,673             |
| Bangladesh                     | 1499             | 3,932               | —              | —                   |
| India                          | 78               | 214                 | —              | —                   |
| Sri Lanka                      | 32,447           | 63,738              | 210            | 899                 |
|                                | 1,796,982        | 1,308,719           | 339,894        | 300,496             |
| <b>Discontinued Operations</b> |                  |                     |                |                     |
| Australia                      | —                | 8,675               | —              | —                   |
|                                | —                | 8,675               | —              | —                   |
| <b>Total</b>                   | <b>1,796,982</b> | <b>1,317,394</b>    | <b>339,894</b> | <b>300,496</b>      |

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

**14 A breakdown of sales**

|  | 2018<br>RMB'000 | 2017<br>RMB'000<br>Restated | Change<br>% |
|--|-----------------|-----------------------------|-------------|
| <b>Continuing Operations</b>   |                 |                             |             |
| (a) Sales reported for first half year   | 641,884         | 484,555                     | 32.5        |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year         | 15,008          | 13,687                      | 9.7         |
| (c) Sales reported for second half year  | 1,155,098       | 824,164                     | 40.2        |
| (d) Operating profit after tax before deducting non-controlling interests reported for second half year        | 1,815           | 18,488                      | (90.2)      |
| <b>Discontinued Operations</b>   |                 |                             |             |
| (a) Sales reported for first half year   | —               | 8,675                       | NM          |
| (b) Operating profit after tax before deducting non-controlling interests reported for first half year         | —               | 843                         | NM          |
| (c) Sales reported for second half year  | —               | —                           | —           |
| (d) Operating (loss)/profit after tax before deducting non-controlling interests reported for second half year | —               | —                           | —           |

**15 Disclosure of Interested Person Transaction Conducted under a Shareholder Mandate for the year ended 31 December 2018**

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

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

|                         | FY2018<br>S\$ | FY2017<br>S\$ |
|-------------------------|---------------|---------------|
| Total final dividend    | —             | 326,072       |
| <b>Equivalent RMB #</b> | <b>RMB</b>    | <b>RMB</b>    |
| Total final dividend    | —             | 1,566,000     |

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

**17 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).

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

Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company wishes to inform that none of the persons occupying a managerial position in the Company or any of its principal subsidiaries is related to a Director or Chief Executive Officer or Substantial Shareholder of the Company as at 31 December 2018.

**BY ORDER OF THE BOARD**

**Wang Heng**  
**Group Chief Executive Officer**  
**1 March 2019**