

## SGX-Listed Sapphire Corp Reports FY2015 Net Profit Of S\$6.5 Million, Boosted by Corporate Restructuring and Maiden Contributions from Infrastructure Business

- Revenue almost doubles to S\$116.4 million on three-month contributions from Ranken Infrastructure;
- Operating cash flows almost tripled to S\$12.9 million
- Ranken's order book close to RMB 2.0 billion as at 25 February 2016

S\$ '000	FY2015	FY2014	Change (%)
<b>Revenue</b>	116,351	58,487	98.9
<b>Gross Profit</b>	19,197	14,741	30.2
<b>Net Profit</b>	6,469	138	N.M.#
<b>Operating Cash Flows</b>	12,890	3,911	229.6%

# N.M. – Not Meaningful

**Singapore, 26 February 2016 – Sapphire Corporation Limited** (“Sapphire” or the “Group”) said today its net profit for the 12 months ended 31 December 2015 (“FY2015”) rose sharply to S\$6.5 million from S\$0.14 million in FY2014, driven mainly by income from successful corporate restructuring and maiden revenue contributions from Ranken Infrastructure Limited (“Ranken”), its recently-acquired rail engineering business.

SGX Mainboard-listed Sapphire said its revenue for FY2015 almost doubled to S\$116.4 million from S\$58.5 million for FY2014. Ranken, which holds Triple-A qualifications and licenses for design, construction and project consultation in China’s rail transit sector, contributed S\$61.8 million in revenue for the three months ended 31 December 2015 (“4Q2015”). Sapphire completed the acquisition of Ranken on 1 October 2015.

Mancala Holdings Pty Ltd (“Mancala”), Sapphire’s wholly owned Australia-based specialist mining services firm, contributed S\$54.6 million to the Group’s FY2015 revenue. This was S\$3.9 million lower than Mancala’s FY2014 revenue due to the weakening of the Australian dollar against the Singapore dollar, despite improved productivity.

Besides the overall increase, Sapphire’s net profits were also boosted by third-party rental income from the lease of Ranken's commercial building, interest income, foreign exchange gains from the Chinese Renminbi’s appreciation against the Singapore dollar – which resulted mainly from corporate turnaround strategies – and fair-value gains related to the acquisition of Mancala.

Cash and cash equivalents increased to S\$35.1 million at the end of FY2015, compared to S\$12.2 million as at 31 December 2014. The Group's operating cash flows also improved sharply to S\$12.9 million from S\$3.9 million previously.

The Group reported earnings per share of 0.76 cent for FY2015 compared 0.01 cent a share the previous year. Net asset value per share rose to 9.27 cents as at 31 December 2015 from 8.95 cents a year earlier.

Ranken, with a net order book of close to RMB 2 billion as at 25 February 2016, is expected to remain the Group’s largest revenue driver going forward. Since its acquisition by Sapphire, Ranken has won four railway infrastructure contracts in China totalling RMB1.3 billion (S\$282 million). The

Group plans to scale up Ranken's production capacity over the next 12 months to drive future growth.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said: "Governments and state-owned enterprises in China and Southeast Asia continue to invest heavily in rail lines, roads and other infrastructure to improve travel and connectivity. With its strong track record, Ranken is well positioned to be actively involved in meeting the region's infrastructure needs."

"We plan to significantly scale up Ranken's production capacity with an asset-light strategy that does not involve major capital expenditure. We will manage Ranken's supply chain and resources to expand the engineering team and leverage its improved financial position to add working capital judiciously," Mr. Teh added.

The Group intends to accelerate Ranken's growth by increasing its order book of metro, urban rail transit and other major land transport infrastructure projects in China and Southeast Asia.

As announced on 6 January 2016, a potential strategic investor has expressed interest in taking an equity stake in Mancala. The Group also visited a zinc and lead mine in China to provide a quote for a mining services contract.

"Despite weak commodity prices, we see opportunities for Mancala to quote and secure major contracts in China, where the government is pushing for more efficient and environmentally-friendly practices to achieve sustainability in the mining sector," Mr. Teh said.

Barring unforeseen circumstances, the Group expects to remain profitable in FY2016.

**\*\*End of Press Release\*\***

*Issued on behalf of the Company by WeR1 Consultants Pte Ltd:*

**Media & Investor Contact Information**

WeR1 Consultants Pte Ltd  
3 Phillip Street, #12-01  
Royal Group Building  
Singapore 048693  
Tel: (65) 6737 4844 | Fax: (65) 6737 4944  
Grace Yew – [graceyew@wer1.net](mailto:graceyew@wer1.net)  
Lai Kwok Kin – [laikkin@wer1.net](mailto:laikkin@wer1.net)

### **About Sapphire Corporation Limited**

Following the divestment of its steel business, Sapphire, backed by a Board of Directors with strong corporate finance and investment records, has been actively looking out for investment propositions and merger & acquisition opportunities.

Listed on the Singapore Exchange since 1999, Sapphire currently owns 100% in the capital of Mancala Holdings Pty Ltd (“Mancala Australia”), a specialist mining services company based in Australia that provides raise-bore, shaft excavation, engineering services and other mining services. Mancala Australia, which has a strong record of more than 100 completed projects in Australia and internationally, is currently operating a nickel mine in Son La Province, Vietnam, the largest in the country.

On 1 October 2015, Sapphire successfully completed the acquisition of China-based Engineering, Procurement and Construction (“EPC”) business, Ranken Infrastructure Limited (“Ranken”). Founded in 1998, based in Beijing and Chengdu, Ranken is now China’s second- largest privately-owned integrated rail transport infrastructure construction group and the only privately-owned operator in China which has obtained the prestigious full AAA-certification for design, construction and project consultation in the rail sector. Ranken’s clients are mostly state-owned enterprises (“SOE”) and Fortune-500 companies in China.