SAPPHIRE CORPORATION LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 198502465W)

UPDATES TO THE:

(1) PROPOSED CAPITAL REDUCTION AND CAPITAL DISTRIBUTION; AND

(2) PROPOSED SCRIP DISTRIBUTION SCHEME AND ITS APPLICATION TO THE PROPOSED CASH DISTRIBUTION

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1. INTRODUCTION

1.1. The board of directors (the "**Board**") of Sapphire Corporation Limited (the "**Company**") refers to the announcement dated 31 December 2020 ("**Previous Announcement**") in relation to the Company's intention to undertake a capital reduction exercise involving the reduction of the share capital of the Company to the extent of the amount of Accumulated Losses and the Proposed Cash Distribution and to introduce a scrip distribution scheme applicable to the Proposed Cash Distribution.

1.2. Unless otherwise expressly defined or described herein, all capitalised terms used in this announcement ("**Announcement**") shall have the same meanings as defined in the Previous Announcement.

2. PROPOSED CAPITAL REDUCTION

2.1. As mentioned in the Previous Announcement, the Company has been consulting with the SGX-ST on the Proposed Capital Reduction and Proposed Scrip Distribution Scheme.

2.2. The Board wishes to update that the Company has been informed by SGX-ST that SGX-ST had no comment to the Proposed Capital Reduction. As such, the Company will proceed with effecting the Proposed Capital Reduction.

2.3. In relation to the Proposed Capital Reduction, the Company's direct and indirect subsidiaries, Ranken Holding Co., Limited ("**Ranken Holding**") and Chengdu Kai Qi Rui Business Management Co., Ltd. ("**Chengdu KQR**") respectively, will each commence to undertake a capital reduction exercise.

2.4. The Board will accordingly provide further updates of Proposed Capital Reduction and its subsequent Proposed Cash Distribution upon the completion of the capital reduction exercise in relation to Ranken Holding and Chengdu KQR.

3. PROPOSED SCRIP DISTRIBUTION SCHEME

3.1. The Board wishes to update that the Company's consultation with SGX-ST in relation to the Proposed Scrip Distribution Scheme is still underway and will provide further updates of any material developments.

4. CAUTIONARY STATEMENT

Shareholders and potential investors are advised to exercise caution when dealing or trading in the Shares. The completion of the Proposed Transactions is subject to certain conditions. As at the date of this Announcement, there is no certainty or assurance that the Proposed Transactions will be completed or that no changes will be made to the terms thereof. The Proposed Scrip Distribution Scheme is subject to the Company's adoption and Shareholder's approval and is also subject to certain conditions. As at the date of this Announcement, there is no certainty or assurance that the Proposed Cash Distribution may be approved and that the Proposed Scrip Distribution Scheme, Whitewash Waiver and Whitewash Resolution will be approved and completed or that no changes will be made to the intended terms of the Proposed Scrip Distribution Scheme set out above. In any event, each of the resolutions approving the adoption of the Proposed Scrip Distribution Scheme, issuance of new Shares pursuant to the Proposed Scrip Distribution Scheme and the Whitewash Resolution is inter-conditional and none of the aforementioned resolutions will be passed if approval is not obtained for any one of them.

The Company will make the necessary announcements when there are further developments. Shareholders and potential investors are advised to read this Announcement and any further announcements by the Company carefully. Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants, tax advisers or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

WANG HENG
Executive Director and Chief Executive Officer
3 June 2022