

CIRCULAR DATED 3 FEBRUARY 2016

THIS 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 its contents or the action you should take, you should consult your bank manager, stockbroker, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the capital of the Company held through The Central Depository (Pte) Limited ("CDP"), you need not forward this Circular to the purchaser or the transferee as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or the transferee. If you have sold or transferred all your shares represented by physical share certificate(s), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the enclosed Proxy Forms 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.

For investors who have used their Central Provident Fund ("CPF") monies to buy shares in the capital of the Company, this Circular is forwarded to them at the request of their CPF approved nominees and is sent solely for information only.

Approval in-principle granted by the Singapore Exchange Securities Trading Limited ("SGX-ST") to the Company for the listing and quotation of the Consolidated Shares on the Main Board of the SGX-ST is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED CONSOLIDATION OF EVERY THREE (3) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) CONSOLIDATED ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	16 February 2016 at 10.00 a.m.
Date and time of Extraordinary General Meeting	:	18 February 2016 at 10.00 a.m.
Place of Extraordinary General Meeting	:	55 Market Street, #03-01, Singapore 048941

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DEFINITIONS

In this Circular, the following definitions apply throughout unless otherwise stated:

“6-month VWAP”	: Has the meaning given to it in Section 2.3 of this Circular.
“Act”	: The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time.
“Articles”	: The Articles of Association of the Company.
“Board”	: The board of Directors of the Company for the time being.
“Books Closure Date”	: Subject to Shareholders’ approval for the Proposed Share Consolidation, the time and date to be determined by the Directors, at and on which the Register of Members and share transfer books of the Company will be closed to determine the entitlements of Shareholders to Consolidated Shares pursuant to the Proposed Share Consolidation.
“CDP”	: The Central Depository (Pte) Limited.
“Circular”	: This circular to Shareholders dated 3 February 2016.
“Company”	: Sapphire Corporation Limited.
“Consolidated Shares”	: Ordinary shares in the capital of the Company after completion of the Proposed Share Consolidation.
“Directors”	: The directors of the Company as at the date of this Circular.
“Effective Trading Date”	: The date, to be determined by the Directors, when the Proposed Share Consolidation will become effective and on which the Shares will trade on the Main Board of the SGX-ST in board lots of 100 Consolidated Shares.
“EGM”	: The Extraordinary General Meeting of the Company to be held at 55 Market Street, #03-01, Singapore 048941, on 18 February 2016 at 10.00 a.m., notice of which is set out on pages 14 and 15 of this Circular.
“EPS”	: Earnings per Share.
“Existing Shares”	: Existing issued ordinary shares in the capital of the Company.
“Group”	: The Company and its subsidiaries.
“Latest Practicable Date”	: 27 January 2016, being the latest practicable date prior to the printing of this Circular.
“Listing Manual”	: The listing manual of the SGX-ST, as amended, modified or supplemented from time to time.
“Market Day”	: A day on which the SGX-ST is open for trading in securities.
“Memorandum”	: The Memorandum of Association of the Company.

DEFINITIONS

“MTP”	: Minimum trading price.
“MTP Requirement”	: Has the meaning given to it in Section 2.3 of this Circular.
“MTP Entry Criterion”	: Has the meaning given to it in Section 2.3 of this Circular.
“New Share Certificates”	: Has the meaning given to it in Section 2.6 of this Circular.
“Notice of EGM”	: Notice of the Extraordinary General Meeting of the Company to be held on 18 February 2016, which is set out on pages 14 and 15 of this Circular.
“NTA”	: Net tangible assets.
“Old Share Certificates”	: Has the meaning given to it in Section 2.6 of this Circular.
“Proposed Share Consolidation”	: The proposed consolidation of every three (3) Existing Shares into one (1) Consolidated Share, fractional entitlements to be disregarded.
“Register of Members”	: The principal register of members and, where applicable, any branch register of members of the Company kept pursuant to the Act.
“Securities Account”	: A securities account maintained by a Depositor with CDP, but shall not include a securities sub-account maintained with a Depository Agent.
“SFA”	: Securities and Futures Act (Cap. 289) of Singapore, as amended, modified or supplemented from time to time.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Shareholders”	: Registered holders of Shares.
“Shares”	: Ordinary shares in the capital of the Company.
“Share Registrar”	: The Share Registrar of the Company, being Tricor Barbinder Share Registration Services.
“Substantial Shareholder”	: A person who has an interest in the Shares, the total votes attached to which are not less than 5% of the total votes attached to all the voting shares of the Company.
“VWAP”	: Volume weighted average price.
“S\$”	: Singapore dollars, being the lawful currency of the Republic of Singapore.
“%”	: Per centum or percentage.

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” have the respective meanings ascribed to them in Section 81SF of the SFA.

The term “**subsidiary**” has the meaning ascribed to it in Section 5 of the Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Act, the SFA, the Listing Manual or any statutory or regulatory modification thereof and used in this Circular shall, where applicable, have the same meaning assigned to it under the Act, the SFA, the Listing Manual or any statutory or regulatory modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Circular between the amounts listed 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.

LETTER TO SHAREHOLDERS

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

Directors:

Mr Lim Jun Xiong Steven (Independent Director and Non-Executive Chairman)
Mr Teh Wing Kwan (Managing Director and Group Chief Executive Officer)
Mdm Cheung Kam Wa Emma (Executive Director and Chief Operating Officer)
Mr Teo Cheng Kwee (Non-Executive Director)
Mr Foo Tee Heng (Non-Executive Director)
Mr Yang Jian (Non-Executive Director)
Mr Fong Heng Boo (Independent Director)
Mr Tao Yeoh Chi (Independent Director)

Registered Office:

1 Robinson Road
#17-00
Singapore 048542

3 February 2016

To: The Shareholders of Sapphire Corporation Limited

Dear Sir / Madam,

THE PROPOSED CONSOLIDATION OF EVERY THREE (3) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY INTO ONE (1) CONSOLIDATED ORDINARY SHARE IN THE CAPITAL OF THE COMPANY, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED

1. INTRODUCTION

The Directors are convening the EGM to seek Shareholders' approval for the Proposed Share Consolidation.

The purpose of this Circular is to provide Shareholders with information relating to the Proposed Share Consolidation, and to seek Shareholders' approval for the same at the EGM.

The SGX-ST assumes no responsibility for the accuracy of any statements made or opinions expressed or reports contained in this Circular.

2. THE PROPOSED SHARE CONSOLIDATION

2.1 Background

On 8 January 2016, the Directors announced the Proposed Share Consolidation, which is subject to, *inter alia*:

- (a) the approval of the SGX-ST for the Proposed Share Consolidation and for the dealing in, listing of and quotation for the Consolidated Shares on the SGX-ST; and
- (b) the approval of Shareholders by ordinary resolution at an extraordinary general meeting of the Company to be convened.

In this regard, approval by ordinary resolution will be sought from Shareholders at the EGM.

LETTER TO SHAREHOLDERS

This Circular has been prepared solely for the purposes set out herein and may not be relied upon by any person (other than the Shareholders to whom this Circular is despatched to by the Company) or for any other purpose.

2.2 Details of the Proposed Share Consolidation

Under the Proposed Share Consolidation, every three (3) Existing Shares registered in the name of each Shareholder (not being a Depositor) or standing to the credit of the securities account of each Depositor, as at the Books Closure Date will be consolidated to constitute one (1) Consolidated Share, fractional entitlements to be disregarded.

Shareholders should note that the number of Consolidated Shares which Shareholders will be entitled to, based on their holdings of Existing Shares as at the Books Closure Date, will be rounded down to the nearest whole Consolidated Share and any fractions of Consolidated Share arising from the Proposed Share Consolidation will be disregarded and/or dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company, including aggregating and selling the fractional entitlements and retaining the net proceeds for the benefit of the Company. Affected Shareholders will not be paid for any fractions of a Consolidation Share which are disregarded.

The Consolidated Shares in issue will rank *pari passu* in all respects with each other and will be traded in board lots of 100 Consolidated Shares.

As at the Latest Practicable Date, the Company has a registered share capital of S\$277,066,730 comprising 976,845,247 Existing Shares. There are no convertible securities outstanding, and the Company does not hold any Shares in treasury.

On the assumption that there will be no new Shares issued by the Company on or before the Books Closure Date, following the implementation of the Proposed Share Consolidation, the Company will have a share capital of S\$277,066,730 comprising 325,615,082 Consolidated Shares.

The Proposed Share Consolidation will have no impact on the amount of the issued capital of the Company. The Proposed Share Consolidation will not involve the diminution of any liability in respect of unpaid capital or the payment to any Shareholder of any paid-up capital of the Company, and has no effect on the Shareholders' funds of the Group. Shareholders are not required to make any payment to the Company in respect of the Proposed Share Consolidation.

Subject to Shareholders' approval being obtained for the Proposed Share Consolidation at the EGM, Shareholders' entitlements to the Consolidated Shares (fractional entitlements to be disregarded) will be determined based on their shareholdings in the Company as at the Books Closure Date.

The Proposed Share Consolidation will not cause any changes to the percentage shareholding of each Shareholder in the Company, other than non-material changes due to rounding.

2.3 Rationale for the Proposed Share Consolidation

With effect from 2 March 2015, the SGX-ST introduced a minimum trading price for Main Board-listed stocks of S\$0.20 as a continuing listing requirement (the "**MTP Requirement**"). A one-time transition period of 12 months from the date of introduction of the minimum trading price requirement was given to affected issuers to undertake corporate actions to meet the new requirement and the first assessment for compliance will be on 1 March 2016. Issuers which have consolidated their shares before 1 March 2016 will be given a six-month extension for purpose of complying with the MTP Requirement.

Pursuant to the new MTP Requirement, issuers which are not able to record a six-month volume-weighted average price of its shares ("**6-month VWAP**") of S\$0.20 or above on 1 March 2016 or 1 September 2016 (as may be applicable) and at any of the subsequent quarterly review dates (the "**MTP Entry Criterion**") will be placed on the watch-list. Affected issuers will be provided a cure period of 36 months to take remedial actions. Affected issuers which fail to take remedial actions during the cure period may be delisted from the Main Board of the SGX-ST.

The Directors believe that the Proposed Share Consolidation will generally be beneficial to the Company and its Shareholders as the Proposed Share Consolidation would facilitate the Company's ability to satisfy the MTP Requirement.

LETTER TO SHAREHOLDERS

For the past six (6) calendar months prior to the Latest Practicable Date, the 6-month VWAP of the Company was S\$0.102, which is below the MTP. The highest and lowest closing market prices and the volume of Shares traded on the SGX-ST for each of the past six (6) calendar months, and for the period from 1 January 2016 to the Latest Practicable Date, are as follows:

	Highest Price (S\$)	Lowest Price (S\$)	Volume of traded Shares ('000)
July 2015	0.096	0.075	7,863
August 2015	0.088	0.073	6,812
September 2015	0.086	0.071	9,650
October 2015	0.107	0.079	35,488
November 2015	0.123	0.085	39,649
December 2015	0.122	0.088	29,917
1 January 2016 to the Latest Practicable Date	0.107	0.081	14,580

Source: Shareinvestor.com

In light of the above, the Company proposes to undertake the Proposed Share Consolidation to comply with the MTP Requirement. On the assumption that the Proposed Share Consolidation had been in place for the six (6) months prior to the Latest Practicable Date, the theoretical adjusted 6-month VWAP based on the Consolidated Shares would be S\$0.305.

Shareholders should note, however, that there is no assurance that the Proposed Share Consolidation will achieve the desired results, nor is there assurance that such results (if achieved) can be sustained in the longer term.

2.4 Approvals and Conditions

By a letter dated 27 January 2016, the SGX-ST granted its approval in-principle for the listing and quotation of up to 325,615,082 Consolidated Shares on the Mainboard of the SGX-ST subject to the following conditions:

- (a) Shareholders' approval being obtained at the EGM for the Proposed Share Consolidation; and
- (b) compliance with the SGX-ST's listing requirements.

The approval in-principle from the SGX-ST is not to be taken as an indication of the merits of the Proposed Share Consolidation, the Consolidated Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

Subject to the Shareholders' approval at the EGM, an announcement will be made by the Company to notify Shareholders of the Books Closure Date and the Effective Trading Date in due course.

2.5 Updating of Register of Members and Depository Register

If, *inter alia*, the ordinary resolution relating to the Proposed Share Consolidation is passed at the EGM, Shareholders' entitlements to the Consolidated Shares (fractional entitlements to be disregarded) will be determined based on their shareholdings in the Company as at the Books Closure Date, and the Register of Members and the Depository Register will be updated accordingly. No fees will be payable by Shareholders for the update of the Register of Members and Depository Register for the Consolidated Shares and for the issue of the New Share Certificates.

The Consolidated Shares will begin trading in board lots of 100 Consolidated Shares at 9.00 a.m. on the Effective Trading Date.

LETTER TO SHAREHOLDERS

2.6 Deposit of Share Certificates with CDP

Shareholders (other than CDP) who hold physical share certificates for existing Shares ("**Old Share Certificates**") in their own names and who wish to deposit the same with CDP and have their Consolidated Shares credited to their Securities Accounts maintained with CDP must deposit their Old Share Certificates, together with the duly executed instruments of transfer in favour of CDP, no later than 12 Market Days prior to the Books Closure Date.

After the Books Closure Date, CDP will only accept deposit share certificates for Consolidated Shares ("**New Share Certificates**"). Shareholders who wish to deposit their Old Share Certificates with CDP after the Books Closure Date must first deliver their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898 for cancellation and issue of New Share Certificates in replacement thereof as described below. Upon receipt of the New Share Certificates in their own names, Shareholders may proceed to deposit these New Share Certificates with CDP.

2.7 Issue of New Share Certificates

Shareholders who have deposited their Old Share Certificates with CDP at least 12 Market Days prior to the Books Closure Date need not take any action. The Company will arrange with CDP to facilitate the exchange of New Share Certificates pursuant to the Proposed Share Consolidation.

Shareholders who have not deposited their Old Share Certificates as aforesaid or who do not wish to deposit their Old Share Certificates with CDP are advised to forward all their Old Share Certificates to the Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898, as soon as possible after they have been notified of the Books Closure Date, and preferably, not later than five (5) Market Days after the Books Closure Date, for cancellation and exchange for New Share Certificates.

No receipt will be issued by the Share Registrar for the receipt of the Old Share Certificates. The New Share Certificates will be sent by ordinary mail to the registered addresses of the Shareholders at their own risk within 10 Market Days from the Books Closure Date or the date of receipt of the Old Share Certificates, whichever is later.

Shareholders are to deliver their respective Old Share Certificates to the Share Registrar or CDP in accordance with the provisions set out above only after the announcement of the Books Closure Date by the Company.

Shareholders should note that New Share Certificates will not be issued to Shareholders unless their Old Share Certificates have been tendered to the Share Registrar for cancellation.

Please notify the Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898, if you have lost any of your existing Old Share Certificates or if there is any change in your address from that reflected in the Register of Members of the Company.

2.8 Share Certificates not valid for settlement of trades on the SGX-ST

Shareholders who hold physical share certificates are reminded that their Old Share Certificates will not be valid for settlement of trading in Consolidated Shares on the SGX-ST (as the Company is under a book-entry (scripless) settlement system) but will continue to be accepted by the Share Registrar for cancellation and issue of New Share Certificates in replacement thereof for an indefinite period. The New Share Certificates will not be valid for delivery for trades done on the SGX-ST although they will continue to be *prima facie* evidence of legal title.

LETTER TO SHAREHOLDERS

2.9 Trading Arrangements for the Consolidated Shares

Subject to Shareholders' approval for the Proposed Share Consolidation at the EGM, with effect from 9.00 a.m. on the Effective Trading Date, trading in the Shares will be in board lots of 100 Consolidated Shares. Accordingly, every three (3) Existing Shares in issue as at 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date will represent one (1) Consolidated Share with effect from 9.00 a.m. on the Effective Trading Date. Trading in the Shares in issue will cease after 5.00 p.m. on the Market Day immediately preceding the Effective Trading Date.

2.10 Trading Arrangements for Odd Lots

The Shares are currently traded in board lots of 100 Shares in the ready market. Following the Proposed Share Consolidation, the Securities Accounts of Depositors may be credited with odd lots of Consolidated Shares (that is, lots other than board lots of 100 Consolidated Shares).

Depositors who receive odd lots of Consolidated Shares pursuant to the Proposed Share Consolidation and who wish to trade in odd lots on the SGX-ST can trade with a minimum size of one (1) Consolidated Share on the SGX-ST's unit share market. The unit share market will enable trading in odd lots in any quantity less than one (1) board lot of the underlying Consolidated Shares. It should be noted that the market for trading of such odd lots of Consolidated Shares may be illiquid.

3. FINANCIAL EFFECTS OF THE PROPOSED SHARE CONSOLIDATION

The financial effects of the Proposed Share Consolidation set out below are purely for illustrative purposes and do not reflect the actual future financial results or positions of the Company and/or Group after completion of the Proposed Share Consolidation.

3.1 Share Capital

As at the Latest Practicable Date, the effect of the Proposed Share Consolidation on the issued and paid-up share capital of the Company is as follows:

	No. of Shares	Issued and Paid-up Share Capital (S\$)
Before the Proposed Share Consolidation	976,845,247	277,066,730
After the Proposed Share Consolidation	325,615,082	277,066,730

3.2 Net Tangible Assets per Share

Based on the unaudited consolidated financial statements of the Group for the period ended 30 September 2015, assuming that the Proposed Share Consolidation had been completed on 30 September 2015, the effect on the NTA would be as follows:

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
NTA (S\$'000)	73,828	73,828
Number of Shares	811,845,247	270,615,082
NTA per Share (cents)	9.09	27.3

LETTER TO SHAREHOLDERS

3.3 Earnings per Share

Based on the unaudited consolidated financial statements of the Group for the period ended 30 September 2015, assuming that the Proposed Share Consolidation had been completed on 1 January 2015, the effect on EPS would be as follows:

	Before the Proposed Share Consolidation	After the Proposed Share Consolidation
Profit attributable to Shareholders (S\$'000)	2,448	2,448
Weighted average number of Shares*	811,389,083	270,463,027
EPS (cents)	0.30	0.91

* The weighted average number of shares during the period is the number of shares outstanding at the beginning of the period, adjusted by the number of shares issued during the period multiplied by a time-weighting factor.

3.4 Gearing

The Proposed Share Consolidation will not have any effect on the gearing of the Group.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed in the table below, none of the Directors or Substantial Shareholders has any interest, direct or indirect, in the Proposed Share Consolidation.

The interests of the Directors and Substantial Shareholders in the Company as at the Latest Practicable Date, based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders, are as follows:

Name	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
<u>Directors</u>						
Mr Teh Wing Kwan	12,390,913	1.27	-	-	12,390,913	1.27
Mr Yang Jian	8,067,119	0.83	-	-	8,067,119	0.83
Mr Teo Cheng Kwee ⁽²⁾	7,088,891	0.73	870,125	0.09	7,959,016	0.82
Mr Foo Tee Heng	1,066,714	0.11	-	-	1,066,714	0.11
Mr Cheung Kam Wa Emma	437,750	0.04	-	-	437,750	0.04
Mr Lim Jun Xiong Steven	235,690	0.02	-	-	235,690	0.02
Mr Fong Heng Boo	175,747	0.02	-	-	175,747	0.02
Mr Tao Yeoh Chi	156,897	0.02	-	-	156,897	0.02

LETTER TO SHAREHOLDERS

Name	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
<u>Substantial Shareholders (other than Directors)</u>						
ACH Investments Pte Ltd	185,426,181	18.98	-	-	185,426,181	18.98
Mr Christopher Chong Meng Tak ⁽³⁾	-	-	185,426,181	18.98	185,426,181	18.98
Ms Rosanna Ai Leng Lam ⁽⁴⁾	-	-	185,426,181	18.98	185,426,181	18.98
Best Feast Limited	165,000,000	16.89	-	-	165,000,000	16.89
Cheng Du Wu Xing Ke Trading Limited ⁽⁵⁾	-	-	165,000,000	16.89	165,000,000	16.89
Ou Rui Group Limited	100,768,191	10.32	-	-	100,768,191	10.32
Mr Li Xiaobo ⁽⁶⁾	-	-	100,768,191	10.32	100,768,191	10.32

Notes:

- (1) Based on the total number of issued Shares of 976,845,247 as at the Latest Practicable Date.
- (2) Mr Teo Cheng Kwee is deemed to be interested in the Shares held by Ms Goh Teng Sim by virtue of Section 7 of the Act.
- (3) Mr Christopher Chong Meng Tak holds a direct interest in 26.6% and an indirect interest of 38.6% in the shares of ACH Investments Pte Ltd.
- (4) Ms Rosanna Ai Leng Lam holds a direct interest in 33.5% in the shares of ACH Investments Pte Ltd.
- (5) Cheng Du Wu Xing Ke Trading Limited is deemed to be interested in the Shares held by Best Feast Limited by virtue of Section 7 of the Act.
- (6) Mr Li Xiaobo is deemed to be interested in the Shares held by Ou Rui Group Limited by virtue of Section 7 of the Act.

5. DIRECTORS' RECOMMENDATIONS

The Directors, having considered the rationale for and benefits of the Proposed Share Consolidation, are of the view that the Proposed Share Consolidation is in the best interests of the Company and, accordingly, recommend that Shareholders vote in favour of the resolution set out in the Notice of EGM at the EGM.

6. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 14 and 15 of this Circular, will be held at 55 Market Street, #03-01, Singapore 048941, on 18 February 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the ordinary resolution set out in the Notice of EGM.

7. ACTION TO BE TAKEN BY SHAREHOLDERS

7.1 Appointment of Proxies

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the Share Registrar's office at 80 Robinson Road, #02-00, Singapore 068898, not less than 48 hours before the time fixed for the EGM. Completion and return of a proxy form by a Shareholder will not prevent him from attending and voting in person at the EGM if he so wishes.

LETTER TO SHAREHOLDERS

7.2 Depositors

Depositors shall not be regarded as Shareholders entitled to attend the EGM and to speak and vote thereat. Depositors who wish to attend and vote at the EGM, and whose names are shown in the records of the CDP as at a time not earlier than 72 hours prior to the time of the EGM, may attend as CDP's proxies. Depositors who are individuals and who wish to attend the EGM in person need not take any further action and can attend and vote at the EGM without the lodgement of any proxy form.

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 Share Consolidation, 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 the 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.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company during normal business hours from the date hereof up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company; and
- (b) the unaudited consolidated financial statements of the Group for the period ended 30 September 2015.

Yours faithfully

For and on behalf of the Board of Directors of
SAPPHIRE CORPORATION LIMITED

Teh Wing Kwan
Managing Director and Group Chief Executive Officer

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Sapphire Corporation Limited (the “**Company**”) will be held at 55 Market Street, #03-01, Singapore 048941, on 18 February 2016 at 10.00 a.m. for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution:

All capitalised terms used below which are not defined herein shall have the same meaning ascribed to them in the Circular to Shareholders dated 3 February 2016, unless the context otherwise requires.

AS AN ORDINARY RESOLUTION: THE PROPOSED SHARE CONSOLIDATION

That:

- (a) with effect from the date to be determined by the Directors of the Company, being the effective date of the Proposed Share Consolidation, every three (3) existing issued shares in the capital of the Company be consolidated into one (1) share in the capital of the Company, resulting in a share capital of S\$277,066,730 comprising 325,615,082 ordinary shares in the capital of the Company;
- (b) following the share consolidation in paragraph (a) above, the Directors be and are hereby authorised to do all such acts and things as they consider necessary or expedient in connection with the consolidation, including but not limited to disregarding fractional entitlements, issuing new share certificates in respect of the Consolidated Shares and/or fractions of shares and making arrangements for the settlement and disposal of fractional entitlements, if any, arising from or in connection with the Proposed Share Consolidation and, in particular (but without prejudice to the generality of the foregoing), by aggregating any fractional entitlements arising as a result thereof and selling the same for the benefit of the Company in such manner and on such terms as the Directors may think fit and/or repurchasing (and, if thought fit, cancelling or holding as treasury shares) any fractional entitlements in such manner and on such terms as the Directors may think fit; and
- (c) the Directors of the Company and each of them be and are hereby authorised and empowered to complete and do all such acts and things (including, without limitation, to execute all such documents, 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 may be required) as they or he may consider necessary, desirable or expedient to give full effect to the matters contemplated by this Ordinary Resolution.

By Order of the Board
Sapphire Corporation Limited

Teh Wing Kwan
Managing Director and Group Chief Executive Officer

3 February 2016

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company.
2. The form of proxy in the case of an individual shall be signed by the appointor or his attorney, and in the case of a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
3. If the form of proxy is returned without any indication as to how the proxy shall vote, the proxy will vote or abstain as he thinks fit.
4. If no name is inserted in the space for the name of your proxy on the form of proxy, the Chairman of the Extraordinary General Meeting will act as your proxy.
5. The form of proxy or other instruments of appointment shall not be treated as valid unless deposited at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the time appointed for holding the meeting and at any adjournment thereof.
6. For depositors holding their shares through The Central Depository (Pte) Limited in Singapore, the depositor proxy form, duly completed, must be deposited by the depositor(s) at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898 not less than 48 hours before the commencement of the Extraordinary General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROXY FORM

SAPPHIRE CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration Number: 198502465W)

IMPORTANT:

1. Pursuant to Section 181(1C) of the Companies Act, Cap. 50 of Singapore (the "**Act**"), Relevant Intermediaries may appoint more than two (2) proxies to attend, speak and vote at the Extraordinary General Meeting.
2. For investors who have used their CPF monies to buy shares in the Company ("**CPF Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors are requested to contact their respective Agent Banks for any queries they may have with regard to their appointment as proxies or the appointment of their Agent Banks as proxies for the Extraordinary General Meeting.

Personal Data Privacy

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 Extraordinary General Meeting dated 3 February 2016.

*I/We (Name)

of (Address)

being *a member/members of SAPPHIRE CORPORATION LIMITED (the "Company"), hereby appoint:

Name	Address	*NRIC / Passport Number	Proportion of shareholdings to be represented by proxy	
			Number of Shares	%
*and/or				

or failing *him/them the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf and, if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held on 18 February 2016 at 10.00 a.m. at 55 Market Street, #03-01, Singapore 048941 and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Extraordinary General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion. The Ordinary Resolution will be put to vote at the Extraordinary General Meeting by way of poll.

No.	Ordinary Resolution	Number of votes for ⁽¹⁾	Number of votes against ⁽¹⁾
1.	To approve the Proposed Share Consolidation		

(1) If you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate the number of votes.

Dated this _____ day of _____ 2016

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

*Please delete accordingly

Total Number of Shares in:	
(a) CDP Register	
(b) Register of Members	

Important: Please read notes overleaf.

Notes:

1. Except for a member who is a Relevant Intermediary as defined under Section 181(6) of the Act, a member is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting. Where a member appoints more than one (1) proxy, the proportion of his concerned shareholding to be represented by each proxy shall be specified in the proxy form.
2. Pursuant to Section 181(1C) of the Act, a member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.
3. A proxy need not be a member of the Company.
4. 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, Cap. 289 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
5. The instrument appointing a proxy or proxies must be deposited at the Share Registrar's office at 80 Robinson Road, #11-02, Singapore 068898, not less than 48 hours before the time set for the Extraordinary General Meeting.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his/her attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a shareholder of the Company may, in accordance with Section 179 of the Act, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting.
9. The Company shall be entitled to reject the instrument appointing a proxy or proxies, if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies if a shareholder of the Company, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Extraordinary General Meeting, as certified by The Central Depository (Pte) Limited to the Company.
10. A Depositor shall not be regarded as a member of the Company entitled to attend the Extraordinary General Meeting and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Extraordinary General Meeting.
11. Investors who have used their CPF monies ("**CPF Investors**") to buy shares in the Company may attend and cast their vote at the meeting in person. CPF Investors who are unable to attend the Extraordinary General Meeting but would like to vote, may inform CPF Approved Nominees to appoint the Chairman of the Extraordinary General Meeting to act as their proxy, in which case, the CPF Investor shall be precluded from attending the meeting.