

SGX-Listed Sapphire's 2Q2017 Revenue Rises 30.8% to RMB 296 Million; Posts Net Profit of RMB 10.5 Million

- Net profit of RMB 19.6 million for 1H2017
- Ranken's total order book healthy at RMB 2.6 billion as at 30 June 2017

RMB '000	2Q2017	2Q2016	Change (%)	1H2017	1H2016	Change (%)
Revenue	296,032	226,284	30.8	483,873	432,928	11.8
Gross Profit	32,608	38,379	(15.0)	59,360	63,171	(6.0)
Profit from Continuing Operations	10,536	13,717	(23.2)	19,569	22,263	(12.1)

Singapore, 11 August 2017 – Sapphire Corporation Limited (“Sapphire” or the “Group”) announced today that its revenue for the three months ended 30 June 2017 (“2Q2017”) rose 30.8% to RMB 296.0 million from RMB 226.3 million a year ago, due mainly to a consultancy project in South Asia and more ongoing projects in China. However, the SGX Mainboard-listed company said it had recorded a lower net profit of RMB 10.5 million for the quarter under review (2Q2016: RMB 13.7 million).

Gross profit for 2Q2017 fell to RMB 32.6 million (2Q2016: RMB 38.4 million) with a lower gross profit margin of 11.0% (2Q2016: 17.0%) as Ranken replaced part-time workers with full-time hires for its planned capacity expansion. While many new contracts remained in the early stages of construction, some of these projects were also delayed by environmental and technical difficulties. The Group may negotiate for variation orders and will manage costs more cautiously over the next phase of construction over July to December 2017 (“2H2017”).

Other income, including RMB 0.8 million in project-related income, rose to RMB 3.1 million. Administrative expenses fell to RMB 11.5 million due to the hiring of project-specific full-time workers and the abolishment of indirect taxes for certain goods and services in China.

Sapphire recorded fully diluted earnings per share (“EPS”) from continuing operations of 3.23 RMB cents in 2Q2017 (2Q2016: 4.21 RMB cents). EPS for the six months ended 30 June 2017 (“1H2017”) was 6.01 RMB cents (1H2016: 6.84 RMB cents). Net asset value per share was 147.25 RMB cents as at 30 June 2017, up from 142.24 RMB cents as at 31 December 2016.

Ranken's order book remained healthy at RMB 2.6 billion as at 30 June 2017. The Group will bid for projects in regions where it has a track record, such as northern and northwest region of China. It will evaluate opportunities in Bangladesh and Southeast Asia, as well as engage with China's state-owned enterprises and established Chinese conglomerates for evaluation of large-scale projects.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said, “Ranken remains confident in its overall project execution capabilities and of meeting the targeted delivery schedules for its key projects, despite stringent technical compliance requirements. Meanwhile, we are scaling up our production capacity with more full-time hires to keep up with the pace of project bidding in China.”

The Group reported a net profit of RMB 19.6 million for 1H2017 and expects to remain profitable for the financial year ending 31 December 2017.

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

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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.