



SGX-Listed Sapphire Sells Entire PRC Steel-Making Business for S\$70 Million and Gain on Divestment; Proceeds Will Be Used To Support Resource Business and Chart New Direction in Value-Added Engineering Services

Singapore, 26 April 2014 - Sapphire Corporation (“Sapphire” or “the Company”) said today that it is selling its entire PRC steel-making business (including vanadium production) for S\$70.0 million and will use the proceeds to propel its push into mining services while looking out for strategic investments into other value-added engineering-related businesses.

SGX-listed Sapphire is selling its stakes in four companies to PRC-based Propitious Holdings Company Ltd (“Propitious”) for S\$20 million in cash and the issue of a S\$50 million secured bond bearing 5.0% coupon per annum (“the Bond”), which Propitious will redeem it for cash over the next 6 months. The Bond will be fully secured by assets (including land use rights) of the steel business until it is fully redeemed.

The transaction will result in a total gain of S\$5.05 million for Sapphire comprising a gain on divestment of S\$3.8 million (representing the net sale price less the carrying value of the available-for-sale financial assets) and interest income from the Bond of up to S\$1.25 million.

The transaction will also increase Sapphire’s proforma* Net Tangible Asset (“NTA”) per share to approximately S\$0.095, excluding NTA of Mancala Holdings Pty Ltd (“Mancala”). Cash inflows – on full completion of the sale and redemption of the Bond – will also improve by S\$71.25 million in total, which means cash inflows per share of approximately S\$0.088 (based on Sapphire’s total issued number of shares of 810,949,000).

Sapphire is selling 100% stakes in each of Sapphire Mineral Resources (HK) Limited, which is involved in investment holding and Lucky Art Holdings Limited, which is involved in the manufacture of steel and vanadium pentoxide products as well as trading of steel products.

Sapphire is also selling its entire 16%-stakes in Prime Empire Ltd, which holds a 50.17% stake in a PRC-based steel manufacturer, and Precise Skill Limited which holds a 59.18% stake in a PRC company manufacturing coke for steel products.

** Note: the proforma NTA as at 31 December 2013 excludes that of Mancala as the completion of Mancala took place only in January 2014.*

The entire transaction is subject to approval from Sapphire shareholders at an Extraordinary General Meeting to be convened.



Following the appointment in October 2013 of Mr Teh Wing Kwan – a corporate restructuring expert – as Group CEO, Sapphire has acquired the entire share capital of Mancala, a specialist mining services company in Australia that has been operating for more than 20 years.

Under Mr Teh, Sapphire has also conducted major strategic reviews, cut its loss-making minerals trading segment, streamlined existing operations and outlined strategies to exit the loss-making PRC steel-making business, a sector Sapphire believes will be crippling for smaller steel manufacturers in the near future.

“The sale of our steel business will have positive financial effects for Sapphire and is a major catalyst for the Group to return to profitability by charting a new strategic direction focusing on and investing in value-added engineering services and solutions for the mining and infrastructure sector,” said Mr Teh.

“We will use the sale proceeds for working capital and new investment opportunities which can be earnings accretive for Sapphire. Going forward, our investments will be highly selective and will lean more towards mining services and infrastructure-related engineering with a clear objective of returning to profitability at the earliest,” he said. “We will continue to update shareholders in due course,” Mr Teh added.

Apart from Mancala, Sapphire has been actively exploring other strategic investments as part of its growth strategies.

Issued on behalf of the Group by WeR1 Consultants Pte Ltd.

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