
SAPPHIRE CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 198502465W)

THE PROPOSED CHANGE OF AUDITORS FROM KPMG LLP TO FOO KON TAN LLP

1. INTRODUCTION

- 1.1. The board of directors (the **"Board"** or **"Directors"**) of Sapphire Corporation Limited (the **"Company"**, and together with its subsidiaries, the **"Group"**) refer to the announcement on 16 December 2020 proposing the change of auditors of the Company (**"Auditors"**) from KPMG LLP (**"KPMG"**) to Moore Stephens LLP (**"16 December 2020 Announcement"**).
- 1.2. Further to the Company's consultation with the SGX-ST, the Board had announced on 28 April 2021 of its intention to propose another auditing firm for appointment as the Auditors.
- 1.3. Upon careful deliberation, the Board now wishes to announce the Company's intention to appoint Foo Kon Tan LLP (**"FKT"**) as Auditors for the reasons set out in Section 2 of this announcement (the **"Proposed Change of Auditors"**).

2. PROPOSED CHANGE OF AUDITORS

- 2.1. Prior to their resignation, KPMG, had been re-appointed at the annual general meeting of the Company held on 29 June 2020, to hold office until the conclusion of the next AGM of the Company. KPMG was first appointed as Auditors on 9 July 1993 and has served as the Auditors since the financial year ended 31 December 1993. Please refer to the 16 December 2020 Announcement which had set out KPMG's reasons for resignation as well as ACRA's consent for the resignation of KPMG as Auditors which took effect on 3 December 2020.
- 2.2. As part of good corporate governance initiatives and the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging business climate, the Board was of the view that it would be an opportune time to review the appointment of Auditors. The review accorded the Group an opportunity to benchmark audit fees and realise cost efficiencies.
- 2.3. The Board is of the view that the Proposed Change of Auditors is in the best interests of the Company and the Shareholders because the quantum of professional fees for the audit services proposed by FKT is more competitive in comparison to that charged by KPMG. The Company expects that the Proposed Change of Auditors will allow the Group to make substantial savings in audit fees based on fee proposal for audit services for the Group for FY2020 provided by each of KPMG and FKT.
- 2.4. The Audit Committee, in reviewing and deliberating on the suitability of other audit firms, had evaluated proposals from other audit firms and taken into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA in ACRA's Audit Quality Indicators Disclosure Framework, and various factors such as the adequacy of resources and experiences of the audit firm to be selected and the audit engagement partner to be assigned to the audit, the audit firm's other engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff to be assigned. After evaluation, the Audit Committee recommended the appointment of FKT as auditors of the Company in place of KPMG. The quality and scope of audit services to be provided by FKT will be comparable to the services currently provided by KPMG.
- 2.5. The Board has taken into account the Audit Committee's recommendation, including the factors considered in their evaluation, and are satisfied that FKT will be able to meet the audit

requirements of the Group. There will be no change to the scope of the audit to be undertaken with the Proposed Change of Auditors. The Board has therefore accepted the Audit Committee's recommendation to appoint FKT in place of KPMG, subject to the approval of the Shareholders at the EGM.

- 2.6. Accordingly, the Board is of the view that it would be in the interests of the Company and the Shareholders to appoint FKT as Auditors in place of KPMG in respect of the financial year ending 31 December 2020, subject to the approval of the Shareholders at the EGM.
- 2.7. Pursuant to Rule 712(3) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and Section 205AF of the Companies Act, the appointment of FKT as the Company's new auditors must be specifically approved by the Shareholders at a general meeting. As ACRA had issued its consent to KPMG's resignation pursuant to the ACRA Letter of Consent, the appointment of FKT would therefore take effect upon the approval of the Shareholders at the EGM and, if appointed, FKT will hold office until the conclusion of the next AGM for the financial year ending 31 December 2020.
- 2.8. FKT had on 13 August 2021 given its written consent to be appointed as the Company's auditors.
- 2.9. In accordance with the requirements of Rule 1203(5) of the Listing Manual:
- (a) the Board has received a copy of KPMG's professional clearance letter dated 16 July 2021 to FKT, confirming that KPMG is not aware of any professional reasons why FKT should not accept appointment as the Company's auditors;
 - (b) the Board confirms that there were no disagreements with KPMG on accounting treatments within the last twelve (12) months up to the date of KPMG's resignation as auditors of the Company;
 - (c) the Board confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;
 - (d) the Board confirms that the specific reasons for the Proposed Change of Auditors are as disclosed above; and
 - (e) the Board confirms that it is or will be in compliance with Rules 712, 715 and 716 of the Listing Manual in relation to the proposed appointment of FKT as the Company's auditors.

3. CIRCULAR TO SHAREHOLDERS

A circular containing, inter alia, the notice of EGM and the details of the Proposed Change of Auditors will be despatched to the Shareholders in due course.

BY ORDER OF THE BOARD

Wang Heng
Executive Director and Chief Executive Officer
20 August 2021