



Sapphire Shareholders Approve Sale Of PRC Steel Businesses For S\$70 Million Ahead Of Other Strategic Investment Plans

Singapore, 30 July 2014 – Sapphire Corporation Limited (“Sapphire” or the “Company”) shareholders today approved the sale of its entire PRC steel-making business for S\$70.0 million, paving a planned strategic investment in an Engineering, Procurement and Construction (“EPC”) business – specialising in land transportation infrastructure design and engineering works – in the near future.

At an Extraordinary General Meeting SGX Mainboard-listed Sapphire shareholders approved the divestment of 100%-stakes in Sapphire Mineral Resources (HK) Limited – involved in investment holding – and Lucky Art Holdings Limited – which manufactures steel and vanadium pentoxide products and trades steel products.

Apart from these two companies, Sapphire is also selling its entire 16%-stakes in Prime Empire Limited and Precise Skill Limited to PRC-owned Propitious Holdings Company Limited (“Propitious”) for S\$70.0 million. The sale is to be satisfied by \$20.0 million in cash and a \$50.0 million secured bond with a 5.0% annual coupon. Propitious has the option to redeem the bond within six months after the deal is completed.

The divestment will result in a gain of at least S\$6.6 million (based on the Net Asset Value of the PRC steel-making business as at 31 March 2014) and an interest income of S\$1.25 million (calculated at 5.0% per annum and assuming that the bond is to be fully redeemed only on maturity date) for Sapphire. The completion of the disposal will prevent Sapphire from incurring further losses from the legacy steel business, if any, increase total Net Tangible Assets by S\$9.25 million and result in total cash inflows of S\$71.3 million.

Sapphire will use a significant part of the proceeds to expand its resource related business and other opportunities such as the potential investment in an EPC business specialising in land transport infrastructure design and engineering works.

Mr. Teh Wing Kwan, Group Chief Executive Officer of Sapphire, said, “The divestment will further accelerate the shift in our corporate strategy towards expansion into the infrastructure and engineering industry, where we believe there is much potential for growth. We are dedicated to help Sapphire return to profitability at the earliest with a more diversified base of investment structure.”

****End of Press Release****

About Sapphire Corporation Limited

Sapphire Corporation Limited ("Sapphire" or the "Group") is principally engaged in the mining services business and investment holding following its exit of the steel business. Sapphire owns 100% in the capital of Mancala Holdings Pty Ltd ("Mancala"), a specialist mining services company based in Australia that provides raised bore, shaft excavation, engineering services and other mining services.

Mancala has a strong track record, having completed more than 100 projects both in Australia and internationally since its incorporation in 1990. It is now operating the largest nickel mine in Son La Province, Vietnam.

The Group is also exploring other investment opportunities, which include expanding its business in the resource sector, diversifying its investment base and embarking on a merger & acquisitions when the opportunities arise.

Sapphire is based in Singapore and has been listed on the Singapore Exchange since 1999.

Issued on behalf of the Group by WeR1 Consultants Pte Ltd

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