

Sapphire's 3Q2016 Net Profit Rose 80.3% to S\$2.8 Million; 9M2016 Net Profit Up Three-fold To S\$7.5 Million As Rail Engineering Business Accelerates

- Net profit for 3Q2016 rose to S\$2.8 million from S\$1.6 million
- Net operating cash flows for 9M2016 rose to S\$18.3 million from S\$2.1 million
- Ranken's total order book close to RMB 2.8 billion as at 30 September 2016
- Targeting metro and urban rail transit contracts in China and consultancy works in South Asia

S\$ '000	3Q2016	3Q2015	9M2016	9M2015
Revenue	67,966	13,185	175,076	42,746
Gross Profit	9,567	3,441	27,228	8,478
Net Profit	2,797	1,551	7,544	2,448

Singapore, 9 November 2016 – Sapphire Corporation Ltd ("Sapphire" or "the Group") announced today that its net profit for the three months ended 30 September 2016 ("3Q2016") rose to S\$2.8 million from S\$1.6 million a year ago, as its China-based rail engineering business continues to expand amid strong demand for public infrastructure.

SGX Mainboard-listed Sapphire said 3Q2016 revenue soared to S\$68.0 million from S\$13.2 million a year ago, propelled by main revenue contributor Ranken Infrastructure Limited ("Ranken"), on the back of revenue recognition for several projects based on their stage of completion. Sapphire completed the acquisition of Chengdu-based Ranken in October 2015.

For the nine months ended 30 September 2016 ("9M2016"), net profit trebled to S\$7.5 million from S\$2.4 million a year ago. This was achieved on the back of a four-fold increase in revenue to S\$175.1 million from S\$42.7 million in 9M2015.

The Group's mining services business in Australia, however, incurred a net loss of S\$0.5 million for 9M2016 given the weak commodity prices. Excluding this net loss, the Group's net profit for 9M2016 – as contributed by the infrastructure business – would have been S\$8.0 million, net of corporate expenses.

Net operating cash flows improved to S\$8.6 million and S\$18.3 million for 3Q2016 and 9M2016 respectively. Cash and cash equivalents fell to S\$21.1 million as at 30 September 2016 from S\$35.1 million as at 31 December 2015 due mainly to Ranken's investment in plant and equipment and site facilities for its recently secured projects, as well as repayment of bank loans and finance lease liabilities. Total borrowings as at 30 September 2016 fell by S\$20.8 million to S\$51.9 million, while gearing improved to 0.55 times from 0.79 times over the periods.

Earnings per share on a fully diluted basis rose to 0.86 cents for 3Q2016 (3Q2015: 0.57 cents) and 2.32 cents for 9M2016 (9M2015: 0.91 cents). Net asset value per share stood at 28.63 cents as at 30 September 2016.

Ranken's net order book stands at approximately RMB 2.8 billion (S\$573 million) as at 30 September 2016. It has secured RMB 2.6 billion (S\$532 million) worth of rail infrastructure contracts since its acquisition by the Group, and is expected to remain the main revenue driver going forward.

Mr. Teh Wing Kwan, Group CEO and Managing Director of Sapphire, said, "The healthy growth in Ranken's net profit and revenue clearly explains opportunities in China's rail infrastructure sector. The sector will continue to offer growth potential not just in China but also emerging markets in the region."

"Our forward strategy will combine increasing our production capacity to meet this demand while continuing to accelerate efforts to increase market share in China and South Asia, building on the track record and reputation of Ranken," he added.

The Group expects its financial performance for FY2016 to surpass the net profit of S\$6.5 million recorded in FY2015.

****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 privately-owned 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 other emerging markets such as Bangladesh and India.

Sapphire also owns 100% 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.