SANLI ENVIRONMENTAL LIMITED
Company Registration No.: 201705316M

ENTRY INTO JOINT VENTURE AGREEMENT BETWEEN SANLI M&E ENGINEERING PTE. LTD. AND CHINA RAILWAY ELECTRIFICATION ENGINEERING GROUP CO., LTD. (SINGAPORE BRANCH)

1. INTRODUCTION

The Board of Directors of Sanli Environmental Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that Sanli M&E Engineering Pte. Ltd. ("**Sanli M&E**"), a wholly-owned subsidiary of the Company, has entered into a joint venture agreement dated 7 August 2026 (the "**Joint Venture Agreement**") with China Railway Electrification Engineering Group Co., Ltd. acting through its Singapore Branch ("**CRES**") (each a "**Party**", and collectively, the "**Parties**") to collaborate as an unincorporated joint venture (the "**Joint Venture**") under the name "SANLI M&E ENGINEERING PTE. LTD. - CHINA RAILWAY ELECTRIFICATION ENGINEERING GROUP CO., LTD. (SINGAPORE BRANCH) JOINT VENTURE". The Parties have agreed that the Joint Venture shall principally undertake, as the main contractor, the works in connection with the supply and installation of electrical services for Cross Island Line Phase 1 and Cross Island Line – Punggol Extension (the "**Project**"), awarded by Land Transport Authority of Singapore ("**LTA**"), as announced by the Company on 21 October 2025.

2. SALIENT TERMS OF JOINT VENTURE AGREEMENT

2.1 Pursuant to the Joint Venture Agreement, the Parties shall have the following participating interests (in percentage):

Sanli M&E	-	51%
CRES	-	49%

For the avoidance of doubt, the Joint Venture is structured as an unincorporated joint venture and does not involve any initial cash capital contribution by the Parties. Any future funding requirements of the Joint Venture shall be made in accordance with the funding provisions set out:

(a) additional contribution to the working capital of the Joint Venture ("**Additional Working Capital Contribution**") in the amount as may be mutually agreed by the Parties in proportion to its respective interest; or
(b) such other means which may be mutually approved by the Parties from time to time.

2.2 Under the terms of the Joint Venture Agreement, each Parties shall share:

(a) all monies, rights and titles which may be derived from the undertaking of the Project;
(b) the ownership of or interest in all property, materials, plant, equipment and other assets acquired by or vested in the Joint Venture;
(c) all Joint Venture costs; and
(d) all revenue, losses and liabilities under or relating to the Joint Venture or the Project (including liabilities under any security or contract documents), save where expressly set out herein, including if liability is caused by a Party's breach or default,

in proportion to their respective interest.

2.3 The Joint Venture shall establish a management committee, consisting of six (6) members with each Party appointing three (3) members. The chairman of the management committee ("**Chairman**") shall alternate between a Sanli M&E representative and a CRES representative every six (6) months, commencing on the effective date of the Joint Venture Agreement, with the first Chairman being a Sanli M&E representative. The chairman shall be entitled to a second or casting vote or veto right at any meeting of the management committee. Any deadlock shall be resolved in accordance with the provisions of the Joint Venture Agreement.

2.4 The Joint Venture Agreement sets out certain customary matters that require the unanimous approval of all members of the management committee. These include, among others, matters relating to the appointment and replacement of key project personnel, the approval of budgets and general financial policies, and other significant decisions concerning the management and operation of the Joint Venture.

3. INFORMATION ON JOINT VENTURE PARTNER, CRES

Save as otherwise indicated, the information below relating to CRES was based on information provided by CRES. In respect of such information, the Company has not independently verified the accuracy or correctness of the same and the Company's responsibility is limited to ensuring that such information has been accurately and correctly extracted and reproduced in this announcement in its proper form and context.

Established in 2018, CRES is the Singapore branch of China Railway Electrification Engineering Group Co., Ltd. ("**China Railway Electrification**" or "**EEB**"), specialising in electrical works, railway electrification, and power engineering infrastructure. Registered with the Building and Construction Authority (BCA) of Singapore, CRES draws upon EEB's technical expertise and experience in delivering large-scale railway, urban transit, and power infrastructure projects.

CRES is not related to the Group, and none of the Directors or substantial shareholders of the Company, nor their respective associates, has any interest, direct or indirect, in CRES or its associates.

4. FINANCIAL EFFECTS

The entry into the Joint Venture Agreement is not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Group for the current financial year ending 31 March 2027.

5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors and substantial shareholders of the Company have any interest, direct or indirect in the Joint Venture, save for their interests owing by way of their shareholdings and/or directorships, as the case may be, in the Company.

6. FURTHER ANNOUNCEMENTS

The Company will update shareholders on material developments relating to the Joint Venture, if any.

By Order of the Board
Sanli Environmental Limited

Sim Hock Heng
Chief Executive Officer and Executive Director
7 August 2026
