Press Release – for immediate release

Sapphire to Strategically Divest 43.87% Equity Stake of its Subsidiary, Ranken Railway, for a Cash Consideration of RMB 280 Million; To Retain 48.82% Effective Interest in Ranken Railway after Divestment

- **With Ranken Railway's (excluding the carved-out assets) transaction valuation of approximately RMB 638.2 million, Shandong Hi-Speed will purchase a 43.87% equity stake from Sapphire for RMB 280 million and subscribe for more shares in Ranken Railway, amounting to approximately 10.6% of the enlarged equity capital post-proposed transactions, for approximately RMB 75.7 million**
- **Shenzhen-listed Shandong Listco (Shandong Hi-Speed's sole shareholder) has a market capitalisation of approximately RMB 5.24 billion as at 31 December 2019 and it is majority-owned by a wholly-state-owned enterprise in the PRC, hence Ranken Railway will become an indirect and partial SOE and it will be able to tender for key infrastructure projects in the PRC which require contractors or vendors to be state-owned**
- **Upon the completion of the proposed transactions, Sapphire will retain 48.82% effective interest of Ranken Railway**
- **The total consideration is 314% of Company' market capitalisation based on the closing price of the shares of the trading day prior to the date of this announcement**

Singapore, 02 June 2020 – 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 entered into an agreement with Shandong Hi-Speed Road & Bridge Investment Management Co., Ltd. **("Shandong Hi-Speed")** for the following proposed transactions:

(a) sale of an approximately 43.87% of the existing equity capital of Ranken Railway of the equity interests in Ranken Railway held by the Group to Shandong Hi-Speed for a consideration of RMB 280 million; and

(b) subscription by Shandong Hi-Speed for additional equity interests in Ranken Railway of 71,125,048 shares for a consideration of approximately RMB 75.7 million.

Ranken Railway is Chengdu Kai Qi Rui Business Management Co., Ltd. **("Chengdu KQR")**'s 99.6%-owned subsidiary and Chengdu KQR is the Company's 98%-owned subsidiary.

Shandong Listco is a listed company on the Main Board of the Shenzhen Stock Exchange (stock code:000498) and it is engaged in the business of undertaking infrastructure construction, including highways, bridges, tunnels, municipal works engineering, traffic engineering, ports and waterways.

As at 31 December 2019, Shandong Listco's market capitalisation is approximately RMB 5.24 billion, with an order book of approximately RMB 22.1 billion. Based on Shandong Listco's annual report for the 2019 financial year, the net assets attributable to its holding company amounted to approximately RMB 5.5 billion, and total assets approximately RMB 32.1 billion.

The controlling shareholder of Shandong Listco is Shandong Hi-Speed Group Co., Ltd. **("Shandong HSG"),** which holds 60.66% of the shares of Shandong Hi-Speed. Shandong HSG is a wholly-state-owned enterprise **("SOE")** headquartered in Jinan City, Shandong Province of the PRC.

From a financial perspective, the proposed transactions has positive financial effects on the Group and in particular, the Group's net tangible assets ("NTA") per share will increase from RMB cents 131.82 to RMB cents 155.51 (where retained interest in Ranken Railway is measured at fair value), and which the NTA of RMB cents 155.51 represents more than 5.6 times the closing price of the shares of the trading day prior to the date of this announcement; and (ii) a gain of approximately RMB 58 million (where retained interest in Ranken Railway is measured at fair value).

And given its status as an indirect SOE following the proposed transactions, Ranken Railway would be placed in a more favourable position to secure project contracts in the PRC, and may be able to enjoy lower interest rates on external borrowings from financial institutions.

In addition, Ranken Railway currently faces strong competitive pressure in tendering for projects in the PRC, with most of the projects it has tendered for awarded to SOEs. Hence, as an indirect and partial SOE, Ranken Railway will be able to tender for key infrastructure projects in the PRC which require contractors or vendors to be state-owned which it was previously ineligible to participate, in addition to projects which it could previously access as a privately-owned enterprise.

Ms Wang Heng (王恒), Chief Executive Officer of Sapphire, said,"*While unlocking value for shareholders, we believe that this strategic divestment to Shandong Hi-Speed can significantly enhance the value and prospects of Ranken Railway with the combination of both companies' capabilities and resources to tap new market opportunities in urban railway infrastructure and water environmental management projects.*

And by retaining a meaningful stake in Ranken Railway, we have the opportunity to participate in the future growth of Ranken Railway as an indirect and partial state-owned-enterprise in the PRC.

Notably, the gross cash consideration of RMB 280 million will give the Group's increased financial flexibility to strengthen our balance sheet and create optionality in our other business areas."

The Company will be convening an Extraordinary General Meeting **("EGM")** to seek shareholders' approval for the proposed transactions. A circular containing, inter alia, the notice of EGM and the details of the proposed transactions will be despatched to shareholders in due course.

This press release is to be read in conjunction with Sapphire's exchange filings on 02 June 2020, which can be downloaded via www.sgx.com.

– END –

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") is an investment management and holding company with a business model aligned towards urbanisation trends. Particularly, the Group is principally engaged in the engineering, procurement and construction ("EPC") business related to the land transport infrastructure and water conservancy and environmental projects in China.

The Group owns a 100% stake in China-based EPC business Ranken Holding Co., Limited ("Ranken") and its subsidiaries, which is a full-edged EPC firm and one of the largest privately owned integrated urban rail transport infrastructure groups in China.

Ranken holds full Triple-A qualifications and licences for design, supervision, construction and project consultation in the urban rail sector.

Ranken's expertise includes civil engineering works for metro lines, urban rail transit, expressways, roads and bridges as well as water conservancy and environmental projects. Its track record includes major infrastructure projects in China and South Asia.

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

Issued on behalf of Sapphire Corporation Limited by:

Waterbrooks Consultants Pte Ltd
Tel: (+65) 6958 8002

Mr. Wayne Koo	(M): +65 9338 8166	wayne.koo@waterbrooks.com.sg
Mr. Alex Tan	(M): +65 9451 5252	kai@waterbrooks.com.sg