

Press Release – for immediate release

## Sapphire’s Revenue in 1Q2018 Surged 61.4%; Order Book at RMB 2.9 Billion

- Increased revenue in 1Q2018 due to higher number of ongoing projects in China
- Liquidity position improved with higher cash and cash equivalents of RMB 143.3 million
- Blue-chip customer clientele which includes government agencies and Fortune 500 companies
- Industry prospects remain positive with ongoing public-sector investments in China’s urban rail transit systems

<i>(RMB' million)</i>	<b>1Q2018</b>	<b>1Q2017</b>	<b>Change (%)</b>
<b>Revenue</b>	<b>303.6</b>	<b>188.1</b>	<b>+61.4</b>
<b>Gross Profit</b>	<b>26.9</b>	<b>27.0</b>	<b>(0.6)</b>
<b>Profit attribute to owners of company from Continuing Operations</b>	<b>4.1</b>	<b>4.0</b>	<b>1.9</b>
<b>Net Asset Per Share (as at 31 March 2018)</b>	<b>RMB 154.13 cents</b>		

Singapore, 10 May 2018 – SGX Mainboard-listed **Sapphire Corporation Limited** (“Sapphire” or “盛世企业” and together with its subsidiaries, the “Group”), is pleased to announce that it has registered positive financial performance for the first quarter ended on 31 March 2018 (“1Q2018”), marking another profitable quarterly result since its restructuring on 1 Oct 2015.

Sapphire’s core revenue driver, Ranken Infrastructure Limited (“Ranken”), is China’s second-largest privately-owned integrated urban rail transport infrastructure construction group and it is the only private operator in China which has obtained the prestigious full AAA-certification in China’s urban rail transit sector, enabling Ranken to provide design, construction and supervision within this niche sector.

Given its specialised industry knowledge, working experiences and licences, Ranken has the integrated capabilities to undertake an extensive scope of work associated with an urban rail transport system.

### **Review of Financial Performance in 1Q2018**

Ranken ranks as one of China’s top private enterprises specialising in underground and urban rail engineering and construction and their track record includes various complex and technically challenging large-scale infrastructure projects in China and South Asia.

As China continue to invest significantly in its infrastructure developments, the Group has secured a growing number of contracts for rail engineering and construction works. And as at 31 March 2018, the Group has an order book of RMB 2.9 billion.

With a higher number of ongoing projects in China and the sale of railway sleepers in 1Q2018, the Group's revenue increased 61.4% to RMB 303.6 million.

While revenue surge higher in 1Q2018, the Group's gross profit remained relatively unchanged at RMB 26.9 million.

As compared to the previous correspondingly period, the Group's gross profit margin dipped in 1Q2018 due to higher costs of materials (which Ranken generally has to absorb approximately 5% of material price fluctuation both ways), lower margins from the sale of railway sleepers and higher margins in 1Q2017 arising from clients' acceptance of variation orders.

Collectively, the Group's operating expenses decreased to RMB 17.9 million in 1Q2018.

Overall, the Group registered a net profit of RMB 4.1 million in 1Q2018.

**Commenting on the Group's 1Q2018 results, Ms Wang Heng (王恒), Chief Executive Officer of Sapphire, said, "Our first quarter coincides with the Chinese New Year festive season, hence labour costs were significantly higher. In addition, the underground railway construction projects undertaken by the Group in the first quarter were more complex and technically challenging and as a result, our gross margins were affected.**

*Nevertheless, we are pleased with the underlying operational performance and we will continue to focus on enhancing our operational capabilities and efficiencies in this niche area."*

**Ms Wang added, "Over the past twenty years, we have established ourselves as a specialist in urban rail transit systems with a strong track record in in China and South Asia.**

*Sapphire has built up a strong order book in tier-1 and tier-2 cities within China and with other fast-growing cities in China looking to develop their own urban rail transit system, we are well-positioned to harness these new market opportunities."*

## **Healthy Balance Sheet with Improved Liquidity Position**

Current assets accounted the majority of the Group's total assets (RMB 1.89 billion) and as at 31 March 2018, the Group's current assets stood at RMB 1.58 billion, of which the key components are contract assets (RMB 905.3 million), trade receivables (RMB 234.9 million), other receivables (RMB 274.5 million) and cash and cash equivalents (RMB 143.3 million)

And as at 31 March 2018, the Group's total liabilities decreased to RMB 1.37 billion, which was mainly due to the reduction of trade payables and financial liabilities.

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At the end of March 2018, the Group's shareholders' equity increased to RMB 502.6 million, while net asset value per share stood at RMB 154.13 cents.

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This press release is to be read in conjunction with Sapphire's exchange filings on 10 May 2018, which can be downloaded via [www.sgx.com](http://www.sgx.com).

## **About Sapphire Corporation Limited**

(Bloomberg Code: SAPP:SP / Reuters Code: SAPP.SI / SGX Code: BRD.SI)

Listed on the Singapore Exchange since 1999, Sapphire has undergone a corporate transformation with the successful acquisition of Ranken Infrastructure Limited ("Ranken") on 1 October 2015.

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 also 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.

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Issued on behalf of Sapphire Corporation Limited by:

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