

SGX-Listed Sapphire's 1Q2017 Group Net Profit Rises 3.2% to RMB 9.9 million

- Net profit from Ranken (Infrastructure) rose 6.0% to RMB 9.5 million for 1Q2017
- Ranken's total order book healthy at RMB 2.5 billion as at 31 March 2017
- In active discussions with China's state-owned enterprises (SOEs) to explore Public-Private-Partnership (PPP) opportunities

RMB '000	1Q2017	1Q2016	Change (%)
Continuing Operations			
Revenue	187,841	206,644	(9.1)
Gross Profit	26,752	24,792	7.9
Net Profit for Continuing Operations	9,255	8,760	5.7
Discontinued Operations			
Net operating loss	(3,232)	1,074	NM
Net gain on disposal of subsidiaries for the Group	4,123	-	NM
Profit for the period	10,146	9,834	3.2
Share of non-controlling interest	(222)	(214)	3.7
Profit attributable to Owners of the Company	9,924	9,620	3.2
- including net profit from Infrastructure Business	9,538	8,998	6.0

Singapore, 12 May 2017 – Sapphire Corporation Limited (“Sapphire” or the “Group”) reported today a 3.2% increase in Group net profit for the three months ended 31 March 2017 (“1Q2017”) to RMB 9.9 million.

This is the first time Sapphire is reporting results in Renminbi (“RMB”) instead of Singapore dollars as Ranken is now its core business following the sale of an 81% stake in Mancala Group (“Mancala”) in February 2017. The Group discontinued operations, Mancala mining services business, incurred a loss of RMB 3.2 million in 1Q2017.

Chengdu-based Ranken is one of China's largest privately-owned integrated rail infrastructure engineering firms. It holds triple-A qualifications and licences for design, construction and project consultation in China's rail transit sector, had a net order book of RMB 2.5 billion as at 31 March 2017.

Sapphire's revenue for 1Q2017 slipped 9.1% to RMB 187.8 million from RMB 206.6 million in 1Q2016, as some of its recently secured major infrastructure projects are only in their initial stages, where revenue recognised for site preparation work is lower in value. In 1Q2016, Ranken undertook more construction works which were mid-way through their contract lifespan.

Despite the lower revenue, the Group recognised a higher gross profit of RMB 26.8 million in 1Q2017, up from RMB 24.8 million in 1Q2016. Gross profit margin also rose to 14.2% from 12.0% in 1Q2016 due to improved cost control and clients' acceptance of variation orders.

Other income comprised Ranken's project-related and rental income, forex gain and reversal of translation gain on disposal of subsidiary. The Group further streamlined its corporate function upon fully striking off its minerals trading business in 1Q2017.

Fully diluted earnings from continuing operations rose to 2.78 RMB cents in 1Q2017 from 2.62 RMB cents in 1Q2016. Net asset value per share was 144.33 RMB cents as at 31 March 2017, up from 142.24 RMB cents as at 31 December 2016.

Cash and cash equivalents were RMB 105.3 million as at 31 March 2017 compared to RMB 145.2 million as at 31 December 2016.

Ranken's total order book remains healthy at RMB 2.5 billion as at 31 March 2017. The Group is also in active discussions with China's SOEs to evaluate opportunities under the PPP business model, but highlighted that such discussions may not necessarily lead to winning major projects in future.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said, "While our order book is healthy, the professional engineering team remains extremely busy preparing for new tenders. At the same time, we expect certain key projects to gradually enter mid-term of their delivery schedules over the next few quarters, so we need to manage resources allocation more carefully."

"China's current fiscal reform seems to sustain infrastructure spending well. We are also learning in various ways while dealing with state-owned enterprises in China, and our discussions have so far been encouraging," added Mr Teh.

The Group expects to remain profitable in 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 private 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 emerging markets such as Bangladesh and India.

Sapphire owns a 19% 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.