

Sapphire Reports FY2017 Revenue of RMB 1.3 Billion on Strong Performance from Rail Infrastructure Business; Proposes Full-Year Dividend of 0.1 Singapore Cent Per Share

- Profit of RMB 44.4 million (S\$9.1 million) from rail engineering arm, Ranken
- Ranken ends 2017 with healthy order book of RMB 3.2 billion (S\$660 million)
- The Group remains optimistic about prospects for its infrastructure business

RMB '000	FY2017	FY2016	Change (%)
Revenue	1,305,095	1,078,209	21.0
Gross Profit	149,930	131,136	14.3
Net Profit	44,439	46,834	(5.1)

Singapore, 28 February 2018 – Sapphire Corporation Limited (“Sapphire” or the “Group”) proposed today a full-year dividend of 0.1 Singapore cent for the 12 months ended 31 December 2017 (“FY2017”), after reporting a profit of RMB 44.4 million (S\$9.1 million) on higher revenue from rail engineering business **Ranken Infrastructure Limited** (“Ranken”).

SGX Mainboard-listed Sapphire reported revenue of RMB 1.3 billion (S\$226.1 million), an increase of 21.0% from RMB 1.1 billion (S\$219.9) a year ago as Ranken took on more ongoing projects in China. Ranken secured RMB 2.2 billion worth of projects in 2017 compared to RMB 1.7 billion in 2016. It ended 2017 with a healthy order book of RMB 3.2 billion (S\$660 million) compared to RMB 2.3 billion (S\$479 million) as at the end of 2016.

Gross profit edged up 14.3% to RMB 149.9 million from RMB 131.1 million in FY2016, whereas gross profit margin narrowed to 11.5% compared to 12.2% in FY2016. The lower margin was mainly due to higher costs of materials; Ranken generally has to bear approximately 5% of material price fluctuation both ways, with project owners bearing any additional cost of fluctuation outside the agreed percentage.

Net profit fell marginally and earnings per ordinary share declined to RMB 13.63 cents (2.79 Singapore cents) in FY2017 compared to RMB 14.38 cents (2.94 Singapore cents) a year ago. Group net asset value per share increased to RMB 151.76 cents (Singapore 31.1 cents) as at 31 December 2017 from RMB 142.24 cents (29.6 Singapore cents).

Cash and cash equivalents were RMB 125.7 million as at 31 December 2017 (FY2016: RMB 145.2 million), due mainly to net cash outflow as Ranken increased its investment in equipment and facilities for the initial stages of more new projects and for environmental compliance requirement.

Ms Wang Heng, Group Chief Executive Officer of Sapphire, said, “As the urbanisation process accelerates, China’s urban rail transit construction is expected to usher in a golden age of development. We will redouble our efforts to pursue projects in China and other markets along the Belt and Road, even as we seek to minimise production costs and improve our margins to stay competitive. We are also on the lookout for strategic collaborations which will open up new project opportunities.”

China’s GDP increased 6.9% in 2017, driven primarily by national investment in public infrastructure. The country plans to spend approximately RMB 15.1 trillion (S\$3.1 trillion) on infrastructure under the 2016-2020 13th Five-Year Plan, including RMB 3.5 trillion (S\$729.2 billion) for railways.

“To reaffirm our commitment to shareholders and our confidence in our core business, we have also proposed our first dividend payout in many years. We remain grateful for our shareholders’ support and will continue exploring ways to enhance value for them,” Ms Wang added.

The proposed dividend is subject to shareholder approval at Sapphire's Annual General Meeting in April.

Ms Wang, a co-founder of Chengdu-based Ranken, was re-designated as Group CEO on 15 December 2017, following her appointment as Executive Director on 16 March 2016. Under her leadership, Ranken became one of China's largest private rail engineering firms and Sapphire's main revenue contributor. Ranken 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 2018.

***** 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.