

CIRCULAR DATED 25 OCTOBER 2021

THIS CIRCULAR TO SHAREHOLDERS (“CIRCULAR”) IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is issued by Sapphire Corporation Limited (the “Company”). **If you are in any doubt about the contents of this Circular or the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.**

If you have sold or transferred all your ordinary shares in the capital of the Company (the “Shares”) held through The Central Depository (Pte) Limited (“CDP”), you need not forward this Circular to the purchaser or transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee. If you have sold or transferred all your Shares represented by physical share certificate(s) which are not deposited with CDP, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying proxy form to the purchaser or transferee, or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company. The Singapore Exchange Securities Trading Limited (“SGX-ST”) assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

Due to the current COVID-19 restriction orders in Singapore, Shareholders will not be able to attend the Extraordinary General Meeting (“EGM”) in person. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the EGM by (a) observing and/or listening to the proceedings via “live” audio-visual webcast or “live” audio-only stream; (b) submitting questions related to the resolution to be tabled for approval in advance of the EGM; and/or (c) appointing the Chairman of the EGM as proxy to attend, speak and vote on their behalf at the EGM. Please refer to the Notice of EGM dated 25 October 2021 for further information, including the steps to be taken by Shareholders to participate at the EGM.



SAPPHIRE CORPORATION LIMITED

(Company Registration Number: 198502465W)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS

in relation to

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

IMPORTANT DATES AND TIMES

- | | |
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| Last date and time for lodgement of Proxy Form | : 6 November 2021 at 10 a.m. |
| Date and time of Extraordinary General Meeting | : 9 November 2021 at 10 a.m. |
| Place of Extraordinary General Meeting | : The EGM will be held by way of electronic means. |
- Please refer to the Notice of EGM dated 25 October 2021 for further details.

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:–

“Announcement”	:	The Company’s SGXNET announcement on 16 December 2020 in relation to the Proposed Change of Auditors
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“ACRA Letter of Consent”	:	ACRA’s letter dated 3 December 2020 approving KPMG’s resignation as Auditors of the Company
“AGM”	:	Annual general meeting
“Auditors”	:	The auditors of the Company from time to time
“Audit Committee”	:	The audit committee of the Company, from time to time
“Board of Directors” or “Board”	:	The board of directors of the Company, from time to time
“CDP”	:	The Central Depository (Pte) Limited
“Circular”	:	This circular to Shareholders dated 25 October 2021 issued by the Company
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Company”	:	Sapphire Corporation Limited
“Consent to Act as Auditors”	:	Has the meaning ascribed to it in Section 2.1
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“CPF”	:	Central Provident Fund
“Director” or “Directors”	:	A director or directors of the Company
“EGM”	:	The extraordinary general meeting of the Company to be held by electronic means on 9 November 2021, at 10 a.m., notice of which is set out on pages N-1 to N-2 of this Circular
“FKT”	:	Foo Kon Tan LLP

DEFINITIONS

“FY”	:	The financial year commenced or, as the case may be, commencing, on 1 January and ended, or as the case may be, ending 31 December
“Group”	:	The Company and its subsidiaries
“KPMG”	:	KPMG LLP
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Notice of EGM”	:	The notice of the EGM as set out on pages N-1 to N-2 of this Circular
“Ordinary Resolution”	:	The ordinary resolution to be passed by Shareholders at the EGM as set out in the Notice of EGM
“PRC”	:	The People’s Republic of China
“Professional Clearance Letter”	:	Has the meaning ascribed to it in Section 2.5(a)
“Proposed Change of Auditors”	:	The proposed change of auditors of the Company from KPMG to FKT
“Proposed Transaction”	:	The proposed sale of equity interests in, and material dilution of effective interests in, Ranken Railway as described in the circular to shareholders of the Company dated 9 October 2020
“Proxy Form”	:	The proxy form in respect of the EGM as attached to this Circular
“Ranken Railway”	:	Ranken Railway Construction Group Co., Ltd.
“Register of Members”	:	The register of members of the Company
“RMB”	:	Renminbi, the lawful currency of the People’s Republic of China
“Securities Account”	:	A securities account maintained by a Depositor with CDP
“Securities and Futures Act”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

DEFINITIONS

“SGXNET”	:	Singapore Exchange Network, the corporate announcement system maintained by the SGX-ST for the submission of information and announcements by listed companies
“Shandong ListCo”	:	Shandong Hi-Speed Road & Bridge Group Co., Ltd.
“Shandong ListCo Group”	:	Shandong ListCo and its subsidiaries
“Shareholders”	:	Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term “Shareholders” shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“ShineWing”	:	ShineWing Certified Public Accountants
“%” or “per cent”	:	Percentage or per centum

In this Circular:

- (a) The terms **“Depositor”**, **“Depository Register”**, and **“Depository Agent”** shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.
- (b) The terms **“subsidiary”**, **“treasury share”**, **“related company”**, and **“substantial Shareholder”** shall have the meanings ascribed to them respectively in the Companies Act.
- (c) The term **“subsidiary holdings”** shall have the meaning ascribed to it in the Listing Manual.
- (d) Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
- (e) References to persons shall include corporations.
- (f) Unless otherwise provided, references to Sections and Appendices are to sections and appendices of this Circular.
- (g) The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.
- (h) Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof and used in this Circular shall, unless otherwise defined in this Circular, have the same meaning assigned to it under the Companies Act, Securities and Futures Act, Listing Manual, or any statutory modification thereof, as the case may be.

DEFINITIONS

- (i) Any reference to a time of a day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.
- (j) Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.
- (k) Various names with Chinese characters have been translated into English names. These translations are provided solely for convenience. The English translations may not have been registered with the relevant Chinese authorities and should not be construed as representations that the English names actually represent the names in Chinese characters.

Cautionary Note on Forward-looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties and other factors that may cause the Group’s actual results, performance and achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors should not place undue reliance on such forward-looking statements, and the Company disclaims any responsibility and does not undertake any obligation to update publicly or revise any forward-looking statements contained in this Circular to reflect any change in the Group’s expectations with respect to such statements after the date of this Circular or to reflect any change in events, conditions or circumstances on which the Company based any such statements subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any regulatory or supervisory body or agency.

Dentons Rodyk & Davidson LLP has been appointed as the legal adviser to the Company as to Singapore law in respect of the Proposed Change of Auditors.

LETTER TO SHAREHOLDERS

SAPPHIRE CORPORATION LIMITED

(Company Registration Number: 198502465W)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Cheung Wai Suen (*Executive Chairman*)
Ms. Wang Heng (*Chief Executive Officer and Executive Director*)
Mr. Oh Eng Bin (*Non-Executive Lead Independent Director*)
Mr. Tay Eng Kiat Jackson (*Non-Executive Independent Director*)

Registered Office:

1 Robinson Road #17-00
AIA Tower
Singapore 048542

25 October 2021

To: The Shareholders of Sapphire Corporation Limited

Dear Sir/Madam

THE PROPOSED CHANGE OF AUDITORS FROM KPMG TO FKT**1. INTRODUCTION**

- 1.1. On 16 December 2020, the Company made an announcement proposing the change of auditors from KPMG to Moore Stephens LLP. Further to the Company's consultation with the SGX-ST, the Company had announced on 28 April 2021 of its intention to propose another auditing firm for appointment as auditors of the Company.
- 1.2. Upon careful deliberation, the Company now intends to appoint FKT as auditors of the Company for the reasons set out in Section 2.1 of this Circular. On 20 August 2021, the Company made an announcement proposing the change of auditors to FKT.
- 1.3. The Board of Directors is convening the EGM to seek Shareholders' approval for the Proposed Change of Auditors.
- 1.4. The purpose of this Circular is to provide the Shareholders with relevant information pertaining to the Proposed Change of Auditors, which will be tabled at the EGM to be held by electronic means on 9 November 2021 at 10 a.m.. The Notice of EGM is set out on pages N-1 to N-2 of this Circular.
- 1.5. The SGX-ST assumes no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this Circular.

2. THE PROPOSED CHANGE OF AUDITORS**2.1. Background and Rationale for the Proposed Change of Auditors**

Prior to their resignation, KPMG, had been re-appointed at the last AGM 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 of the Company on 9 July 1993 and has served as the Auditors of the Company since FY1993.

LETTER TO SHAREHOLDERS

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 is of the view that it would be appropriate and timely to effect a change of auditors of the Company, subject to the approval of the Shareholders at the EGM. A change of auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm, thus enhancing the value of the audit of the Group.

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. The Proposed Change of Auditors will allow the Group to save approximately 24% in audit fees based on fee proposal for audit services for the Group for FY2020 provided by each of KPMG and FKT. 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.

On 25 November 2020, KPMG had applied to ACRA to seek its consent to resign as Auditors, specifying the below as reasons for its resignation:

- (a) following completion of the Proposed Transaction on 27 October 2020, there was a reduced contribution from Ranken Railway;
- (b) at the last AGM, the Company was not able to foresee with certainty the completion of the Proposed Transaction; and
- (c) in view of the reduced contribution from Ranken Railway on completion of the Proposed Transaction and as part of the Company's efforts to manage its overall business costs and expenses amidst current challenging economic conditions, the Company had indicated its intention to conduct a review of fee proposals from other audit firms.

KPMG's reasons for its resignation as Auditors had been incorporated into the Announcement in relation to the Proposed Change of Auditors. On 3 December 2020, KPMG received the ACRA Letter of Consent with ACRA consenting to the resignation of KPMG as Auditors of the Company. On 3 December 2020, KPMG provided the Company with its notice of resignation as Auditors (the "**Notice of Resignation**"). Pursuant to Section 205AB(5) of the Companies Act, the resignation of KPMG will take effect on the latest of the following dates: (a) on the day (if any) specified by KPMG in the Notice of Resignation; (b) on the day on which ACRA notifies KPMG and the Company of its consent to the resignation; or (c) on the day (if any) fixed by ACRA. In accordance with Section 205AB(5) of the Companies Act, the resignation of KPMG as Auditors took effect on 3 December 2020.

LETTER TO SHAREHOLDERS

FKT had given its consent to act as auditors by way of a letter dated 13 August 2021 (“**Consent to Act as Auditors**”), subject to Shareholders’ approval for the same. Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the Proposed Change of Auditors must be specifically approved by Shareholders in a general meeting. As ACRA had issued its consent to KPMG’s resignation pursuant to the ACRA Letter of Consent, the appointment of FKT will be effective upon the approval of Shareholders being obtained at the EGM. Upon the appointment, FKT will hold office until the conclusion of the next AGM of the Company.

The Directors would like to highlight that the Proposed Change of Auditors is in no way the result of any disagreement.

The Directors wish to express their appreciation for the past services rendered by KPMG.

2.2. Information on FKT and the Audit Engagement Partners

The information on FKT and the audit engagement partner provided below was provided to the Company by FKT and its representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

Established in 1968, FKT has advanced from a traditional public accounting firm to one delivering a full range of services tailored to the needs of privately held businesses and public interest entities. FKT is currently registered with ACRA (Company Registration No.: T10LL0002B) and is one of Singapore’s top audit firms. FKT has helped its clients to seize growth opportunities and succeed in the changing business and regulatory environments. Many of its clients are listed on the SGX-ST as well as in other international capital markets. Others have become leading brand names. With experience in both the private and public sectors across a variety of industries, FKT’s professionals are intent on serving its clients as independent auditors, advising on funding businesses, on tax issues, and on restructuring of business, meeting clients’ objectives through practical solutions based on its practice values of integrity, reliability and personal attention. In August 2015, FKT became a member of HLB International, one of the leading global accountancy networks with presence in more than 150 countries. FKT has 20 partners and directors, with about 280 staff who are professionals providing audit, tax and business advisory services.

At the firm’s level, FKT has the relevant audit experience in similar business such as Ley Choon Group Holdings Limited, Boldtek Holdings Limited and Leader Environment Technologies Limited.

For the audit of the Group, the audit engagement team will comprise the following professionals: two (2) audit associates, one (1) senior audit associate, one (1) audit senior manager, and one (1) audit engagement partner. In addition, the audit of the Group will also be reviewed by a concurring partner and an independent quality control reviewer. The assigned engagement quality control reviewer for the Group will be Mr. Kon Yin Tong, who is the managing partner of FKT.

For more information about FKT, please visit <http://www.fookontan.com>.

LETTER TO SHAREHOLDERS

Mr Kong Chih Hsiang Raymond (“**Mr Raymond Kong**”), will assume the role as the audit engagement partner for the Group. Mr Raymond Kong has more than 20 years of audit experience. Mr Raymond Kong is a practising member of the Institute of Singapore Chartered Accountants and is a public accountant registered with the Accounting and Corporate Regulatory Authority (“ACRA”). Mr. Raymond Kong is also a registered foreign auditor under the Audit Oversight Board, Malaysia.

Mr Raymond Kong joined FKT in January 2013. Prior to this, Mr Raymond Kong was a senior audit manager in KPMG LLP. Mr Raymond Kong graduated with a Bachelor of Accountancy (Hons) from Nanyang Technological University of Singapore. Mr Raymond Kong is a member of the Financial Reporting Main Committee of the Institute of Singapore Chartered Accountants and has completed the Chartered Valuer and Appraiser Program conducted by Nanyang Business School, Nanyang Technological University. Besides auditing major listed public companies and other public interest entities, Mr Raymond Kong has assisted clients with initial public offerings on the SGX-ST. In addition, Mr Raymond Kong has carried out due diligence reviews and special purpose audits, and specialises in the audits of statutory boards, manufacturing, shipping, logistics, property development, healthcare, telecommunications, energy, investment holding and trading industries.

Mr Raymond Kong, who will be the audit engagement partner assigned to the audit of the Group, has been subject to the Practice Monitoring Programme (“PMP”) review by ACRA. He has passed the PMP review conducted by ACRA on his previous audit engagements. Raymond is in his third 2-year term as the main committee member in ISCA Financial Reporting Committee (the “Committee”). The Committee proactively engages industry groups and other organisations on financial reporting topics and issues in Singapore. The Committee holds robust discussions on emerging topics and issues. The Committee also reaches out to the accounting profession to raise public awareness and issue guidance to assist the professional in overcoming application challenges of accounting standard. This includes issuance of financial reporting bulletins (FRB) and financial reporting guidance (FRG). One key requirement is to pass the most recent PMP for public accountant which Raymond has complied. In the nomination form, they have also requested him to indicate the courses and conferences attended and explain how his skills, knowledge and experience are relevant to the Committee.

Mr Raymond Kong was involved in the financial due diligence exercise of Ranken Railway Construction Co., Ltd when the Company first acquired 100% equity interest in Ranken Holding Co., Limited (f.k.a. Ranken Infrastructure Limited before 20 September 2019) in FY 2015. Accordingly, he has the necessary knowledge of the Group’s EPC business for railway, highway, municipal, industrial and civil construction and airports and water conservancy projects in the PRC.

2.3. Compliance with Rule 712 of the Listing Manual

FKT is registered with ACRA. The Audit Committee and the Board have considered and are satisfied that FKT will be able to meet its audit obligations, having regard to the adequacy of the resources and experience of FKT and Mr Raymond Kong, the engagement partner assigned to the audit, the other audit engagements of FKT, the size and complexity of the Group, and the number and experience of the supervisory and professional staff who will be assigned to the audit of the financial statements of the Group, as well as FKT’s proposed audit arrangements for the Group. Accordingly, Rule 712 of the Listing Manual has been complied with and/or will be complied with upon obtaining Shareholders’ approval for the Proposed Change of Auditors.

LETTER TO SHAREHOLDERS

2.4. Compliance with Rule 715 and 716 of the Listing Manual

Following Shareholders' approval of the Proposed Change of Auditors, FKT will become the Auditors in place of KPMG.

The Board confirms that pursuant to the Proposed Change of Auditors:

- (a) FKT will be engaged to audit the financial statements of the Company;
- (b) the Company does not have any Singapore-incorporated subsidiaries or associated companies, and accordingly, the requirement under Rule 715(1) of the Listing Manual is not applicable;
- (c) the Company's Hong Kong-incorporated subsidiary, Ranken Holding Co., Limited, an investment holding company, will be audited by FKT for the purposes of preparing the consolidated financial statements of the Group;
- (d) the Company's PRC-incorporated subsidiaries, Chengdu Kai Qi Rui Business Management Co., Ltd., Sichuan Yilong Equipment Co., Ltd., Chengdu Shengshi Jialong City Management Service Co., Ltd (f.k.a. Chengdu Jialong Property Service Co., Ltd. before 11 June 2021) and Chengdu Kaiwan Enterprise Management Consulting Co., Ltd., will be audited by HLB Shanghai ThinkBridge Certified Public Accountants, an independent member firm of HLB International in the PRC, for the purposes of preparing the consolidated financial statements of the Group; and
- (e) the Company's PRC-incorporated associated company, Ranken Railway, will be audited by ShineWing in the PRC in accordance with International Financial Reporting Standards for purpose of group reporting to FKT in accordance with the requirements under International Standards on Auditing 620 – *Special Considerations – Audits of Group Financial Statements* for equity accounting for the purposes of preparing the consolidated financial statements of the Group.

ShineWing has been providing its services in the PRC for more than thirty (30) years, with four (4) main service lines, namely "Audit & Assurance", "Management Consulting", "Tax & Accounting", and "Construction Management Consulting". It has, over the years expanded to thirteen (13) different countries and regions, with over eighty (80) offices and over 10,000 professionals, comprising at least 480 partners worldwide. Not only is ShineWing one of the oldest accounting firms established in the PRC, but it is also the first firm qualified to provide audit and assurance services to businesses in the securities and futures industry as well as PRC-incorporated companies listed and traded on the Stock Exchange of Hong Kong. ShineWing's audit services are recognised by official organisations such as China Securities Regulatory Commission, the Ministry of Finance of the PRC and the State-owned Assets Supervision and Administration Commission of the State Council in the PRC.

In September 2020, following a comprehensive evaluation in the year 2019, the Chinese Institute of Certified Public Accountants issued a list ranking the top 100 accounting firms in the PRC and relevant information relating to the accounting firms, such as the accounting firm's business income and number of certified public accountants in their number. ShineWing's overall ranking for the year 2019 was seventh, with the four largest accounting firms in the world occupying the top four positions in the list.

LETTER TO SHAREHOLDERS

ShineWing is presently also the external auditor for Sichuan Road and Bridge Construction Group Co., Ltd. a public company listed on the Shanghai Stock Exchange (stock code: 600039) which had a net asset value of RMB15.6 billion based on the company's audited financial statements for FY2019, and external auditor for Shandong ListCo which had a net asset value of RMB5.5 billion based on the company's audited financial statements for FY2019. The team assigned to audit Ranken Railway comprises a partner with eighteen (18) years of audit experience, a senior manager with fifteen (15) years of audit experience, a manager with four (4) years of audit experience and three (3) associates.

In reviewing the suitability of ShineWing, the Audit Committee and the Board had considered various factors, including, *inter alia*, the nature and business activities of Ranken Railway, the number and experience of supervisory and professional staff to be assigned to the audit of Ranken Railway, and Ranken Railway becoming part of the Shandong Listco Group following completion of the Proposed Transaction on 27 October 2020. Shandong Listco is a company incorporated in the PRC and listed on the Main Board of the Shenzhen Stock Exchange (stock code: 000498).

In accordance with Rule 715(2) and 716(1) of the Listing Manual, the Audit Committee and the Board confirms that ShineWing is a suitable auditing firm for Ranken Railway, and the appointment of ShineWing as auditors of Ranken Railway will not compromise the standard and effectiveness of the audit of the Company.

The Group further confirms that it does not have any significant subsidiaries and associated companies incorporated outside of Hong Kong and PRC. Accordingly, Rules 715 and 716 of the Listing Manual has been complied with and/or will be complied with upon obtaining Shareholders' approval for the Proposed Change of Auditors.

2.5. Compliance with Rule 1203(5) of the Listing Manual

For the purposes of Rule 1203(5) of the Listing Manual:

- (a) KPMG has confirmed via its professional clearance letter dated 16 July 2021 ("**Professional Clearance Letter**") that it is not aware of any professional reasons why FKT, being the new Auditors, should not accept appointment as Auditors;
- (b) the Board confirms that there were no disagreements with KPMG on accounting treatments within the last twelve (12) months from the date of KPMG's resignation as Auditors;
- (c) the Board confirms that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders;
- (d) the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 above. The Proposed Change of Auditors is neither due to the dismissal of KPMG nor KPMG declining to stand for election during its term as Auditors; and
- (e) as mentioned in Sections 2.3 and 2.4 above, the Board confirms that it has complied with Rules 712, 715 and 716 of the Listing Manual in relation to the proposed appointment of FKT as its Auditors.

LETTER TO SHAREHOLDERS

2.6. Audit Committee's statement

The Audit Committee has reviewed the Proposed Change of Auditors and recommends the appointment of FKT as the Company's auditors to the Board, after taking into account the suitability of FKT to meet the audit requirements of the Group, the various factors set out in Sections 2.3, 2.4 and 2.5 of this Circular, and compliance with the requirements of the Listing Manual.

In this respect, the Audit Committee has considered the Audit Quality Indicators Disclosure Framework when assessing the suitability of FKT to be Auditors, including the number and experience of supervisory and professional staff to be assigned, adequacy of the resources and experience of the audit firm to be selected and the audit engagement partner to be assigned to the audit and the attrition rate. Based on the industry information published on ACRA's website for the period ended 31 March 2021, FKT falls within the industry range. Further, the Audit Committee has also taken into account factors such as costs, scope of audit services and reputation of the audit firm.

3. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDERS

3.1. Based on the Company's register of interests of Directors and register of substantial Shareholders respectively, as at the date of the Circular, the interests of the Directors and substantial Shareholders in the Shares are as follows:

	Direct Interest		Deemed Interest		Total	
	No. of Shares	(%)(⁽¹⁾)	No. of Shares	(%)(⁽¹⁾)	No. of Shares	(%)(⁽¹⁾)
Directors						
Cheung Wai Suen ⁽³⁾	–	–	–	–	–	–
Wang Heng ⁽³⁾	625,000	0.15	171,495,264	42.08	172,120,264	42.23
Oh Eng Bin	–	–	–	–	–	–
Tay Eng Kiat Jackson	–	–	–	–	–	–
Substantial Shareholders (other than Directors)						
Best Feast Limited ⁽²⁾	171,495,264	42.08	–	–	171,495,264	42.08
Chengdu Wu Xing Ke Trading Limited ("Chengdu Wuxingke") ⁽²⁾	–	–	171,495,264	42.08	171,495,264	42.08
Ou Rui Limited ⁽⁴⁾	57,997,667	14.23	–	–	57,997,667	14.23
Li Xiaobo ⁽⁴⁾	–	–	57,997,667	14.23	57,997,667	14.23

Notes:

- (1) Based on the existing share capital of the Company comprising 407,589,893 Shares.
- (2) Chengdu Wuxingke holds the entire issued and paid-up share capital of Best Feast Limited and accordingly, is treated as having an interest in the Shares held by Best Feast Limited by virtue of Section 4(4) of the Securities and Futures Act.
- (3) Wang Heng holds direct and indirect (through Chengdu Zhong Qian Zhi Heng Management Limited ("Chengdu Zhongqian")) interests comprising an aggregate of 99.25% of the total shares of Chengdu Wuxingke. Based on Wang Heng's indirect interests through Chengdu Zhongqian and direct interests in Chengdu Wuxingke, Wang Heng is deemed interested in the Shares held by Best Feast Limited, a wholly-owned subsidiary of Chengdu Wuxingke by virtue of Section 7 of the Companies Act. Cheung Wai Suen holds direct interests of 0.04% of the shares of Chengdu Wuxingke and direct interests of 2.40% of the shares of Chengdu Zhongqian.
- (4) Li Xiaobo holds the entire issued and paid-up share capital of Ou Rui Limited and accordingly, is treated as having an interest in the Shares held by Ou Rui Limited by virtue of Section 4(4) of the SFA.

LETTER TO SHAREHOLDERS

- 3.2. None of the Directors or, to the best of the knowledge of the Company, the substantial Shareholders, has any other interest, direct or indirect, in the Proposed Change of Auditors other than through their respective shareholdings in the Company.

4. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the terms, the rationale and benefits, and the financial effects of the Proposed Change of Auditors and the recommendation of the Audit Committee, the Directors are of the view that the Proposed Change of Auditors is in the interests of the Company and the Shareholders. Accordingly, the Directors recommend that the Shareholders vote in favour of the Proposed Change of Auditors at the EGM to be convened.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for the Proposed Change of Auditors and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor or other professional adviser.

5. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages N-1 to N-2 of this Circular, will be held by electronic means on 9 November 2021 at 10 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolutions set out in the Notice of EGM.

6. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who wish to vote at the EGM should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at 80 Robinson Road #11-02, Singapore 068898 not less than 72 hours before the time fixed for the EGM.

A Depositor shall not be regarded as a member of the Company entitled to vote at the EGM unless his name appears in the Depository Register as at 72 hours before the EGM.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's registered office at 1 Robinson Road, #17-00 AIA Tower, Singapore 048542 on any weekday (public holidays excepted) for a period of three (3) months from the date of this Circular:

- (a) the Constitution;
- (b) ACRA Letter of Consent;
- (c) Professional Clearance Letter;
- (d) Consent to Act as Auditors; and
- (e) Notice of Resignation.

LETTER TO SHAREHOLDERS

In light of the prevailing Covid-19 situation, shareholders should provide their names, contact number, proposed date and time of inspection to ir@sapphirecorp.com.sg at least three (3) working days' in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

Yours faithfully

For and on behalf of the Board of Directors of
Sapphire Corporation Limited

Wang Heng
Executive Director and Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

SAPPHIRE CORPORATION LIMITED

(Company Registration Number: 198502465W)

(Incorporated in the Republic of Singapore)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**EGM**”) of the members of Sapphire Corporation Limited (the “**Company**”) will be held by electronic means on 9 November 2021, at 10 a.m., for the purpose of considering and, if thought fit, passing with or without amendment, the following resolution as set out below.

*All capitalised terms used in this Notice which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 25 October 2021 (the “**Circular**”).*

ORDINARY RESOLUTION – THE PROPOSED CHANGE OF AUDITORS

That:

- (a) Foo Kon Tan LLP, having consented to act, be hereby appointed as the auditors of the Company in place of KPMG LLP, with effect from the date of approval of Shareholders of this resolution and to hold office until the conclusion of the next annual general meeting of the Company at a remuneration and on such terms to be agreed between the Directors and Foo Kon Tan LLP;
- (b) the Directors of the Company and each of them be and are hereby authorised to complete and do all such acts and things (including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to exercise such discretion as may be required, to approve any amendments, alterations or modifications to any documents, and to sign, file and/or submit any notices, forms and documents with or to the relevant authorities) as they or he may consider necessary, desirable or expedient or in the interests of the Company, in order to give full effect to this ordinary resolution as they or he may deem fit; and
- (c) any acts and things done or performed, and/or any agreements and documents signed, executed, sealed and/or delivered by a Director in connection with this resolution and the Proposed Change of Auditors be and are hereby approved, confirmed and ratified.

BY ORDER OF THE BOARD

Wang Heng
Executive Director and Chief Executive Officer
Singapore, 25 October 2021

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Printed copies of this Notice of Extraordinary General Meeting ("**Notice**") and the Circular will not be sent to members. Instead, this Notice and the Circular may be accessed at the Company's website at <http://sapphirecorp.listedcompany.com/home.html>. This Notice and the Circular are also available on SGXNET at <https://www.sgx.com/securities/company-announcements>.
- (2) Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the proceedings of the EGM may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant questions at the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in the Company's accompanying announcement dated 25 October 2021. This announcement may be accessed at the Company's website at <http://sapphirecorp.listedcompany.com/home.html>. This announcement is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>.
- (3) Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. The Proxy Form for the EGM may be accessed at the Company's website at <http://sapphirecorp.listedcompany.com/home.html> and is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
- (4) The Chairman of the Meeting, acting as proxy, need not be a member of the Company.
- (5) The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Share Registrar at sg.is.proxy@sg.tricorglobal.com,

in either case, at least 72 hours before the time fixed for holding the EGM and/or any adjournment thereof. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. In view of the current COVID-19 restriction orders and the related safe distancing measures in Singapore which may make it difficult for members to submit the completed Proxy Forms by post, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.

Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

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SAPPHIRE CORPORATION LIMITED

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

PROXY FORM

Extraordinary General Meeting

IMPORTANT

1. For investors who have used their CPF monies ("CPF Investor") and/or SRS monies ("SRS Investor") to buy shares in the capital of Sapphire Corporation Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and/or SRS Approved Nominees (as the case may be) and is sent for their information only.
2. This Proxy Form is not valid for use by such CPF Investors or SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 25 October 2021.

I/We* _____ (Name)

(NRIC/Passport No.) of _____ (Address)
being a member/members* of SAPPHIRE CORPORATION LIMITED (the "**Company**") appoint the Chairman of the Extraordinary General Meeting of the Company ("**EGM**") as my/our* proxy to vote for me/us* on my/our* behalf and, if necessary, to demand a poll, at the EGM of the Company to be held on 9 November 2021 at 10 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy to vote for/against* the Resolution to be passed at the EGM as indicated below by way of a poll. If no specific direction as to voting is given, my/our* proxy will vote or abstain from voting at his/her discretion, as he/she will on any other matter arising at the EGM.

Ordinary Resolution	No. of votes for*	No. of votes against*
To approve the Proposed Change of Auditors		

* If you wish to exercise all your votes "**For**" or "**Against**", please tick within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2021

Total number of Shares held in:	No. of Shares
CDP Register	
Register of Members	

Signature(s) of Member(s) or Common Seal

*Delete accordingly

IMPORTANT: PLEASE READ NOTES OVERLEAF



NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the EGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM if such member wishes to exercise his/her/its voting rights at the EGM. The Proxy Form for the EGM may be accessed at the Company's website at <http://sapphirecorp.listedcompany.com/home.html> and is also available on SGXNET at <https://www.sgx.com/securities/company-announcements>. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. The Chairman of the Meeting, acting as proxy, need not be a member of the Company.
4. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be deposited at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email in Portable Document Format (PDF) format to the Share Registrar at sg.is.proxy@sg.tricorglobal.com,in either case, at least 72 hours before the time fixed for holding the EGM and/or any adjournment thereof. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. In view of the current COVID-19 restriction orders and the related safe distancing measures in Singapore which may make it difficult for members to submit the completed Proxy Forms by post, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with section 179 of the Companies Act (Chapter 50) of Singapore.
6. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies.
7. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by CDP to the Company.
8. Terms not defined herein have the meanings ascribed to them in the circular to the shareholders of the Company dated 25 October 2021.
9. A Depositor's name must appear on the Depository Register maintained by CDP not less than 72 hours before the time appointed for holding the EGM in order for him to be entitled to vote at the EGM.
10. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM.