SAPPHIRE CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198502465W)

THE PROPOSED SUBSCRIPTION AND ACQUISITION OF SHARES IN RANKEN INFRASTRUCTURE LIMITED

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1. INTRODUCTION

1.1 The Board of Directors (the "**Directors**") of Sapphire Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a conditional subscription and sale and purchase agreement dated 22 November 2014 (the "**Agreement**") with Ranken Infrastructure Limited (中铁隆建设有限公司) (the "**Target**" and together with its subsidiaries, the "**Target Group**") and Best Feast Limited (the "**Vendor**"),

pursuant to which:

(a) the Company shall acquire 1 ordinary share in the capital of the Target representing 100% of the current issued share capital of the Target (the "**Sale Share**") from the Vendor for an aggregate consideration of RMB 78.375 million (or S$ equivalent of S$16.5 million) (the "**Acquisition Consideration**"), subject to the terms and conditions of the Agreement (the "**Proposed Acquisition**"; and

(b) the Company shall then subscribe up to 6,000 shares in the capital of the Target (the "**Subscription Shares**") for the aggregate consideration of RMB 282.0 million (or S$ equivalent of S$59.4 million) (the "**Subscription Consideration**"), subject to the terms and conditions of the Agreement (the "**Proposed Subscription**").

(the Proposed Acquisition and together with the Proposed Subscription, the "**Proposed Transactions**")

1.2 The Proposed Transactions constitute a "Major Transaction" within the meaning of Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), and are subject to the approval of shareholders of the Company ("**Shareholders**") being obtained at the extraordinary general meeting to be convened (the "**EGM**"). The Company thus intends to seek approval of the Shareholders for the Proposed Transactions.

2. INFORMATION ON THE TARGET AND THE VENDORS

2.1 <u>Information on the Target Group</u>

The Target is a company incorporated in Hong Kong, and is currently the investment holding company holding:

- an effective interest of 97.6% in the capital of Ranken Railway Construction Group Co., Ltd (中铁隆工程集团有限公司) ("**Ranken**");
- an effective interest of 98% in the capital of Chengdu Kai Qi Rui Business Management Co.,

Ltd (成都凯琪瑞企业管理有限公司);

- an effective interest of 97.6% in the capital of Dalian Ranken Railway Construction Co., Ltd (大连中铁隆工程有限公司);
- an effective interest of 97.36% in the capital of Sichuan Xinlong Construction Co., Ltd (四川新隆建设工程有限公司);
- an effective interest of 78.09% in the capital of Beijing Guoqilong Trading Co., Ltd (北京国企隆贸易有限公司);
- an effective interest of 87.85% in the capital of Sichuan Jinlong Labor Services Co., Ltd (四川金隆劳务有限公司);
- an effective interest of 95.17% in the capital of Sichuan Longjian Construction Consultancy Co., Ltd (四川隆建工程顾问有限公司);
- an effective interest of 97.12% in the capital of Chengdu Jialong Property Services Co., Ltd. (成都嘉隆物业服务有限公司);
- an effective interest of 97.6% in the capital of PT Tekgen Indonesia; and
- an effective interest of 97.6% in the capital of Chengdu Ranken Railway Construction Group Co., Ltd., Saudi Arabia Branch.

Please refer to Appendix A for the group structure.

Ranken is the main operating company for the Target Group. Incorporated in 1998, Ranken has since become a full-fledged Engineering, Procurement and Construction ("**EPC**") firm specializing in design, civil engineering and construction for land transport infrastructure (specifically, railway infrastructure for urban rail transit and high-speed train), major tunneling works, underground structures, expressways, road and bridges for township development and urbanization projects. Ranken is now the second largest privately-owned (excluding state-owned enterprises ("SOEs")) integrated railway transportation infrastructure group in China and is the only privately-owned operator which possesses full integrated Triple-A qualifications and licenses in relation to design, construction and project consultation in the rail transit sector in China. The clients of Ranken are mainly SOEs and Fortune-500 companies in China.

Ranken has been undertaking and managing major infrastructure projects – mostly on a Build-Transfer ("**BT**") basis – in China, Bangladesh, India and Saudi Arabia. Ranken has completed many prominent infrastructure projects in China and to name a few, it completed the largest tunnel cross-section cut in China and is constructing the largest tunnel cross-section cut in Asia (both are major underground metro projects in China); built arguably the safest tunnel and expressway in Wenchuan, Sichuan (which withstood the '5.12 Earthquake' catastrophe in Wenchuan); built one of the longest bridges in China; participated in infrastructure projects relating to Beijing Olympic Park and major extension works for international airports in Beijing and Chengdu. Ranken has also undertaken large-scale underground space construction projects, which involved designing and constructing basement levels for urban rail transit stations and underpass transfers.

Outside China, Ranken is the main contractor and key project consultant for the second largest railway project in Bangladesh, the Dhaka-Chittagong Railway, and also undertook part of the technical consultancy and civil engineering works for the major Alwaye-Petta Line of Kochi Metro Rail Project in India. More recently, Ranken has initiated preliminary assessment of various projects in South-East Asia, such as new expressways projects in Malaysia, extension of the Mass

Rapid Transit projects in Singapore and the proposed rehabitatiation of a railway project in Cambodia.

Based on the pro forma unaudited consolidated financial statements of the Target Group, the consolidated earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") and net profit after tax and minority interest ("**NPAT**") for the Target Group for the 6 months ended 30 June 2014 were RMB 37.4 million and RMB 19.4 million, respectively, and the net asset value ("**NAV**") of the Target Group as at 30 June 2014 is RMB 268.0 million.

2.2 Information on the Vendor

The Vendor is currently a company incorporated in the British Virgin Islands, beneficially owned by 34 individuals, who are mostly qualified engineers by profession, under Ranken's employees share ownership plan (the "**Beneficial Owners**"). The Vendor was set up for the purpose of holding equity interest in the Target.

The following Beneficial Owners who own more than 10% of the Vendor and are also the founding members of Ranken (the "**Founding Members**"):

(a) Wang Heng (王恒) - 49.13%

Wang Heng is the legal representative of Ranken and one of Ranken's founding members. She graduated from the Southwest Transportation University with a major in Railway Engineering and also holds an Executive MBA from Qinghua University. She is a qualified engineer by profession. She started her professional career with China Railway Bureau 12 (中铁十二局) ("**CRB 12**") where she worked for 9 years, from 1991-2000. She was a qualified technician and was subsequently promoted to engineer, chief of technical department for CRB 12 prior to co-founding Ranken.

She is very familiar with the process of project tendering and bidding (either as a main contractor or sub-contractor from small-scale civil engineering projects to large-scale municipal projects, particularly relating to land transportation contracts) in China. She also reviews feasibility and project costing for Ranken's overseas ventures and projects. Together with the other co-founding members of Ranken, she has been able to secure various projects from SOE and SOE-linked entities (some of which are Fortune-500 companies in China).

(b) Wang Jilu (王冀鲁) – 14.35%

Wang Jilu was one of Ranken's founding members and key operational directors. He graduated from Beijing Science and Technology University and worked at Beijing Railway Bureau (北京铁路局) as General Secretary for 13 years prior to co-founding Ranken. He is instrumental in dealing and maintaining good working relationships with Ranken's major clients, which is instrumental in continually securing major SOE contracts, ensuring efficient supply chain and improving cost control.

During the formative years, both Wang Hen and Wang Jilu led Ranken to obtain various Class-A licenses from various ministry offices for its fields of expertise, specifically in public works civil engineering and project management for land transportation infrastructure projects. They also coordinated with international consultants and advised them on the process of quoting and managing various major infrastructure projects in China.

Please refer to Appendix B for details of the other Beneficial Owners.

Yang Jian, a non-executive director of the Company, had previously referred Wang Heng, one of the Founding Members, to Mr Teh Wing Kwan ("**Mr Teh**"), the Group Chief Executive Officer of the Company, for friendly advice when Ranken was keen to evaluate and quote for major infrastructure projects in West Malaysia and other parts of South-East Asia (markets which Mr Teh is familiar with and has strong business networks). Since then, Ranken has been seeking corporate advice from Mr Teh in relation to Ranken's corporate and business expansion plans in South-East Asia, ranging from general discussions relating to Ranken's business model to the Company's investment strategies. As a result, both the Company and Ranken have developed a good business relationship thereby leading to specific discussions on the Proposed Transactions. Yang Jian will not receive any introducer fees or other benefits in relation to the Proposed Transactions

None of the Vendor or any of the Beneficial Owners, are related to the Company, its Directors, or controlling shareholders.

Upon completion of the Proposed Transaction, the Founding Members will enter and also procure the key management of Ranken to enter into 5-year service contract with the Target.

3. RATIONALE AND BENEFITS

The Group is currently engaged in the business of providing specialist mining services, which includes raised bore, shaft excavation, engineering services and other mining services through its subsidiary, Mancala Holdings Pty Ltd, in Australia. Since the Company's decision to exit the steel business, it has been proactively evaluating various strategic investment opportunities to improve its financial performance and position.

The engineering sector relating to railway infrastructure projects in China is a niche market with high barriers to entry. Notably, Ranken is the only Triple A privately-owned operator which possesses full integrated qualifications and licenses in relation to design, construction and project consultation in the rail transit sector in China. From a macro prospective, the recent 5-year plan adopted by the PRC Congress appears to emphasise continual urbanization and modernization. Therefore, the Company believes that accelerating investments in the infrastructure sector are expected to stimulate domestic economic growth over the longer term. In this regard, infrastructure projects for railway, urban rail transit, high-speed train, new expressways and roads upgrade are expected to take the lead. There has also been a rising demand for sustainable urbanization needs in China and other parts of emerging markets in Asia.

The Proposed Acquisition represents an expansion and diversification of the existing business of the Group into the value-added engineering sectors specifically in design, construction and consultation of railways (urban rail transit and high-speed trains) and other land transportation infrastructure for township development and urbanization projects in China and other emerging markets. The Proposed Acquisition will minimise the reliance of the Group on its existing mining services operation, mitigate the commercial risks and exposure to the volatility of commodity prices which may impact the financial performance of mining services business, as well as generate a sustainable revenue stream and additional earnings for the Group.

4. THE PROPOSED TRANSACTIONS

4.1 Acquisition Consideration

Subject to the terms and conditions of the Agreement, the total consideration for the purchase of the Sale Share shall be the sum of RMB 78.4 million or S$ equivalent of S$16.5 million, which shall be satisfied by way of the issue and allotment of 165,000,000 new ordinary shares in the capital of the Company to the Vendor (the "**Consideration Shares**"), deemed fully paid-up at the issue price of approximately S$0.10 per Consideration Share (the "**Issue Price**").

The Issue Price represents a slight premium of approximately 1% to the volume weighted average price (the "**VWAP**") of S$0.099 of the ordinary shares of the Company (the "**Shares**") for trades done on the SGX-ST on 20 November 2014 (being the last full market day on which the Shares were traded prior to the date the Agreement was signed).

The Consideration Shares represent approximately 20.35% of the existing issued share capital of the Company.

On completion of the Proposed Transactions, the Consideration Shares will represent approximately 16.91% of the enlarged share capital of the Company.

The Acquisition Consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations and after taking into account after taking into consideration, *inter alia*, the EBITDA Estimate and the NAV of the Target Group as at 30 June 2014; the market value of the Commercial Building (as defined in paragraph 4.3(b) below), the EBITDA Estimate for FY2014 and 6 months ending 30 June 2015 and the factors listed in paragraph 3 above.

4.2 Subscription Consideration

Subject to the terms and conditions of the Agreement,

(a) the Target shall allot and issue, and the Company shall subscribe for, 6,000 Subscription Shares, for the Subscription Consideration of RMB 282.0 million (or S$ equivalent of S$59.4 million), representing the issue price of RMB 47,000 (or S$ equivalent of S$9,895) per Subscription Share; and

(b) the Company shall satisfy the Subscription Consideration in the following manner:

   (i) the provision of a RMB 82.0 million (or S$ equivalent of S$17.3 million) interest free loan (the "**Loan**") within three (3) months of the due diligence (provided that (A) the results of the due diligence are reasonably satisfactory to the Company and (B) the Company is entitled to disburse the loan in parts to the Target at any time during the three (3) months' period). The Loan is to be secured against all the trade receivables of Ranken, and the Loan is to be capitalised on the date of completion of the Proposed Subscription and the Proposed Acquisition; and

(ii) the issue of a redeemable non-convertible corporate bond amounting to a principal amount of RMB 120 million (or S$ equivalent of S$25.3 million) ("**Bond 1**") by the Company in favor of the Target on completion of the Proposed Subscription and Proposed Acquisition ("**Completion**"), subject to adjustments in the event that the audited consolidated earnings before interest, taxes, depreciation, and amortization (the "**EBITDA**") of the Bondholder and its subsidiaries for FY2014 is less than RMB 79,000,000 (or S$ equivalent of approximately S$16,600,000) ("**EBITDA Estimate for FY2014**"). The full amount payable by the Company to redeem the Bond in full (the "**Redemption Amount**") shall be reduced in accordance with the following formula:

A = (B x C) / D

Where:

A	=	the new Redemption Amount
B	=	the old Redemption Amount
C	=	the actual EBITDA for the financial year ended 31 December 2014
D	=	the EBITDA Estimate

It has also been agreed that if the audited EBITDA for FY2014 is more than 95% of the EBITDA Estimate for FY2014, there shall be no adjustment in the Redemption Amount for Bond 1 and there shall be no increase in the Redemption Amount for Bond 1 if the actual EBITDA for FY2014 exceeds the EBITDA Estimate for FY2014.

(iii) the issue of a redeemable non-convertible corporate bond amounting to a principal amount of RMB 80.0 million (or S$ equivalent of S$16.8 million) ("**Bond 2**") by the Company in favor of the Target on Completion of the Proposed Subscription and Proposed Acquisition, subject to adjustments in the event that the aggregate of:

- the surplus between the FY2014 audited consolidated EBITDA of the Target and the FY2014 EBITDA Estimate of RMB 79,000,000 (or S$ equivalent of approximately S$16,600,000) and

- the unaudited EBITDA, subject to audit review, for the 6 months ending 30 June 2015

collectively, the (the "**Aggregate EBITDA"**)

is less than RMB 56,000,000 (or S$ equivalent of approximately S$11,800,000), the Redemption Amount for Bond 2 shall be reduced in accordance with the following formula:

A = (B x C) / D

Where:

A	=	the new Redemption Amount
B	=	the old Redemption Amount
C	=	the Aggregate EBITDA
D	=	the EBITDA Estimate

It has also been agreed that if the Aggregate EBITDA is more than 95% of the EBITDA Estimate for 1H2015, there shall be no adjustment in the Redemption Amount for Bond 2 and there shall be no increase in the Redemption Amount for Bond 2 if the actual EBITDA for the 6 months ending 30 June 2015 exceeds the EBITDA Estimate for 6 months ending 30 June 2015.

The total amount of cash proceeds received by the Target from the redemption of the Bond 1 and Bond 2 shall be capitalised within 30 days from the date of the redemption of the Bond.

The Subscription Consideration was arrived at on a willing-buyer and willing-seller basis after arm's length negotiations and taking into account, *inter alia*, the NAV of the Target Group as at 30 June 2014, the 6-month Net Profit for the Target Group ended 30 June 2014, the current market value of the Commercial Building (as defined in paragraph 4.3(c) below), the EBITDA Estimate for FY2014 and 6 months ending 30 June 2015 and the factors listed in paragraph 3 above.

The Subscription Shares shall be allotted and issued by the Target to the Company free from encumbrances, and shall rank *pari passu* in all respects with the existing shares of the Target, provided always that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Subscription Shares.

4.3 <u>Use of Proceeds from Subscription Consideration of RMB 282.0 million or (S$ equivalent of $59.4 million)</u>

After completion of the Proposed Transactions and upon redemption of the Bond in full by the Target, the Target shall procure that the proceeds from the Subscription be applied as follows:

(a) RMB 190.0 million (or S$ equivalent of S$40 million) shall be paid to the Vendor for the acquisition of Ranken and its subsidiaries, provided that the Founding Members grant a personal guarantee (the "**Personal Guarantee**") or procure such guarantee for the purpose of securing total banking facilities of not less than RMB 237.5 million (or S$ equivalent of S$50 million) for the Target Group; and

(b) RMB 92.0 million (or S$ equivalent of S$19.4 million) shall be paid to the Founding Members for the acquisition by the Target of the land and building (Zhong Tie Long Building 中铁隆大厦) located at No. 189 Wu Ke Xi Second Road, Wu Hou Area, Chengdu

City, Sichuan Province, P.R.C (中国，四川省，成都市，武侯区，189 武科西二路) (the "**Commercial Building**") from the Founding Members, free of debts obligation on the Commercial Building, provided that the market value of the Commercial Building as assessed by an internationally-recognized independent valuer (the "**Valuer**") shall not be less than RMB 100 million or S$ equivalent of S$21.1 million. The amount payable for the Commercial Building shall be reduced by the same proportion in the event that the market value of the Commercial Building, as suggested by the Valuer, is less than RMB 100 million or S$ equivalent of S$21.1 million. For avoidance of doubt, there shall be no increase in amount payable for the Commercial Building if the market value of the Commercial Building exceeds RMB 100 million or S$ equivalent of S$21.1 million.

4.4 Conditions Precedent

Completion of the Proposed Subscription and the Proposed Acquisition shall be conditional upon the following conditions (the "**Conditions**") having been fulfilled (or waived by the parties to the Agreement):

(a) the Vendor being the legal and beneficial owner of 100% of the issued and paid-up share capital of the Target;

(b) written notification by the Company to the Vendor of the completion of the legal and financial due diligence conducted by the Company in respect of the Target Group within 30 days from the date of the Agreement and of the results of such due diligence being reasonably satisfactory to the Company;

(c) the completion by the Target of the valuation of the Commercial Building by an independent property valuer that the total market value of the Commercial Building shall not be less than RMB 100 million or S$ equivalent of S$21.1 million;

(d) the approval of the shareholders of the Target having been obtained for the issue of the Subscription Shares;

(e) the receipt of the approval-in-principle from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the listing and quotation of the Consideration Shares on the Main Board of the SGX-ST, and such approval not being revoked, rescinded or cancelled prior to the Completion Date;

(f) the approval of shareholders of the Company having being obtained at an extraordinary general meeting for the Proposed Subscription and the Proposed Acquisition (including the issuance of the Consideration Shares to the Vendor);

(g) the receipt of all necessary approvals, consents or waivers from any governmental body, regulatory authority or other third party for the Proposed Subscription and the Proposed Acquisition (where applicable and as the case may be), and if such approvals, consents or waivers are granted subject to conditions, such conditions being acceptable to the relevant party, and if any of such conditions are required to be satisfied by the Completion Date, such conditions being so satisfied;

(h) the representations and warranties of the Vendor as set out in the Agreement being true and accurate in all material respects as at the date of the Agreement and on Completion;

(i) the Target and the Vendor having performed and observed all of the covenants and undertakings required to be performed and observed by them under the Agreement prior to Completion;

(j) there being no occurrence of any event or circumstances which has or is likely to have a material adverse effect on the condition (financial or otherwise), results of operations, assets and liabilities, prospects or business of the Target Group;

(k) there being no litigation, arbitration, other proceedings or claims in progress, pending or threatened against the Vendor;

(l) written notification by the Vendor to the Company of the completion of the legal and financial due diligence conducted by the Vendor in respect of the Group within 30 days from the date of the Agreement and of the results of such due diligence being reasonably satisfactory to the Vendor;

(m) the Company having performed and observed all of the covenants and undertakings required to be performed and observed by them under the Agreement prior to Completion;

(n) there being no occurrence of any event or circumstances which has or is likely in the opinion of the Vendor to have a material adverse effect on the condition (financial or otherwise), results of operations, assets and liabilities, prospects or business of the Group; and

(o) there being no litigation, arbitration, other proceedings or claims in progress, pending or threatened against the Company.

If any of the Conditions shall not have been fulfilled (or waived) on or before the Long-Stop Date (or such later date as the parties to the Agreement may agree in writing), then the provisions of the Agreement (other than Clauses 4.7, 10 (*Confidentiality and Announcements*), 11 (*Notice*), 12 (*Stamp Duty*), 13 (*Costs and Expenses*), 14 (*Governing Law and Jurisdiction*), 15 (*Third Party Rights*) of the Agreement) shall from such date cease and determine and no party to the Agreement shall have any claim against the other parties for costs, damages or compensation, save in respect of any antecedent breach of the Agreement.

If for any reason Completion does not take place on or before the Long-Stop Date (or such later date as the parties to the Agreement may agree in writing), the Loan shall to the extent disbursed to the Target, forthwith become repayable by the Target to the Company on demand.

4.5 Moratorium

The Vendor has undertaken not to (directly or indirectly), *inter alia*, offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of:

(a) any of its Consideration Shares for the period commencing from the date of issuance of the Consideration Shares and up to the date falling one (1) year from the date of issuance of the Consideration Shares; and

(b) more than 50% of its Consideration Shares for the period commencing from the date falling one (1) year from the date of issuance of the Consideration Shares and up to the date falling two (2) years from the date of issuance of the Consideration Shares.

5. RULE 1006 FIGURES

The relative figures in respect of the Proposed Transactions, as computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**"), are as follows:

Bases in Rule 1006		
		RMB'000/S$'000
(a)	Net asset value of the assets to be disposed	Not applicable(1)
	Net asset value of the Group	-
	Size of relative figure	-
(b)	Net profits/(losses)(2) attributable to the Proposed Transactions (S$'000)	RMB 20,843/S$4,388 (3) (4)
	Net profits/(losses) of the Group (S$'000)	(S$7,280) (5)
	Size of relative figure	Not meaningful
(c)	Aggregate value of the consideration (S$'000) (comprising of the Subscription Consideration and the Acquisition Consideration)	S$75,900
	Market capitalisation(6) of the Company (S$'000)	$80,284
	Size of relative figure	94.54%
(d)	Number of equity securities issued for the Proposed Acquisition (comprising of the Consideration Shares)	165,000,000
	Number of shares of the Company in issue	810,949,328
	Size of relative figure	20.35%

Notes:

(1) This is not applicable to an acquisition of assets.

(2) "Net profits/(losses)" means profit or loss before income tax, minority interests and extraordinary items arising from continuing and discontinued operations.

(3) Based on the unaudited consolidated financial statements of the Target for the financial period ended 30 June 2014.

(4) Based on the exchange price of S$1 : RMB 4.75

(5) Based on the unaudited consolidated financial statements of the Group for the financial period ended 30 September 2014.

(6) "Market capitalisation" is determined by multiplying the number of shares of the Company in issue by the VWAP of S$0.99 of such shares transacted on 20 November 2014 (being the market day preceding the date of the Agreement).

As the relative figures computed on the bases set out in Rules 1006 exceed 20%, the Proposed Transactions constitute a major transaction as defined in Chapter 10 of the Listing Manual. Accordingly, the Proposed Transactions are subject to the approval by Shareholders in a general meeting.

6. FINANCIAL EFFECTS

The pro forma financial effects of the Proposed Transactions set out below have been prepared based on

(a) the audited consolidated financial statements of the Group for the financial year ended 31 December 2013; and

(b) the unaudited consolidated financial statements of the Group for nine months ended 30 September 2014.

The pro forma financial effects are only presented for illustration purposes, and are not intended to reflect the actual future financial situation of the Group after completion of the Proposed Transactions.

6.1 Earnings per Share ("**EPS**")

(a) Assuming that the Proposed Transactions have been completed on 1 January 2013, the effect on the EPS of the Group will be as follows:

	Before the Proposed Transactions	**After the Proposed Transactions**
Net Profit/(Loss) after tax and minority interests (S$'000)	(157,176)	(139,678) (1)
Weighted Average Number of Shares ('000)	810,949	975,949
(Loss)/Earnings per Share (cents)	(19.38)	(14.31)
Net Profit/(Loss) after tax and minority interests - continuing operations (S$'000)	(4,704)	905 (1) (2)
Weighted Average Number of Shares - continuing operations ('000)	810,949	975,949
(Loss)/Earnings per Share - continuing operations (cents)	(0.58)	0.09

Notes:

(1) The effect of the proposed Acquisition on the loss after tax and minority interest of the Company has been computed based on:
   (i) the Target's net profit after tax and minority interest of approximately RMB 25,205,000 (at exchange rate of S$1: RMB 4.75) as per its unaudited pro forma financial statements for the financial year ended 31 December 2013;
   (ii) recognition of gain of S$12.3 million from the previous sale of steel business based on consideration of S$70 million as compared to net assets of S$57.7 million as at 30 September 2014, less reversal of translation loss relating to the steel business;
   (iii) accrual of interest expense of S$947,000 on the assumption that the 4.5% non-convertible redeemable corporate bond is paid on due date and there are no adjustments to the redemption value of the Bond; and
   (iv) recognition of interest income of S$1,250,000 on the assumption that the bond issued by Propitious Holdings Company Limited in relation to the previous sale of steel business is received in full on due date by the Group.

(2) Breakdown of pro forma Net Profit after tax and minority interests - continuing operations after the Proposed Transactions for the financial year ended 31 December 2013 is as follows:

	S$'000
Corporate Function expenses	(4,704)
Target's profit	5,306
Net interest income	303
Total	905

(b) Assuming that the Proposed Transactions have been completed on 1 January 2014 and based on the Target's net profit after tax and minority interests for the 6 months ended 30 June 2014, the effect on the EPS of the Group for the nine months ended 30 September 2014 will be as follows:

	Before the Proposed Transactions	**After the Proposed Transactions**
Net Profit/(Loss) after tax and minority interests (S$'000)	(8,279)	7,682 (1)
Weighted Average Number of Shares ('000)	810,949	975,949
(Loss)/Earnings per Share (cents)	(1.02)	0.79
Net Profit/(Loss) after tax and minority interests - continuing operations (S$'000)	278	4,503 (1) (2)
Weighted Average Number of Shares - continuing operations ('000)	810,949	975,949
(Loss)/Earnings per Share - continuing operations (cents)	0.03	0.46

Notes:

(1) The effect of the proposed Acquisition on the loss after tax and minority interest of the Group has been computed based on:

(i) the Target's net profit after tax and minority interest of approximately RMB 18,629,000 (at exchange rate of S$1: RMB 4.75) as per its unaudited pro forma financial statements for the six (6) months ended 30 June 2014;

(ii) recognition of gain of S$12.3 million from the previous sale of steel business based on consideration of S$70 million as compared to net assets of S$57.7 million as at 30 September 2014, less reversal of translation loss relating to the steel business;

(iii) accrual of interest expense of S$947,000 on the assumption that the 4.5% non-convertible redeemable corporate bond is paid in full on due date and there are no adjustments to the redemption value of the Bond; and

(iv) recognition of interest income of S$1,250,000 on the assumption that the bond issued by Propitious Holdings Company Limited in relation to the previous sale of steel business is received in full on due date.

(2) Breakdown of pro forma Net Profit after tax and minority interests - continuing operations after the Proposed Transaction for the nine (9) months ended 30 September 2014 is as follows:

	S$'000
Corporate Function expenses	(1,363)
Mancala Australia profit	1,641
Target's profit	3,922
Net interest income	303
Total	4,503

6.2 Net Asset Value ("**NAV**")

(a) Assuming that the Proposed Transactions have been completed on 31 December 2013 and based on the Target's pro forma NAV as at 31 December 2013, the effect on the NAV per share of the Group will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S$'000)	73,485	85,796[(1)]
Number of Shares ('000)	810,949	975,949
NAV per Share (cents)	9.06	8.79

Notes:

The above computations takes into consideration of estimated gain of S$12.3 million from the previous sale of steel business based on consideration of S$70 million as compared to net assets of S$57.5 million as at 30 September 2014. The effect excludes the treatment of any goodwill on acquisition if it has been completed on 1 January 2013.

(b) Assuming that the Proposed Transactions have been completed on 30 September 2014 and based on the Target's pro forma NAV as at 30 June 2014, the effect on the NAV per share of the Group will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NAV (S$'000)	64,470	76,781[(1)]
Number of Shares ('000)	810,949	975,949
NAV per Share (cents)	7.95	7.87

Notes:

The above computations takes into consideration of estimated gain of S$12.3 million from the previous sale of steel business based on consideration of S$70 million as compared to net assets of S$57.5 million as at 30 September 2014. The effect excludes the treatment of any goodwill on acquisition if it has been completed on 1 January 2014.

6.3 Net Tangible Assets ("**NTA**")

(a) Assuming that the Proposed Transactions have been completed on 31 December 2013 and based on the Target's pro forma NTA as at 31 December 2013, the effect on the NTA per share of the Group will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	73,485	65,979 [(1)]
Number of Shares ('000)	810,949	975,949
NTA per Share (cents)	9.06	6.76

Notes:

(1) The post-acquisition pro forma NTA is arrived after taking into account of:
- (i) the purchase consideration for the Proposed Transaction of S$75.9 million, market value of the Commercial Building and estimated goodwill on pro forma consolidation (subject to "Purchase Price Allocation" exercise to be conducted by an independent valuer on completion of the Proposed Transactions); and
- (ii) recognition of gain of S$12.3 million from the previous sale of steel business based on consideration of S$70 million as compared to net assets of S$57.5 million as at 30 September 2014.

(b) Assuming that the Proposed Transactions have been completed on 30 September 2014 and based on the Target's pro forma NTA as at June 2014, the effect on the NTA per share of the Group will be as follows:

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S$'000)	64,470	61,187[(1)]
Number of Shares ('000)	810,949	975,949
NTA per Share (cents)	7.95	6.27

Notes:

(1) The post-acquisition pro forma NTA is arrived after taking into account of:

(i) the purchase consideration for the Proposed Transaction of S$75.9 million, market value of the Commercial Building and estimated goodwill on pro forma consolidation (subject to "Purchase Price Allocation" exercise to be conducted by an independent valuer on completion of the Proposed Transactions); and

(ii) recognition of gain of S$12.3 million from the previous sale of steel business based on consideration of S$70 million as compared to net assets of S$57.5 million as at 30 September 2014.

7. OTHER INFORMATION

7.1 Shareholders' Approval

The Company intends to convene the EGM to seek approval of the Shareholders for the Proposed Transactions.

Pursuant to Rule 805(1) of the Listing Manual, an issuer is required to obtain the prior specific approval of shareholders in a general meeting for the issue of shares, save where such issue is undertaken pursuant to a general mandate granted by shareholders in a general meeting. The issuance of Consideration Shares to the Placees will be made pursuant to a specific mandate and the Company will be seeking specific Shareholders' approval for the issuance of Consideration Shares to the Placees.

7.2 Source of Funds

The Company intends to use internal sources of funds, which are mainly generated from the sale of steel business, to finance the cash portion of the Subscription Consideration.

7.3 Application to the SGX-ST

The Company will be making an application to the SGX-ST for the listing of and quotation of the Consideration Shares on the Main Board of the SGX-ST.

8. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be made available for inspection during normal business hours at the Company's registered office for a period of three (3) months from the date of this announcement.

9. INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors or substantial shareholders of the Company has, any interest, direct or indirect, in the Proposed Transactions, other than through their respective shareholdings in the Company.

10. FURTHER INFORMATION AND ACTION BY SHAREHOLDERS

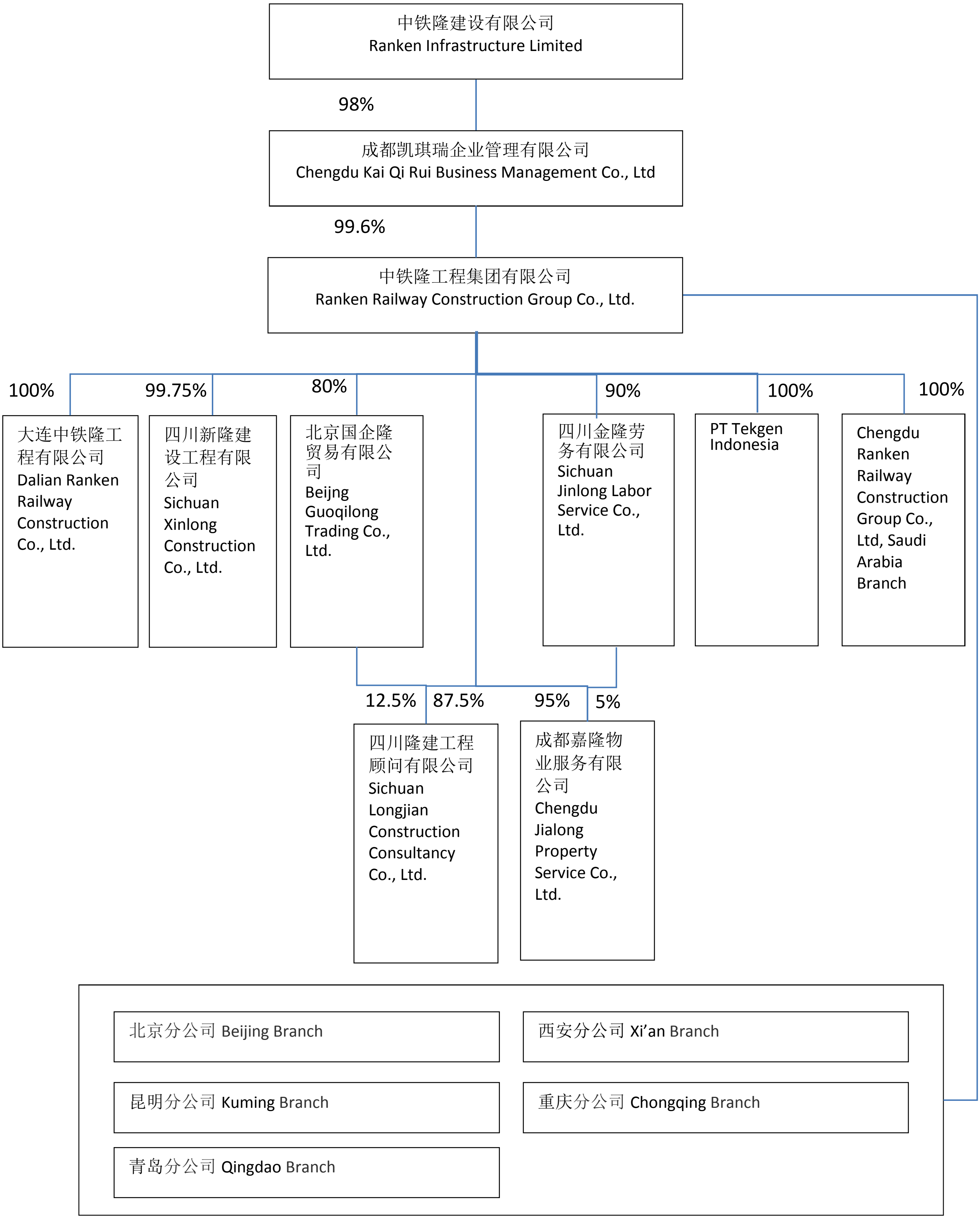
A Circular containing information in connection with, amongst others, the Proposed Transactions will be despatched to the Shareholders in due course. The Company will make further announcements relating to the Proposed Transactions as and when necessary. As there is no assurance that the aforementioned transactions will be completed, Shareholders are advised to refrain from taking any action which may be prejudicial to their interests before seeking advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisers (as appropriate).

By Order of the Board
SAPPHIRE CORPORATION LIMITED

Teh Wing Kwan
Executive Director and Group Chief Executive Officer

25 November 2014

APPENDIX A


中铁隆建设有限公司
Ranken Infrastructure Limited
98%
成都凯琪瑞企业管理有限公司
Chengdu Kai Qi Rui Business Management Co., Ltd
99.6%
中铁隆工程集团有限公司
Ranken Railway Construction Group Co., Ltd.
100%
99.75%
80%
90%
100%
100%
大连中铁隆工程有限公司 Dalian Ranken Railway Construction Co., Ltd.
四川新隆建设工程有限公司 Sichuan Xinlong Construction Co., Ltd.
北京国企隆贸易有限公司 Beijng Guoqilong Trading Co., Ltd.
四川金隆劳务有限公司 Sichuan Jinlong Labor Service Co., Ltd.
PT Tekgen Indonesia
Chengdu Ranken Railway Construction Group Co., Ltd, Saudi Arabia Branch
12.5%
87.5%
95%
5%
四川隆建工程顾问有限公司 Sichuan Longjian Construction Consultancy Co., Ltd.
成都嘉隆物业服务有限公司 Chengdu Jialong Property Service Co., Ltd.
北京分公司 Beijing Branch
西安分公司 Xi’an Branch
昆明分公司 Kuming Branch
重庆分公司 Chongqing Branch
青岛分公司 Qingdao Branch

APPENDIX B

Beneficial Owners of Best Feast Limited:

S/N	Name	Identity Card Number	Effective interest in Best Feast Limited
1	王恒 (Wang Heng)	510225197005303669	49.13%
2	王冀鲁 (Wang Jilu)	110105195409045016	14.35%
3	邓建军 (Deng Jianjun)	510104197009223175	12.95%
4	郜强 (Gao Qiang)	51010819721028213X	2.17%
5	张小青 (Zhang Xiaoqing)	110101196012205324	2.00%
6	杨丽筠 (Yang Lijun)	513001196311070046	1.91%
7	周勇 (Zhou Yong)	511002196203041218	1.52%
8	张东 (Zhang Dong)	510824197205295639	1.30%
9	何洪波 (He Hongbo)	511181197701313912	1.30%
10	王洪华 (Wang Honghua)	51080219710102625X	1.30%
11	袁念眉 (Yuan Nianmei)	510102196304304966	0.11%
12	巫志农 (Wu Zhinong)	510103196902021110	0.65%
13	李晓瑛 (Li Xiaoying)	512921197009240823	0.65%
14	成军东 (Cheng Jundong)	372501196808152434	0.57%
15	陈巳海 (Chen Sihai)	519004196911240015	0.54%
16	卢致强 (Lu Zhiqiang)	222403197406043816	0.44%
17	吴中桦 (Wu Zhiqiang)	510824197411010032	0.44%
18	黄昱 (Huang Yu)	430104197710264311	0.44%
19	张晓菁 (Zhang Xiaoqing)	210102196806185644	0.44%
20	晋伟 (Jin Wei)	140104197302222236	0.44%

21	杜林 (Du Lin)	513025197006070010	0.44%
22	李明道 (Li Mingdao)	140104197003081314	0.44%
23	李川文 (Li Chuanwen)	511024196903245797	0.44%
24	白毅 (Bai Yi)	142325197810105516	0.44%
25	刁天祥 (Diao Tianxiang)	620105196502141015	0.44%
26	叶敏 (Ye Min)	421302197003100411	0.44%
27	陈歆 (Chen Xin)	511123197804240329	0.44%
28	刘莹 (Liu Ying)	510105198209041537	0.44%
29	王贵清 (Wang Guiqing)	510103196811097371	0.44%
30	赵冬 (Zhao Dong)	510105196201120266	0.44%
31	丁联起 (Ding Lianqi)	510105196005102773	0.22%
32	黄静薇 (Huang Jingwei)	51010219431112346X	0.22%
33	黄建军 (Huang Jianjun)	51010319640801162X	0.17%
34	张伟瑄 (Zhang Weixuan)	110101196009295330	2.41%
			100.00%