

Sapphire Reports 3Q2017 Net Profit of RMB 17.6 Million on RMB 369.5 Million Revenue

- 3Q2017 net profit and operating cash flows rise to RMB 17.6 million and RMB 92.5 million, respectively; and
- Ranken's total order book at RMB 3.4 billion (S\$705 million), highest since acquisition by Sapphire in October 2015

RMB '000	3Q2017	3Q2016	Change (%)	9M2017	9M2016	Change (%)
Revenue	369,525	301,368	22.6	853,398	734,296	16.2
Gross Profit	53,047	39,573	34.0	112,407	102,744	9.4
Net Profit	17,570	13,404	31.1	38,030	36,742	3.5

Singapore, 13 November 2017 – Sapphire Corporation Ltd (“Sapphire” or the “Group”) announced a net profit of RMB 17.6 million for the three months ended 30 September 2017 (“3Q2017”). Its rail engineering arm **Ranken Infrastructure Limited** (“Ranken”) reported an order book of RMB 3.4 billion (S\$705 million), the highest since its acquisition by Sapphire.

SGX Mainboard-listed Sapphire said revenue rose 22.6% to RMB 369.5 million (3Q2016: RMB 301.4 million) as Ranken begun construction on several projects and secured contracts worth RMB 856 million (S\$176 million) during the quarter under review. Ranken won RMB 1.9 billion (S\$385 million) worth of projects in the year to date, surpassing RMB 1.7 billion for all of FY2016.

Gross profit for 3Q2017 rose 34.0% to RMB 53.0 million from RMB 39.6 million in 3Q2016, while gross profit margin edged up to 14.4% from 13.1% a year ago.

Other income, including RMB 0.8 million in project-related income and a foreign exchange translation gain of RMB 4.4 million, rose to RMB 5.7 million.

Net operating cash flows from continuing operations rose to RMB 92.5 million for 3Q2017 compared to RMB 26.2 million in 3Q2016. Cash and cash equivalents came to RMB 176.3 million as at 30 September 2017 compared to RMB 145.2 million as at 31 December 2016, which will support Ranken's working capital needs in view of its significantly higher order book.

For the nine months ended 30 September 2017 (“9M2017”), the Group reported a net profit of RMB 38.0 million on total revenue of RMB 853.4 million.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said, “The Group has produced another healthy set of quarterly results, which is largely attributable to Ranken amid China's aggressive investment in transport infrastructure. Ranken will continue to scale up efficiencies in order to sustain margins.”

“As China moves forward with major economic reforms, competition in the sector could heat up and the pace of industry consolidation may accelerate. For obvious reasons, it is therefore important for Ranken to work closely with larger strategic partners in the near future for winning and the execution of larger-scale projects,” he added.

Chengdu-based Ranken is one of China's largest privately-owned integrated rail engineering firms and the Group's main revenue contributor. It holds triple-A qualifications and licences for design, construction and project consultation.

The Group expects to remain profitable in 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.