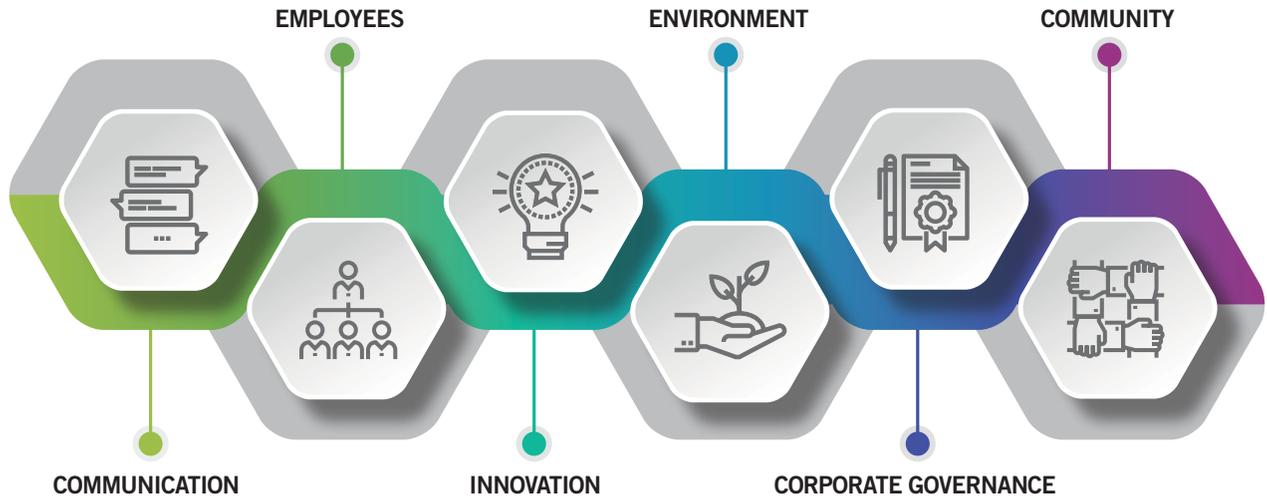


SUSTAINABILITY REPORT



The Group's sustainability report (the "Sustainability Report") demonstrates the Group's consideration of sustainability issues as part of its strategic formulation and business strategies. Taking into account the Environmental, Social and Governance ("ESG") factors, Sapphire began publishing its maiden Sustainability Report in FY2016. The Group will publish Sustainability Reports on a yearly basis as part of its Annual Report.

Board Statement: Sapphire is committed to good corporate governance and sustainable business practices that foster best practices, transparency, accountability and integrity for the long-term sustainability of our business and value creation for our stakeholders.

SCOPE OF REPORT

The Sustainability Report focuses on addressing material ESG factors to provide readers with an accurate and meaningful overview on how sustainability issues are managed, in line with The Singapore Stock Exchange ("SGX-ST") Listing Rules 711A and 711B and the SGX-ST Sustainability Reporting Guide.

The Sustainability Report has been compiled with references mainly from Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (G4) and the Fourth Edition of Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (Construction Industry) (中国企业社会责任报告编写指南 (CASS-CSR4.0) – 建筑业) published by the Corporate Social Responsibility Research Center of the Chinese Academy of Social Sciences.

The Sustainability Report includes all entities (including the associated company, Ranken Railway and its subsidiaries) disclosed in the Corporate Structure on page 21 of the Annual Report. The Sustainability Report covers the fiscal period from 1 January 2020 to 31 December 2020. The information and data are reported in good faith as the Group continually strengthens its data collection processes.

The Group believes that there is still room for improvement in certain areas of its reporting. As such, this report may not have necessarily documented or provided a comprehensive list of information in relation to all efforts, procedures and practices which the Group has adopted as best practices for its business.

SUSTAINABLE BUSINESS DEVELOPMENT

On 27 October 2020, Chengdu Kai Qi Rui Business Management Co., Ltd. ("Chengdu KQR") completed the transaction with Shandong Hi-Speed Road & Bridge Investment Management Co., Ltd. ("Investor"), for the (a) sale of a certain percentage of the equity interests in Ranken Railway held by Chengdu KQR to the Investor ("Sale"); and (b) subscription by the Investor for additional equity interests in Ranken Railway ("Subscription". and collectively with the Sale, the "Transaction"). Upon completion of the Transaction, each of the Investor and Chengdu KQR now holds approximately 49.82% of the enlarged equity capital of Ranken Railway.

Accordingly, upon completion of the Transaction, Ranken Railway ceased to be a subsidiary of the Company and become an "associated company" of the Group, with the Company's effective interest in Ranken Railway reduced from 97.60% to 48.82%.

Upon completion of the Transaction, the Company continues to be an investment management and holding company with a business model aligned towards urbanisation trends. The Group continues to be principally engaged in the investment, engineering, procurement and construction business related to the land transport infrastructure and water conservancy and environmental projects in China.

The Group has two operating business unit, one in the business of property management and city redevelopment services and the other in the business of leasing of warehouse and equipment and supply of materials for urbanisation projects.



Supply of materials for urbanisation projects



Warehouse at No. 368 Shaqu Industrial Development Zone, Dayi County, Chengdu City, Sichuan Province, PRC. (13,000 square meters)



Provision of property management services to a 9-storey office building (中铁隆大厦) at No. 189 Wukexi Second Road, Wuhou District, Chengdu City, Sichuan Province, PRC.

In December 2020, the Group incorporated an effective 58.8% subsidiary, Chengdu Kaiwan Enterprise Management Consulting Co., Ltd. (“Chengdu Kaiwan”) in the business of property management and consulting services. After the year end, Chengdu Kaiwan secured a contract for the upgrading of community area in Laoma Road (老马路) and now operates the International Community Service Centre at Laoma Road (老马路社区“乐邻里”国际化社区邻里中心社区综合体).



International Community Service Centre at Laoma Road

Also in December 2020, with consultancy services rendered by the Group, Ranken Railway and its consortium partners secured the second phase of the Public-Private-Partnership (“PPP”) project of the Xijiang River Basin Water Environment Comprehensive Improvement Project in Longquanyi District, Chengdu valued at RMB2.562 billion.



Xijiang River Basin Water Environment Comprehensive Improvement Project

SUSTAINABILITY REPORT

OTHER BUSINESS INFORMATION

In addition to information provided elsewhere in the Annual Report, other business information of the Group is as follows:

ASSOCIATION MEMBERSHIP

Ranken Railway is a member of the below associations:

- China Urban Rail Transit Association (中国城市轨道交通协会)
- Construction Industry Association of Chengdu (成都市建筑业协会)
- Chengdu Enterprise Integrity Promotion Association (成都市企业诚信促进会)

Certain names above have been translated into English from Chinese (in the event of any inconsistency, the Chinese name shall be used).

REVENUE

The Group provided construction and services (design, supervision and consultancy), leasing of warehouse and equipment and sale of construction materials during the year (see Notes to Financial Statements in page 120 of Annual Report) with percentage of revenue as follows:

	2020	2019
Construction contracts	91.0%	93.8%
Rendering of services	7.1%	6.0%
Leasing of warehouse and equipment	0.6%	0.2%
Sale of construction materials	1.3%	–
Total	100%	100%

The Group's revenue was derived primarily from China with the percentage breakdown as follows (see Notes to Financial Statements in page 121 of Annual Report):

	2020	2019
China	99.6%	99.2%
Other countries (Bangladesh and Sri Lanka)	0.4%	0.8%
Total	100%	100%

ISO CERTIFICATES

The Group recognises the importance of sustainable development issues such as product quality, environmental protection and work safety. Ranken Railway has obtained the following certificates of compliance from the International Organization for Standardization (ISO):

ISO Number	Description
GB/T 19001-2016/ ISO 9001:2015	Engineering Construction Organisation Quality Management System
GB/T 24001-2016/ ISO 14001:2015	Environmental Management System
GB/T 45001-2020/ ISO 45001:2018	Occupational Health and Safety Management System

ANTI-CORRUPTION

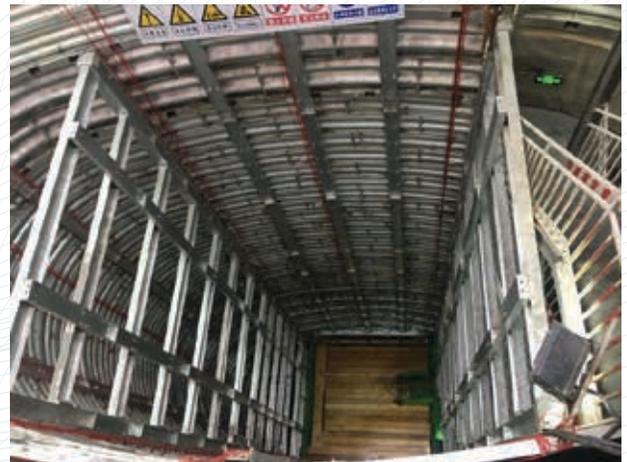
The Group is committed to upholding integrity and combating corruption in all its forms. The Group requires all employees to comply with the relevant anti-corruption legislation in all markets where it operates.

There were no instances of major corruption for the Group during the year.

AWARDS

During the year:

- Ranken Railway jointly with another survey and design institute won the first prize of the 2020 "Haihe Cup" Tianjin Excellent Survey and Design Municipal Public Works – Rail Transit Engineering award. The award is the highest award in Tianjin Engineering Survey and Design Industry (provincial level).
- Ranken Railway won the Shanxi Province High-quality Structural Engineering Award for its Taiyuan Metro – Line 2 project.
- Ranken Railway won the 2020 China Steel Structure Association Technology Innovation Award. The award-winning project is "a new type of collage-type initial lining structure technology", mainly for the design research results used in the subway tunnel shafts and cross-channels.



Award winning steel structure used in the Beijing Changping Metro Line

SUSTAINABILITY TARGETS

The Group aims to align its business interests with that of its stakeholders in order to create long-term value. The Group strives to achieve high standard of sustainable business by constantly seeking improvements in daily operations, explore business opportunities which are in line with the Group's strategy and values, investing in employees as well as new technologies.

The Group maintains a programme of ongoing stakeholder engagement and continually monitors the impact that its business activities or actions may have on the environment and communities in which it operates, and recognises the importance of healthy ecosystems and social equity.

MATERIAL ESG FACTORS

Based on feedback gathered from stakeholders, the Group has identified certain key ESG factors:

- (i) Employees
 - Fair and standard employment
 - Training and development
 - Occupational health and safety
- (ii) Environment
- (iii) Community
- (iv) Innovation
- (v) Stakeholder Communication
- (vi) Corporate Governance (see pages 31 to 55)

This Sustainability Report, together with the Corporate Governance Report on pages 29 to 57, provides details of the Group's ESG factors and the policies, practices and performance of the business operations addressing these material ESG factors.

EMPLOYEES

The Group firmly believes that its success comes from its continued investment in employees. The Group's sustainable development and growth depends on a steadfast strategy of hiring, retaining and nurturing qualified and experienced personnel. The Group's Human Resources strategy recognises the importance of social equity and the provision of equal opportunities in an environment that is safe and healthy for employees.

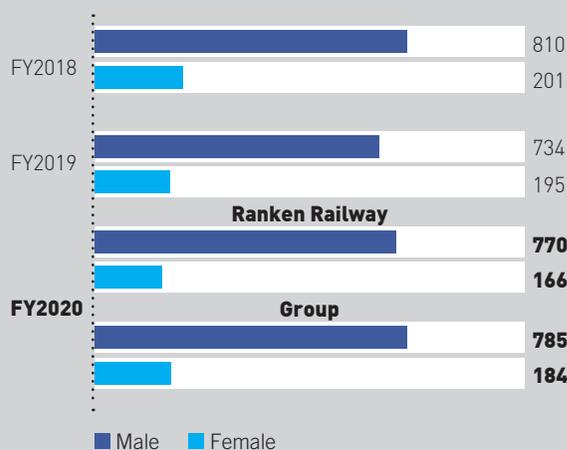
FAIR AND STANDARD EMPLOYMENT

The Group practices fair hiring without prejudice, regardless of age, gender, religion and ethnicity. The Group does not and strictly forbids its labour sub-contractors to hire child labour, in accordance with the People's Republic of China's ("PRC") Labour Law and the Law on Protection of Minors (《中华人民共和国劳动法》和《中华人民共和国未成年人保护法》).

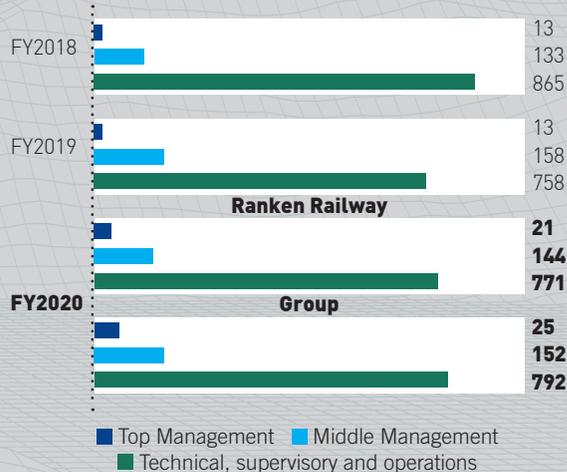
As at 31 December 2020, the Group (including Ranken Railway) had approximately 936 employees, the majority of whom are stationed in the PRC. Approximately 18% of the Group's workforce and 24% of top management is female. The Group also employs minority ethnic people and they comprise 1% of the Group's workforce.

The Group provides reasonable incentives and competitive salaries. All employees are entitled to annual leave depending on their grade and there is no differentiation of pay packages between male and female employees. The Group also pays employees adequate social insurance and housing funds to protect employees' interests.

GENDER DISTRIBUTION OF EMPLOYEES



EMPLOYMENT TYPE



For FY2018 and FY2019, the figures relates to the Group which included Ranken Railway as a subsidiary. The figures for FY2020 has been segregated for Ranken Railway as an associated company and the Group which includes Sapphire Corporation Limited, its subsidiaries and associated companies (Ranken Railway).

SUSTAINABILITY REPORT

YEARLY TURNOVER RATE



TRAINING AND DEVELOPMENT

The Group embraces the philosophy of investing in its people by providing comprehensive training and development opportunities that enhance professional and technical expertise, so that staff can continuously improve their skills and grow within the Group.

In 2020, the Group (including Ranken Railway) invested approximately RMB1,014,000 in training with total training hours of 494 hours. The Group is committed to continuously providing quality training and development programs to help employees maximise their potential. The Group also has a one-to-one mentorship policy for talent development “导师带徒”, where teachers and apprentices communicate regularly to improve the junior employees’ professional and technical knowledge and quality of work as well as guide their development. The Group continued to conduct training via video-conference during the Covid-19 situation earlier in 2020.



Conduct of on-line training during Covid-19 period.



New recruit orientation program

OCCUPATIONAL HEALTH AND SAFETY

The Group recognises the importance of occupational health and safety in its development of a competitive workforce. Due to the higher risk posed by the Group’s construction-related activities, work safety management is a top priority.

The Group actively creates and promotes safe workplaces across all project sites to ensure that employees are able to perform their duties safely, as well as to minimise the risk of accidents and/or casualties. This commitment to safety not only fosters a harmonious and respectful work culture but also boosts staff morale and increases client satisfaction levels.

Health and Wellness

In addition to training and development, the Group believes employees' mental and physical health and wellness are of equal importance for staff retention. The Group provides regular medical and physical check-ups for employees, establishes health records, and provides special checklists for staff of different ages and positions to ensure their health and well-being.

In addition to providing certain staff with transport and telephone bills reimbursement to improve employees' daily life, the Group also provides financial assistance to workers facing major difficulties such as sickness and/or other special reasons. The Group provides paid maternity leave to its female employees.

By using green equipment and construction practices, as well as providing high-quality personal protective equipment, the effects of harmful gases, dust and noise at work sites are greatly reduced and minimise the risk of occupational health issues.

In addition, the Group also organised activities and events in promoting healthy living.



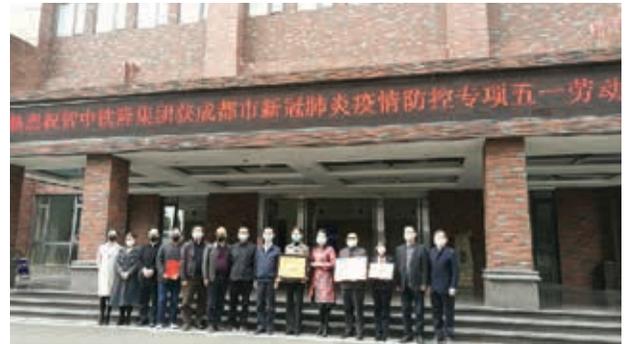
Soccer



Basketball

Covid-19

The Group actively support China's containment measures in response to the Covid-19 outbreak. These measures are necessary to contain Covid-19 and protect the health of all employees of the Group. The Group implemented work from home and subsequently flexible working arrangements during the recent outbreak (in late 2021) in Chengdu. The Group will continue to do its part to combat COVID-19 and ensure that our employees continue to work in a safe and healthy environment.



Ranken Railway and Zhang Ying (张英), the general manager of Chengdu Shengshi Jialong City Management Service Co., Ltd. (Formerly known as Chengdu Jialong Property Service Co., Ltd.) received "Covid-19 Outbreak Prevention and Control Special – 1 May Labor Day Award" awarded by Chengdu General Trade Union (成都市总工会).

Work Safety Policies and Management Systems

The Group adheres to the mission of "people-oriented and safe development" "以人为本、安全发展", focusing on "safety, stability and control" "安全、稳定、可控" and an attitude of continuous improvement to its work safety management systems "安全工作只有起点, 没有终点".

The Group's standardised company-wide policy includes the maintenance of a comprehensive set of work safety management systems. These include procedures for operation of machinery, occupational health and safety practices, emergency rescue plans, environmental protection practices for construction projects, methods of safe explosives management, and a strict system of safety assessments and incentives.

SUSTAINABILITY REPORT

Ranken Railway holds the Certificate for Work Safety Standardisation – 3rd Level (安全生产标准化三级企业证书) from Chengdu Province Administration of Work Safety in the PRC, demonstrating its compliance with health and safety standards. Other than on-site control, the Group has also introduced and adopted a variety of measures to eliminate the risk of accidents. These include methods such as ad-hoc work safety checks and the monthly investigation and management of major accidents (should any arise) as well as project risk identification and control.

Safety is one of the Group's highest priorities and greatest ongoing concerns. The Group adheres to the safety policy of "safety first, prevention first" (安全第一、预防为主) and is dedicated to the continuous and sustainable improvement of its work safety management systems, as well as its goal of having zero injuries.

During the year, Ranken Railway carried out various targeted activities to further inculcate work safety awareness and to promote the importance of work safety.



Pledging of commitment to work safety carried at various project sites.

Certificates and Awards

Ranken Railway now has 22 safety engineers registered with the Ministry of Human Resources and Social Security of the PRC and 74 full-time work safety management staff. There are three categories of construction work safety certificates (建安证) ("Work Safety Certificate") issued by the Ministry of Housing and Urban – Rural Development in the PRC, namely Category A, B and C. Of the Company's work safety management staff, 6, 74 and 157 staff hold Work Safety Certificates in Categories A, B and C, respectively.

Ranken Railway has been certified compliant with GB/T 45001-2020/ISO 45001:2018 – Occupational Health and Safety Management System for its measures to ensure employees' occupational health and safety requirements are met.

ENVIRONMENT

The Group is committed to sustainable environmental practices, which play a critical role in preserving, protecting and improving the environment. All employees must adhere to the Group's policy of "green construction, energy saving and emission reduction".

Ranken Railway constantly strives to improve its environmental management systems, and conveys the concept of green construction to every employee and project construction. Green Practices for Construction ("Green Construction") include energy and water conservation, minimising waste and pollution, excessive noise, construction waste management, and more.

Ranken Railway has also implemented a water recycling system, the use of electric dump trucks and electric machinery, dust removal vehicles, automatic spraying systems for vehicle entering and exiting project sites, enclosed construction site to reduce dust emission and noise, and other Green Construction equipment.

Ranken Railway has been certified compliant with GB/T 24001-2016/ISO 14001:2015 – Environmental Management System, where measures are implemented to reduce pollutant emissions and reduce consumption of energy and resources. The Group did not commit any major violation of environmental issues during the year.

COMMUNITY

The Group believes that corporate social responsibility goes beyond job creation and economic contribution and should also include giving back to the community. It actively organises and participates in various charitable activities and volunteer projects to support education, sports and culture, as well as elevating poverty causes.

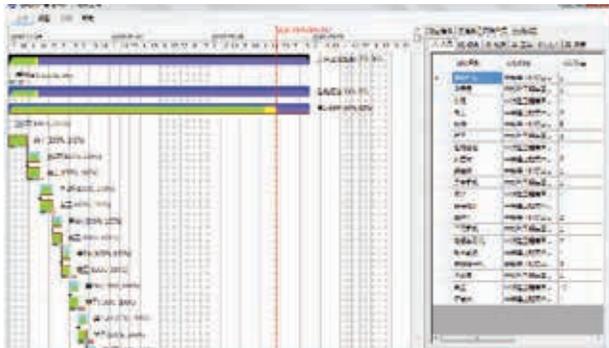
INNOVATION

The Group believes that innovation is one of the core pillars of sustainability and a key aspect of corporate growth. In 2020 the Ranken Railway submitted and was awarded 13 patents for its innovation. Ranken Railway currently has 48 patents of which 19 are inventions and 29 utility models.

By rapidly adopting technological advancements and committing to independent innovation in all aspects of business, the Group streamlined construction processes and effectively managed all projects to final delivery in a timely fashion.

During the year,

- The scientific research project "Key Technology for Small Net Distance Tunnel Construction in Sensitive and Complex Environment of the City" conducted by Ranken Railway in conjunction with Southwest Jiaotong University, other research institutes and construction companies, was approved by the Sichuan Technology Market Association in Chengdu.
- Ranken Railway's development of its own "tunnel boring management system" project went on-line trial. The tunnel boring management system is an engineering internet platform specializing in digital control of tunnel boring projects. The platform includes production scheduling, project management, and cost management. Through the automatic collection, centralized aggregation, comparison and intelligent analysis of data such as site duration planning, actual progress, resource consumption and other measurement, etc., it seeks to achieve optimal effectiveness for project sites including technical management, progress monitoring, cost analysis, resource savings, early risk warning, and to provide digital, visual and intelligent scientific basis for the users' decision-making, management and execution of tunnel boring project management at different levels.
- Ranken Railway's tunnel boring machine achieved to exit through underwater hole in Beijing Metro Changping Line.



Screenshot of the tunnel boring management system

STAKEHOLDER COMMUNICATION

The Group understands the need for direct and frequent stakeholder communications, which are relevant to the sustainable development of the Group.

The Group actively communicates and interacts with stakeholders during the course of daily operations to understand and address the demands and concerns of all parties. In addition to meeting stakeholders, the Group participates in conferences and exchanges with the Associations detailed above in order to contribute to different areas of the industry, as well as stay abreast of industry trends. Such communications play a key role in Group-wide decision-making processes.



Tunnel boring machine exit through underwater hole in Beijing Metro Changping Line