Press Release – for immediate release

Sapphire Posts Revenue of RMB 297.0 million in 1Q2019; Transformation into an Integrated Urban Infrastructure Solutions Enterprise

- Prudent cost management initiatives yielding encouraging results with lower administrative expenses in 1Q2019
- Higher finance costs of RMB 5.75 million in 1Q2019 drags down financial performance
- Stronger balance sheet with total assets of RMB 2.1 billion as at 31 March 2019
- Order book stood at RMB 2.4 billion as at 31 March 2019
- Two-prong business strategy to harness new business opportunities from China's macro urbanisation trends and environmental policies

Financial Year End - 31 December

(RMB' million)	*1Q2019*	*1Q2018*	*Change (%)*
Revenue	**297.0**	**303.6**	**(2.2)**
Gross Profit	**26.6**	**26.9**	**(0.8)**
Net Profit attributable to Shareholders	**3.4**	**4.1**	**(16.6)**
Net Asset Value Per Share (as at 31 March 2019)			**RMB 156.04 cents**

Singapore, 6 May 2019 – 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, announced today its first quarter financial results ("1Q2019") for the financial year ending 31 December 2019.

Sapphire owns a 100% stake in China-based Ranken Infrastructure Limited ("Ranken") and its subsidiaries, which has built up a growing track record in undertaking large-scale urban infrastructure projects (that includes urban rail transport system, expressways, roads, bridges and among others) across China, Bangladesh, India and Saudi Arabia.

With specialised industry knowledge and integrated capabilities, Ranken is also one of the few private operators in China that holds the prestigious full Triple-A qualifications and licences for design, civil engineering, construction and project consultation in the urban railway sector.

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

Review of Financial Performance in 1Q2019

The Group's revenue in 1Q2019 registered a marginal dip of 2.2% to approximately RMB 297.0 million as compared to 1Q2018, mainly due to lower sales of railway sleepers during 1Q2019.

Corresponding to lower revenue in 1Q2019, the Group's cost of sales declined 2.3% to approximately RMB 270.4 million in 1Q2019. While gross profit margin in 1Q2019 was higher at 9.0%, the Group registered a gross profit of approximately RMB 26.6 million.

The Group's other income increased 53.6% to approximately RMB 2.0 million from RMB 1.3 million, which was mainly due to higher rental income and government grants.

Administrative expenses comprise of a large component of the Group's operating expenses. Driven by its prudent cost management policies, the Group's administrative expenses decreased by 5.6% to approximately RMB 12.9 million.

However, selling and distribution costs rose by 18.0% to approximately RMB 1.9 million as there were higher training expenses, while other expenses were higher at approximately RMB 2.8 million in 1Q2019.

The Group's finance costs increased 52.7% to RMB 5.75 million in 1Q2019 as there were higher interest expenses on the Group's borrowings.

Overall, the Group registered a net profit attributable to shareholders of approximately RMB 3.4 million in 1Q2019.

Guided by its conservative financial management policy, the Group's balance sheet remained healthy with total assets of approximately RMB 2.08 billion as at 31 March 2019, of which current assets accounted for the majority component at approximately RMB 1.72 billion that includes contract assets (RMB 919.3 million), trade receivables (RMB 393.4 million), other receivables (RMB 234.5 million), cash and cash equivalents (RMB 141.9 million), inventories (RMB 23.8 million) and other investment (RMB 5.3 million).

As at 31 March 2019, the Group's shareholders' equity increased to approximately RMB 508.9 million, while net asset value per share stood at RMB 156.04 cents.

As at end March 2019, the Group's total liabilities decreased by approximately RMB 96.9 million to approximately RMB 1.56 billion, which was mainly due to the decrease in loans and borrowings, trade payables, other payables.

Commenting on the Group's 1Q2019 results, Ms Wang Heng (王恒), Chief Executive Officer of Sapphire, said, *"Discounting the higher interest rate environment in 1Q2019, we started the year with stability in our operations and financial performance.*

We further scaled our cost saving measures in 1Q2019 which insulated us in part from the effects of increased finance costs.

Nevertheless, the Group has achieved another quarter of profitability and we are in a strong position with our two-prong strategy in place that is aligned with China's macro urbanisation trends and environmental policies."

Ms Wang added, *"We have recently obtained shareholders' approval for a rights issue to raise funds to develop our future growth prospects and 2019 will be a transitional year for us to further validate our two-prong strategy."*

Transformation into an Integrated Urban Infrastructure Solutions Enterprise

Aligned with China's macro urbanisation trends and environmental policies under the country's 2016-2020 13th Five-Year Plan, the Group has adopted a two-prong strategy in its business model to tap new business opportunities as it transforms into an integrated urban infrastructure solutions enterprise:

1. Urban railway transit related projects, including traditional engineering, procurement and construction ("EPC") projects and, potentially design, construction and operations in Transit-Oriented Development ("TOD") projects; and

2. Environmental conservation and water environmental improvement projects.

Urban railway infrastructure

EPC has been a key component of Ranken's business model and in recent years, the Chinese government has been increasing transportation fixed asset investments in a targeted manner to boost the domestic economy and have better project control as highlighted in previous announcements.

As more urban cities in China receive approvals for urban railway developments, urban railway construction activities are expected to increase progressively in the near term.

Railways and subways are the two primarily segments to drive transportation fixed asset investments and with a strong track record in this segment, the Group intends to further expand its business presence in developed cities such as Beijing, Chengdu, Hangzhou, Ningbo, Suzhou and Wuhan, which have strong municipal resources to enhance their urban railway systems.

Some other cities such as Chongqing, Xi'an, Qingdao and Urumqi prefer to use the Public-Private-Partnership ("PPP") model to develop and enhance their urban railway systems. Companies will require stronger financial resources to venture into these cities, hence the Group will face new challenges within this targeted market segment.

Transit-Oriented Development ("TOD") model is a relatively new market segment in China. However, since October 2018, Ranken's design institute has been involved in the design of three TOD projects and in April 2019, the Group secured a tender bid for a design contract related to a TOD project in a new designated CBD area within Chengdu. The Group intend to closely monitor this emerging market segment and at the same time, continue to explore potential opportunities to expand our urban railway infrastructure business activities.

Water environmental improvement

On the back of increasingly stringent environmental protection regulations in China, investments in environmental conservation and water environmental improvement projects in China is expected to reach RMB 3.3 trillion under China's 13th Five-Year Plan.

In addition to its strengths in urban railway infrastructure construction, the Group has built up a growing track record by successfully completing many iconic city water environmental projects in China.

The Group intends to continue pursuing strategic collaborations such as the cooperation agreement signed with Hong Kong mainboard-listed Beijing Enterprises Water Group Co., Ltd. in May 2017, and may also evaluate industry consortiums through which to participate, construct and operate large-scale infrastructure projects on a PPP basis.

With minimal capital commitment, the Group targets to be a strategic shareholder with the first mover advantage to secure large-scale EPC contract and operations management contract related to these environmental conservation and water environmental improvement PPP projects in China.

Securing its maiden PPP project, together with our well-known consortium partners, in November 2018 for the first phase of Wuhou District, "Liveable River Bank" project in Chengdu, Sichuan Province, China, this strategy culminated to the Group's largest single EPC contract win of RMB 832 million in recent years.

Apart from the potential of long-term revenue contribution from the PPP project, the Group will be directly involved in the entire spectrum of the PPP project, thereby accumulating new valuable knowledge and operating experience in the PPP industry and it will be very useful in expanding its presence in the PPP industry.

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This press release is to be read in conjunction with Sapphire's exchange filings on 6 May 2019, which can be downloaded via www.sgx.com.

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") owns a 100% stake in China-based Ranken Infrastructure Limited ("Ranken") and its subsidiaries, which was founded in 1998, which has grown into an established integrated infrastructure design and construction group.

Notably, Ranken is one of the few private operators in China that holds full Triple-A qualifications and licences for design, civil engineering, construction and project consultation in the rail sector.

With a track record in major infrastructure projects across China, Bangladesh, India and Saudi Arabia, the Group has built up integrated capabilities and specialised industry knowledge to undertake an extensive scope of work associated with vital urban infrastructure projects (that includes urban rail transport system, expressways, roads, bridges and among others).

Issued on behalf of Sapphire Corporation Limited by:

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