

Press Release – for immediate release

## Sapphire Posts Double-Digit Growth in Revenue and Net Profit in 2Q2018; Order Book at RMB 2.6 Billion

- Positive financial performance of 2Q2018 marks another profitable quarterly result since its restructuring on 1 Oct 2015
- Improved balanced sheet and strengthened asset base with total assets of RMB 1.98 billion as at 30 June 2018
- Exploring new business opportunities related to environmental conservation and water environmental improvement projects in China that is boosted by expected investments of RMB 3.3 trillion under China’s 13th Five-Year Plan.

Financial Year End - 31 December

<i>(RMB' million)</i>	<b>2Q2018</b>	<b>2Q2017</b>	<b>Change (%)</b>	<b>1H2018</b>	<b>1H2017</b>	<b>Change (%)</b>
<b>Revenue</b>	<b>338.3</b>	<b>296.4</b>	<b>+14.1</b>	<b>641.9</b>	<b>484.6</b>	<b>+32.5</b>
<b>Gross Profit</b>	<b>34.9</b>	<b>33.0</b>	<b>+5.6</b>	<b>61.7</b>	<b>60.0</b>	<b>+2.8</b>
<b>Profit from Continuing Operations</b>	<b>10.5</b>	<b>9.1</b>	<b>+14.5</b>	<b>14.5</b>	<b>13.1</b>	<b>+10.6</b>
<b>Net Asset Per Share (as at 30 June 2018)</b>	<b>RMB 156.89 cents</b>					

**Singapore, 10 August 2018** – SGX Mainboard-listed **Sapphire Corporation Limited (“Sapphire” or “盛世企业” and together with its subsidiaries, the “Group”)**, an established integrated infrastructure design and construction group in China, is pleased to announce that it has registered positive financial performance for the second quarter (“2Q2018”) and first half (“1H2018”) for the financial year ending 31 December 2018.

Sapphire owns a 100% stake in China-based Ranken Infrastructure Limited (“Ranken”) and its subsidiaries, which has built up a growing track record in undertaking large-scale urban infrastructure projects (that includes urban rail transport system, expressways, roads, bridges and among others) across China, Bangladesh, India and Saudi Arabia.

With specialised industry knowledge and integrated capabilities, Ranken is also one of the few private operators in China that holds the prestigious full Triple-A qualifications and licences for design, civil engineering, construction and project consultation in the rail sector.

Ranken’s blue-chip customer clientele includes government agencies, consortiums and Fortune 500 companies.

## **Review of Financial Performance in 2Q2018**

As China continue to invest significantly in its infrastructure developments to sustain its social and economic growth, the Group has built up a growing number of construction and engineering contracts relating to urban infrastructures. And as at 30 June 2018, the Group has an order book of RMB 2.6 billion.

In 2Q2018, the Group's revenue jumped 14.1% to RMB 338.3 million as the Group continued to focus on the execution of ongoing projects in China .

With higher revenue in 2Q2018, the Group's gross profit rose to RMB 34.9 million. However, gross profit margin dipped lower to 10.3% in 2Q2018 due to lower margins from the sale of railway sleepers.

While the Group's posted double-digit revenue growth in 2Q2018, the Group's total operating expenses inched marginally to RMB 17.1 million as compared to the total operating expenses of RMB 16.8 million recorded in 2Q2017.

Overall, the Group's net profit increased 14.5% to RMB 10.5 million in 2Q2018. For 1H2018, the Group's net profit for continuing operations rose to 10.6% to RMB 14.5 million

**Commenting on the Group's 2Q2018 results, Ms Wang Heng (王恒), Chief Executive Officer of Sapphire, said, *"Supported by our rigorous focus on the project execution of our urban infrastructure projects, resulting in higher revenue contribution from urban rail transit projects, we have delivered another positive quarter capping off a strong first half of 2018.***

*Recent government meetings and policies in China are addressing key shortcomings in the infrastructure sector, particularly in the area of project execution as well as the imbalance of infrastructure investments in central and western China.*

*With our strong business presence and track record in central and western China, we are well-positioned to harness the opportunities that will arise from the government initiatives to promote the growth of infrastructure investment in these geographical areas.*

*As such, we will continue to execute our strategy to grow our order book and create new growth catalysts."*

## **Further Expansion of our EPC Market Share**

Engineering, procurement and commission ("EPC") is a key component of Ranken's business model and to further expand our presence in this segment, Ranken is looking to venture into the business opportunities related to environmental conservation and water environmental improvement projects in China, which is boosted by expected investments of RMB 3.3 trillion under China's 13th Five-Year Plan.

This business strategy is aligned with China's green policies that prioritises pollution reduction, efficient use of natural resources, food security, climate change mitigation and adaptation, to address development-related and urbanization issues.

As an established infrastructure and construction group in China with 20 years of operating track record, the Group has been involved in more than 10 water management projects in China. On this front, the Group intends to continue pursuing strategic collaborations such as the cooperation agreement signed with Hong Kong mainboard-listed Beijing Enterprises Water Group Co., Ltd. in May 2017, and may also evaluate industry consortiums through which to participate, construct and operate large-scale infrastructure projects on a public-private partnership basis.

### **Improved Balanced Sheet and Strengthened Asset Base**

Guided by a conservative financial management policy, the Group's shareholders' equity increased to RMB 511.6 million, while net asset value per share stood at RMB 156.89 cents at the end of June 2018.

As at 30 June 2018, the Group's total assets increased to RMB 1.98 billion, of which current assets accounted for the majority component at RMB 1.67 billion that includes contract assets (RMB 916.8 million), trade receivables (RMB 357.2 million), other receivables (RMB 297.1 million), cash and cash equivalents (RMB 73.8 million), inventories (RMB 22.1 million) and other investment (RMB 2.9 million).

And as at 30 June 2018, the Group's total liabilities decreased marginally to RMB 1.46 billion, which was mainly due to the reduction of trade payables, contract liabilities and current tax liabilities.

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This press release is to be read in conjunction with Sapphire's exchange filings on 10 August 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 Mainboard of the Singapore Exchange since 1999, Sapphire Corporation Limited ("Sapphire" or the "Group") owns a 100% stake in China-based Ranken Infrastructure Limited ("Ranken") and its subsidiaries, which was founded in 1998, which has grown into an established integrated infrastructure design and construction group.

Notably, Ranken is one of the few private operators in China that holds full Triple-A qualifications and licences for design, civil engineering, construction and project consultation in the rail sector.

# SAPPHIRE

盛世企业

With a track record in major infrastructure projects across China, Bangladesh, India and Saudi Arabia, the Group has built up integrated capabilities and specialised industry knowledge to undertake an extensive scope of work associated with vital urban infrastructure projects (that includes urban rail transport system, expressways, roads, bridges and among others).

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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