SGX-Listed Sapphire FY2016 Net Profit Rises 48.8% To S$9.6M; Record Infrastructure Revenue of S$223.9M, Propelled By Ranken

- Net profit from continuing operations, Ranken Infrastructure Limited ("Ranken"), rose 211.8% to S$11.4 million from S$3.7 million
- Net operating cash flows from Ranken up 7.2 times to S$42.4 million from S$5.9 million
- Ranken's total order book healthy at RMB2.3 billion as at 31 December 2016; following up closely on new contracts won

S$ '000	FY2016	FY2015	Change (%)
Continuing Operations – Infrastructure Business*			
Revenue	223,944	61,779	262.5
Gross Profit	27,237	7,087	284.3
Net Profit for the Group's Infrastructure Business	11,389	3,653	211.8
Group's Net Profit			
Net Profit including Discontinued Operations**	9,628	6,469	48.8

* *Results from wholly owned subsidiary, Ranken (Infrastructure Business) & corporate function*

** *Results from Ranken and net of loss from Mancala Group (mining services business – discontinued operations)*

Singapore, 27 February 2017 – SGX Mainboard-listed **Sapphire Corporation Limited** ("Sapphire" or "the Group") today announced that net profit for the financial year ended 31 December 2016 ("FY2016") rose 48.8% to S$9.6 million compared to FY2015, as a result of 12-month revenue and profit contributions from its rail engineering business, Ranken Infrastructure Limited ("Ranken").

Revenue from Ranken soared 262.5% to S$223.9 million from S$61.8 million a year ago on full year contributions from projects in various stages of completion. Sapphire completed the acquisition of the wholly owned Chengdu-based subsidiary – which holds Triple-A qualifications and licenses for design, construction and consultation in China's rail transit sector – in October 2015.

In line with the higher revenue, the Group's gross profit from Ranken rose by $20.2 million to $27.2 million. Gross profit margin in FY2016 also rose to 12.2%, compared to 11.5% in FY2015.

Mancala Group ("Mancala"), the Group's mining services subsidiary in Australia, incurred a net loss of S$1.8 million for FY2016, reflecting volatility of the commodity sectors, and has since been categorised as discontinued operations for the year under review following the Group's plans to dispose of its 81% stake in Mancala, as announced in December 2016. Excluding this net loss, the Group's net profit for FY2016 – as contributed by Ranken – would have been S$11.4 million.

The Group's net operating cash flows for FY2016 increased to S$47.4 million from S$12.9 million over the same comparative periods.

Cash and cash equivalents fell to S$30.2 million as at 31 December 2016 from S$35.1 million as at 31 December 2015, due mainly to equipment and facilities investment for Ranken's recently-secured projects, as well as continual repayment of bank loans and finance lease liabilities. Including Mancala, total borrowings as at 31 December 2016 fell by S$32.8 million to S$40.0 million, while gearing improved to 0.40 times from 0.79 times over the periods.

Ranken's net order book was RMB 2.3 billion (S$478.9 million) as at 31 December 2016, following revenue recognition for a number of existing projects over the last three months. The management is also following up closely on the status of its new contract bids.

Earnings per share ("EPS") on a fully diluted basis rose to 2.96 cents for FY2016 (FY2015: 2.27 cents). EPS for the Group's continuing operations in FY2016 almost tripled to 3.50 cents (FY2015: 1.28 cents). Net asset value per share was 29.83 cents as at 31 December 2016.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said: "China has committed to investing significantly in transport infrastructure over the next few years, specifically in the forms of local government spending and Public-Private Partnerships for the metro and urban rail transit sector."

"Ranken's capacity expansion is on track to capture such demand and meet increasingly higher bidding opportunities across China and the emerging South Asian region," added Mr. Teh, who led Sapphire through a Group-wide restructuring and transformation that included the disposal of a legacy loss-making steel business.

The Group expects to stay focused on its core infrastructure business going forward and to remain profitable for the financial year ending 31 December 2017.

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

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About Sapphire Corporation Limited

Listed on the Singapore Exchange since 1999, Sapphire has undergone a major restructuring exercise and corporate transformation over the last three years.

On 1 October 2015, Sapphire successfully completed the acquisition of China-based Engineering, Procurement and Construction ("EPC") business, Ranken Infrastructure Limited ("Ranken") as part of its corporate turnaround strategy. 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, with track records in other emerging markets such as Bangladesh and India.

On 30 December 2016, Sapphire announced disposal of 81% of its stake 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.