

Sapphire Corp's 1H2016 Net Profit Surges to S\$4.7 Million from S\$0.9 Million in 1H2015 On Strong Contributions From Rail Infrastructure Business

- Revenue for 1H2016 more than triples due to contributions from Ranken
- Gross profit for 1H2016 rose to S\$17.7 million
- Ranken's order book close to RMB2.75 billion as at 10 August 2016
- Expect financial performance for FY2016 to be better than that of FY2015

S\$'000	2Q2016	2Q2015	1H2016	1H2015
Revenue	53,434	14,142	107,110	29,561
Gross Profit	9,923	2,163	17,661	5,037
Net Profit	2,787	429	4,747	897

Singapore, 10 August 2016 – Sapphire Corporation Limited (“Sapphire” or the “Group”) announced today that its net profit for the six months ended 30 June 2016 (“1H2016”) rose to S\$4.7 million from S\$0.9 million a year ago, driven by contributions from rail engineering subsidiary Ranken Infrastructure Limited (“Ranken”).

SGX Mainboard-listed Sapphire said revenue for 1H2016 more than tripled to S\$107.1 million from S\$29.6 million in 1H2015. Revenue recorded by Ranken – which holds Triple-A qualifications and licenses for design, construction and project consultation in China’s rail transit sector – was S\$90.9 million for 1H2016 on the back of several project milestones.

For the three months ended 30 June 2016 (“2Q2016”), revenue rose 278% to S\$53.4 million from S\$14.1 million in 2Q2015; with S\$46.8 million in contributions from Ranken and S\$6.6 million from Mancala Holdings Pty Ltd (“Mancala”), the Group’s wholly-owned Australia-based mining services business. The lower revenue from Mancala was due to the weaker market and falling commodity prices.

Gross profit increased to S\$9.9 million in 2Q2016 from S\$2.2 million a year ago. Gross profit margin also improved to 18.6% in 2Q2016, compared to 15.3% in 2Q2015.

Net profit for 2Q2016 rose to S\$2.8 million compared to S\$0.4 million in 2Q2015.

Cash and cash equivalents as at 30 June 2016 fell by \$20.0 million to \$15.0 million due to Ranken’s investments in equipment and facilities, as well as repayment of bank loans, finance lease liabilities and interest expense. The Group’s total borrowings as at 30 June 2016 fell by S\$22.7 million compared to 31 December 2015 with an improved gearing of 0.55 times as at 30 June 2016, compared to 0.79 times as at 31 December 2015.

The Group reported earnings per share on a fully diluted basis of 0.86 cents for 2Q2016 (2Q2015: 0.16 cents) and 1.46 cents for 1H2016 (1H2015: 0.33 cents). Net asset value per share was 27.56 cents as at 30 June 2016.

Ranken has a net order book of close to RMB2.75 billion (S\$570M) as at 10 August 2016, and is expected to remain the Group's dominant revenue driver going forward. Since its acquisition by Sapphire in October 2015, Ranken has won infrastructure contracts in China totalling RMB2.17 billion (S\$462 million).

To meet delivery schedules for the strong order book, Ranken's production capacity has since been scaled up with additional investment in equipment, facilities and human resource.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said: "The strong improvement in our results comes on the back of our successful corporate turnaround plans and acquisition of the earnings-accretive Ranken at a time when China's urban infrastructure development is significant."

"We will remain focus in our strategies and accelerate Ranken's growth by expanding its capacity to take on more projects for metro, urban rail transit and major land transport infrastructure projects in China and other Asia's emerging markets," he added.

The Group expects its financial performance for FY2016 to surpass that of FY2015, barring unforeseen circumstances. The Group reported a net profit of S\$6.5 million for FY2015.

****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.