

Sapphire's 1Q2016 Net Profit Soars 328.6% to S\$2.0 Million On Contributions from Infrastructure Business

- Revenue soars to S\$53.7 million on three-month contributions from rail engineering subsidiary Ranken Infrastructure Limited
- Gross profit more than doubles to S\$7.7 million
- Ranken's order book close to RMB 2.0 billion as of now; expected to remain Sapphire's largest revenue driver going forward

S\$ '000	1Q2016	1Q2015	Change (%)
Revenue	53,676	15,419	248.1
Gross Profit	7,738	2,874	169.2
Net Profit	2,006	468	328.6

Singapore, 11 May 2016 – Sapphire Corporation Limited (“Sapphire” or the “Group”) said today its net profit for the three months ended 31 March 2016 (“1Q2016”) soared to S\$2.0 million from S\$0.47 million in 1Q2015, driven mainly by the consolidation of revenue contributions from Ranken Infrastructure Limited (“Ranken”), its recently-acquired rail engineering business.

SGX Mainboard-listed Sapphire said its revenue for 1Q2016 more than doubles to S\$53.7 million from S\$15.4 million for 1Q2015. Ranken, which holds Triple-A qualifications and licenses for design, construction and project consultation in China's rail transit sector, contributed S\$44.0 million in revenue during the quarter under review.

Revenue from Mancala Holdings Pty Ltd (“Mancala”), Sapphire's wholly-owned Australia-based specialist mining services firm, was S\$9.6 million in 1Q2016. This was S\$5.8 million (37.5%) lower than 1Q2015 due to the impact of falling commodity prices.

Gross profit increased sharply to S\$7.7 million in 1Q2016 from S\$2.9 million in 1Q2015. However, gross profit margin slipped to 14.4% from 18.6%.

The Group's balance sheet remained healthy with cash and cash equivalents of S\$25.9 million as at 31 March 2016, compared to S\$35.1 million as at 31 December 2015. This was due mainly to Ranken's investments in plant and equipment, as well as repayment of bank loans, finance lease liabilities and interest expense.

The Group reported earnings per share of 0.60 cent for 1Q2016. Net asset value per share was 27.25 cents as at 31 March 2015.

Ranken, with a net order book of close to RMB 2.0 billion as of now, is expected to remain the Group's largest revenue driver going forward. Since its acquisition by Sapphire in October 2015, Ranken has won four railway infrastructure contracts in China totalling RMB1.3 billion (S\$282 million). The Group plans to progressively scale up Ranken's production capacity over the next 12 months to drive growth.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said: "The significant improvement in revenue and profit underscores the success of our strategic shift into the rail infrastructure sector. Ranken's fundamentals are very sound in terms of its order book, capabilities and strategic direction."

"Leveraging on the strong foundation and contributions from Ranken, the Group intends to tap more asset-light business expansion opportunities in China as well as South East Asia, where governments are emphasising infrastructure investments to sustain growth and development," he added.

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

The Group expects to remain profitable in FY2016.

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

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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.