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

ENTRY INTO PROJECT COVERED GUARANTEE
FOR AN AMOUNT OF UP TO RMB 99,642,000 WITH
SHANDONG LUQIAO GROUP CO., LTD.

All capitalised terms used in this Announcement which are not defined herein shall have the meanings ascribed to them in the Company's (i) circular to shareholders dated 9 October 2020 on the Proposed Transaction relating to Ranken Railway ("Ranken Disposal Circular"), (ii) the announcement dated 30 July 2025, and (iii) the announcement dated 27 February 2026.

1. **INTRODUCTION**

1.1 The board of directors (the "**Board**") of Sapphire Corporation Limited (the "Company", and together with its subsidiaries, the "**Group**") wishes to announce that its 98%-owned subsidiary, Chengdu Kai Qi Rui Business Management Co., Ltd. ("**Chengdu KQR**") has entered into a project covered guarantee with Shandong Luqiao Group Co., Ltd. ("**Shandong Luqiao**") for an amount of up to RMB 99,642,000 (the "**LWWM Project Covered Guarantee**") in connection with issuance of the LWWM Project Performance Guarantee (as defined below) by a duly licensed bank in relation to the Lahore Water and Wastewater Management Project (the "**LWWM Project**") that the infrastructure contract of which has been entered into on 4 November 2026 between the Water and Sanitation Agency ("**WASA** ") Lahore and the LWWM Project Joint Venture (as defined below).

1.2 The LWWM Project is to be funded by the Asian Infrastructure Investment Bank (the "**AIIB**") AIIB is a multilateral development bank that provides financing for infrastructure projects in Asia, focusing on improving economic and social outcomes through sustainable infrastructure investments in Asia and beyond.

1.3 The LWWM Project Joint Venture is 51% and 49% owned by a large-scale state-owned enterprise in China and the Company's associate company, Ranken Railway (in which the Company has an effective interest of 48.82%)**,** respectively whereas WASA is a governmental utility body responsible for planning, designing, building, operating, and maintaining water supply, sewerage, and drainage systems in Lahore, Pakistan.

1.4 Shandong Luqiao, listed on the Shenzhen Stock Exchange in China, is a principal subsidiary of Shandong Hi-speed Road & Bridge Group Co., Ltd ("**Shandong Hi-Speed**"), whereas Shandong Hi-Speed is the holding company of the Investor (as defined in the Ranken Disposal Circular). Ranken Railway is an associated company of the Group as defined under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") that the Group invests and jointly manages EPC projects for land transport infrastructure and environmental conservation with Ranken Railway.

2. **THE ENTRY INTO THE LWWM PROJECT COVERED GUARANTEE**

2.1 Pursuant to the pertinent terms of the entry into the LWWM Project Covered Guarantee with Shandong Luqiao :

(a) Shandong Luqiao shall make available to Ranken Railway such credit facilities as may be required for Ranken Railway to procure from a duly licensed bank an issuance of banker guarantees and performance bond, among others, to WASA in connection with performance of the LWWM Project, a water supply and sewage treatment infrastructure projects in Lahore, Pakistan (the "**Project Performance Guarantee**"), which Ranken Railway has jointly secured with a large-scale state-owned enterprise under the LWWM Project Joint Venture; and

(b) In consideration of issuance of the LWWM Project Performance Guarantee for an aggregate principal amount of up to RMB 200.0 million, Chengdu KQR shall provide a corresponding covered guarantee in favour of Shandong Luqiao for an amount equivalent to 49.82% (being the equity interest of Chengdu KQR in Ranken Railway) of RMB 200 million (or up to approximately RMB 99.64 million), (the "**LWWM Project Covered Guarantee**" or the "**Transaction**").

3. **RATIONALE FOR THE LWWM PROJECT COVERED GUARANTEE**

3.1 The Company had disclosed additional details and its rationale in relation to the provision of the Guarantee on 12 August 2025 and 27 February 2026 in its unaudited results announcement for 1H2025 and FY2025, respectively under "Investment in Associates" (the "**Rationale for the Covered Guarantee**"). The extracts of which are as follows

(a) Chengdu KQR will remain a 49.82% shareholder of Ranken Railway after completion of the Ranken Disposal Agreement. Accordingly, Ranken Railway may, from time to time, require capital support from Chengdu KQR – whether in the form of equity or loan – given the scale of its operations, as required under PRC laws and the requirements of the Shenzhen Stock Exchange (as informed by the Investor to the Company), as disclosed in the Ranken Disposal Circular. As such, given that the equity shareholding of the Investor and Chengdu KQR are equal in Ranken Railway:

- any working capital loans as may be extended by the Investor to Ranken Railway after completion of the Ranken Disposal Agreement would have to be extended and/or matched by Chengdu KQR in accordance with its 49.82% shareholding in Ranken Railway and shall be on the same terms with that of the Investor; and

- any full guarantee(s) provided by the Investor to the lender(s) for banking facilities granted to Ranken Railway (the "**Principal Guarantee**") would have to be secured by a covered guarantee from Chengdu KQR in respect of the Principal Guarantee based on its 49.82% shareholding in Ranken Railway (the "**Covered Guarantee**"). In the event of default by Ranken Railway, the Investor shall fulfil

its payment obligations in full under the Principal Guarantee and seek recourse from Chengdu KQR under the Covered Guarantee.

(b) It was further disclosed in the Ranken Disposal Circular that "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, given its status as an indirect SOE following the Proposed Transaction" (the "**Guarantee Rationale**"). As such, management understands from the Investor that the provision of Principal Guarantee would allow Ranken Railway to borrow at lower interest rates compare to other non-secured financing facilities.

3.2 Having considered the profiles and credit standing of Shandong Luqiao, being a SOE listed on the Shenzhen Stock Exchange in China, the management notes that Ranken Railway would be placed in a better position in procuring the LWWM Project Performance Guarantee for performance of the LWWM Project at commercially acceptable terms.

3.3 The provision of the LWWM Project Covered Guarantee has primarily taken into consideration of (i) the Rationale for the LWWM Project Covered Guarantee; and (ii) the SOE and SSE Rules and Regulations, as disclosed in the above. In addition, the Management, having assessed the financial position, profitability and credit standing of Ranken Railway, has considered that the provision of the LWWM Project Covered Guarantee is in the best interest of the Company and in the manner which is consistent with the rationale as set out in the Ranken Disposal Circular.

4. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

4.1 For the purposes of Chapter 10 of the Listing Manual, the relative figures computed on the relevant bases set out in Rule 1006 of the Listing Manual in respect of the Transaction based on the audited consolidated financial statements of the Group for FY2025 are as follows:

Rule 1006	Bases	Relative figures (%)
(a)	The net asset value ("NAV") of the assets to be disposed of, compared with the Group's latest announced NAV [(1)(3)] Pursuant to Rule 1003(4)(a), the reference to "net asset value of the assets to be disposed of" shall mean the aggregate value of the financial assistance.	17.0%
(b)	The net profits attributable to the equity interest to be disposed of, compared with the Group's net profits	Not applicable as the Transaction is not a disposal or acquisition.

(c)	The aggregate value of the Consideration given or received, compared with the Company's market capitalisation[(2)(3)] based on the total number of issued shares of the Company ("Shares") excluding treasury shares Pursuant to Rule 1003(4)(b), the reference to "aggregate value of the consideration given or received" shall mean the aggregate value of the financial assistance.	126.6%
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable as no securities will be issued by the Company in connection with the Guarantee
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the Exchange may permit valuations to be used instead of volume or amount	Not applicable as the provision of the LWWM Project Covered Guarantee is not a disposal of mineral, oil or gas assets by a mineral, oil and gas company

Notes:

(1) *Based on RMB 584,646,000, the latest announced NAV of the Group as at 31 December 2025 from the Group's audited consolidated financial statements for FY2025.*

(2) *Based on 407,589,893 Shares in issue as at 4 November 2026 and the weighted average price of S$0.037 (and at an exchange rate of S$1: RMB 5.2201) of the Shares transacted on that date.*

(3) *Based on the limit of the aggregate value of the LWWM Project Covered Guarantee of approximately RMB 99,642,000 provided by Chengdu KQR to Shandong Luqiao (RMB 200,000,000 multiplied by 49.821%), the current capital contribution percentage of Chengdu KQR in Ranken Railway.*

4.2 Whilst the relative figures under Rule 1006(c) exceed 20%, the Transaction is not regarded as a major transaction as defined under Rule 1014 of the Listing Manual for the reasons as explained in Paragraph 4.3 below and is thus not subjected to the prior approval of shareholders of the Company ("**Shareholders**"). For the avoidance of doubt, (i) the provision under Rule 1002(1) of the Listing Manual as explained herein; and (ii) that there would be no material change in risk profile in connection with the entry into the LWWM Project covered Guarantee (as explained in Note 7 below).

4.3 Rule 1002(1) of the Listing Manual excludes the provision of financial assistance to the issuer, or its subsidiary or associated company. Whilst the LWWM Project Covered Guarantee constitute financial assistance to be provided to Shandong Luqiao, it is ultimately meant to guarantee the repayment obligations of Ranken Railway, the Company's associated company for Shandong Luqiao to make available to Ranken Railway such credit facilities (being financial

assistance to the Company's associated company) as may be required to procure the LWWM Project Performance Guarantee for the LWWM Project. As disclosed in "Investment in Associates" in the results announcement for 1H2025, FY2025 and 1H2026, any full guarantee(s) provided by the Guarantor to the lender(s) for banking facilities granted to Ranken Railway (the "**Principal Guarantee**") would have to be secured by a covered guarantee from Chengdu KQR in respect of the Principal Guarantee based on its 49.82% shareholding in Ranken Railway (the "**Covered Guarantee**"). In the event of default by Ranken Railway, the Guarantor shall fulfil its payment obligations in full under the Principal Guarantee and seek recourse from Chengdu KQR under the Covered Guarantee. Please also refer to the Rationale for the 2025 Covered Guarantee for further details, including the Guarantor's Credit Standing, and the SOE and SSE Rules and Regulations. As disclosed, the Shandong Luqiao is a principal subsidiary of the Guarantor, whereas the Guarantor is the holding company of the Investor. The provision of the LWWM Project Covered Guarantee is in consistent with the rationale as stated herein.

5 FINANCIAL EFFECTS OF THE TRANSACTION

5.1 The Group's accounting position for the financial guarantee is to initially measure it at fair value in accordance with SFRS(I) 9 and subsequently measure it at the higher of the loss allowance determined in accordance with SFRS(I) 9 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of SFRS(I) 15. Expected credit losses ("**ECL**") are probability weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Group and the Company expects to recover.

The financial effects of the Transaction set out below are based on the audited consolidated financial statements of the Group for FY2025.

(a) Net Tangible Assets ("NTA")

Assuming that the Transaction had been effected on 31 December 2025, being the end of the most recently completed financial year of the Company, the effect of the Transaction on the NTA per Share would be as follows, after accounting for higher provision for the guarantee of RMB 3,584,123:

	Before the Transaction	After Transaction
NTA (RMB '000)	584,646	581,062
Number of Shares	407,589,893	407,589,893
NTA per Share (RMB cents)	143.44	142.56

(b) Earnings per Share ("**EPS**")

Assuming that the Transaction had been effected on 1 January 2025, being the beginning of the most recently completed financial year of the Company and as at the date of this Announcement, the effect of the Proposed Transaction on the EPS would be as follows after accounting for higher provision for the guarantee of RMB 3,584,123:

	Before the Transaction	After the Transaction
Earnings after tax and minority interest (RMB '000)	4,887	1,303*
Weighted average number of Shares	407,589,893	407,589,893
EPS (RMB cents)	1.20	0.32

**excluding financial performance arising from the LWWM Project as may be recorded based on its stage-of-completion during the project tenor.*

5.2 In the event that Ranken Railway is not able to fulfil its contractual obligations under the LWWM Project Covered Guarantee (the "Event"), the effects on the Company's and the Group's financials attributed to the Transaction will depend on the extent of which Chengdu KQR would need to fulfil its obligations under the Agreement, and the provision for such contingent liability as may be required under such circumstances, which may result in additional impairment of the carrying value of Ranken Railway arising from the obligations of Chengdu KQR and such financial effects may differ depending on the circumstances and the extent of the financial effects cannot be quantified with certainty as at the date of this Announcement.

6 INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr. Cheung Wai Suen ("Mr Cheung"), the Executive Chairman of the Company, is a shareholder of Ranken Railway (0.36%) and Chengdu KQR (2.01%). Pursuant to Rule 915 (3) of the Listing Manual, "a transaction between an entity at risk and an investee company, where the interested person's interest in the investee company, other than that held through the issuer, is less than 5%" is not required to comply with Rules 905, 906, and 907 of the Listing Manual. Hence, although Mr Cheung is an interested person, the Transaction does not have to comply with Rules 905, 906, and 907 of the Listing Manual.

Save as disclosed above, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the above Transaction, other than their shareholding and respective capacities as a Director and/or substantial shareholder of the Company.

7 NO MATERIAL CHANGE IN RISK PROFILE

7.1 In consistent with the details as disclosed in the announcement of the 2025 Covered Guarantee, the Board and management are of the opinion that there has been or will be no material change in the risk profile of the issuer having considered that:

(a) There is no change in the principal activities and core business of Ranken Railway, which had also been the principal business of the Group for FY2016 to FY2019. Following the completion of the Ranken Disposal in 2020, it remains as the Group's principal associated company;

(b) It was disclosed and foreshadowed in the Ranken Disposal Circular dated 9 October 2020 that "Notwithstanding that Ranken Railway will cease to be a subsidiary of the Company upon Completion, Chengdu KQR will remain a 49.82% shareholder of Ranken Railway. Accordingly, Ranken Railway may require capital support from Chengdu KQR – whether in the form of equity or loan – given the scale of its operations, as required under PRC laws and the requirements of the Shenzhen Stock Exchange (as informed by the Investor to the Company)." The provision of 2025 Covered Guarantee forms part of such capital support; and

(c) Ranken Railway Disposal was completed on 27 October 2020 following which Ranken Railway ceased to be a subsidiary of the Group. It was subsequently disclosed in the Group's audited financial statements (i) for FY2020 that Chengdu KQR had provided RMB 148 million of guarantee directly to the lenders of Ranken Railway for the banking facilities granted to Ranken Railway when it was the Group's principal subsidiary; and (ii) for FY2021 that Chengdu KQR continued to provide RMB 35 million of guarantee directly to the lenders of Ranken Railway for the banking facilities of Ranken Railway, being the Group's associated company; (iii) for FY2021 that Chengdu KQR had provided RMB 98 million of covered guarantee to the Guarantor, the rationale of which were included the Ranken Disposal Circular; and (iv) for the 2025 Covered Guarantee, the limit of covered guarantee provided by Chengdu KQR to the Guarantor was approximately RMB 174.37 million. For the avoidance of doubt, the LWWM Project Covered Guarantee of approximately RMB 99.64 million does not constitute part of the 2025 Covered Guarantee.

(d) Chengdu KQR votes at its own discretion for the matter pertaining to the Transaction and restrict deployment of such related funds to only projects which are unanimously approved by all the directors of Ranken Railway, including Mr Cheung and Ms Wang Heng, who are also the Executive Chairman and CEO of the Company, respectively

8 AUDIT AND RISK COMMITTEE STATEMENT

The audit and risk committee of the Company is of the view that the Transaction is consistent with the rationale as set out in the Ranken Disposal Circular, and are on normal commercial terms which are not prejudicial to the interests of the Company and its minority shareholders.

9 DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the LWWM Project Covered Guarantee will be made available for inspection during normal business hours at the registered office of the Company at 1 Robinson Road, #17-00 AIA Tower, Singapore 048542, for a period of three (3) months from the date of this Announcement.

By Order of the Board

WANG HENG
Executive Director and Chief Executive Officer
4 November 2026