SAPPHIRE CORPORATION LIMITED

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

PROPOSED CHANGE OF AUDITOR

1. INTRODUCTION

1.1 The board of directors (the "**Board**" or "**Directors**") of Sapphire Corporation Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company intends to change its auditor (the "**Auditor**") from Foo Kon Tan LLP ("**FKT**") to Forvis Mazars LLP ("**Forvis Mazars**") (the "**Proposed Change of Auditor**") for the financial year ending 31 December 2024 ("**FY2024**") and forward.

1.2 The Proposed Change of Auditor will be subject to the approval of the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting to be convened in due course (the "**EGM**").

2. PROPOSED CHANGE OF AUDITOR

2.1 FKT was first appointed as Auditor on 9 November 2021 and has served as the Auditor since FY2020. FKT was last re-appointed at the annual general meeting of the Company (the "**AGM**") held on 30 April 2024, to hold office until the conclusion of the next AGM.

2.2 As part of good corporate governance initiatives and the Group's ongoing efforts to manage its overall business costs and expenses amidst the challenging external environment (which the Company had also disclosed in its interim results announcement for the six months ended 30 June 2024 that the Groups' operating environment in China remains highly competitive while operating costs are increasingly higher), the Board is of the view that it would be an opportune time to review the Proposed Change of Auditor as it would (i) result in total audit fees savings of approximately 26.7% for FY2024, without the change in the scope of audit; and (ii) also enable the Group to benefit from fresh perspectives and views of another professional audit firm.

2.3 The Board and the audit and risk committee of the Company (the "**ARC**"), have reviewed and deliberated on the proposals received and have considered, among others:

(i) the criteria for the evaluation and selection of external auditor contained in the Guidebook for Audit Committees in Singapore issued by the Work Group and the Audit Committee Guide issued by the Singapore Institute of Directors;

(ii) the Audit Quality Indicators Disclosure Framework issued by the Accounting and Corporate Regulatory Authority ("**ACRA**");

(iii) other audit engagements of the audit firm to be selected;

(iv) the audit approach, transition plan, the Group's audit requirements, and estimated audit completion timeline for FY2024;

(v) the adequacy of the resources and experience of the audit firm to be selected and the audit engagement partner to be assigned to the respective audit of the Company and the Group, and that the proposed audit engagement partner, Mr Zhang Liang, have been subjected to ACRA's Practice Monitoring Programme review in 2023 and attained a satisfactory outcome; and

(vi) the overall audit fees proposal.

2.4 Following the Proposed Change of Auditor:

(i) the Company will be audited by Forvis Mazars;

(ii) the Company's subsidiaries in Hong Kong and Malaysia will be audited by Forvis Mazars, for the purposes of preparing the consolidated financial statements of the Group;

(iii) the Company's subsidiaries in the PRC will be audited by Forvis Mazars (Beijing) Certified Public Accounts ("**Forvis Mazars China**"), an independent member firm within the professional services network of Forvis Mazars in the PRC, for the purposes of preparing the Group's consolidated financial statements; and

(iv) the Company's significant associate in the PRC, Ranken Railway, will be audited by Forvis Mazars China, which will be appointed as the component auditor (the "**Component Auditor**") and to conduct the audit in accordance with the requirements of International Standards on Auditing 620 – Special Considerations – Audits of Group Financial Statements under the equity accounting, for the purposes of preparing the consolidated financial statements of the Group. The Component Auditor shall report to Forvis Mazars in accordance with International Financial Reporting Standards for purposes of financial reporting of the Group's consolidated financial statements.

2.5 In assessing the suitability of appointment of the Component Auditor, the Board and the ARC have further consulted Forvis Mazars with regards to the adequacy of the resources and experience of Forvis Mazars China (including the audit engagement partner, supervisory and professional staff to be assigned). Having considered the above, the Board and ARC are satisfied that Forvis Mazars China is suitable to be appointed as the Component Auditor.

2.6 Having considered the above and the requirements under Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**Listing Manual**"), the Board, in consultation with the ARC, is of the opinion that Forvis Mazars will be able to meet the audit requirements of the Company and recommends the same to be appointed as the Auditor for FY2024 and forward.

2.7 Pursuant to Section 205AB(5) of the Companies Act 1967 (the "**Companies Act**") the resignation of FKT will take effect on the latest of the following dates: (a) on the day (if any) specified by FKT in the notice of resignation, (b) on the day on which ACRA notifies FKT and the Company of its consent to the resignation, or (c) on the day (if any) fixed by ACRA. In this respect:

(i) FKT had on 13 August 2024 applied to ACRA to seek its consent to resign as Auditor;

(ii) FKT had on 14 August 2024 provided notice of resignation to the Company; and

(iii) ACRA had on 13 September 2024 issued a letter (the "**ACRA Letter of Consent**") consenting to the resignation of FKT and fixed FKT's resignation on 13 September 2024.

Accordingly, the resignation of FKT as Auditor took effect on 13 September 2024. FKT was last re-appointed at the Company's FY2023 AGM and to hold office until the conclusion of the next AGM of the Company. As such, the Proposed Change of Auditor is neither due to the dismissal of FKT nor FKT declining to stand for election.

2.8 Pursuant to Rule 712(3) of the Listing Manual and Section 205AF(1) of the Companies Act, the Proposed Change of Auditor must be specifically approved by Shareholders in a general meeting. As ACRA had issued its consent to FKT's resignation pursuant to the ACRA Letter of Consent, the appointment of Forvis Mazars as Auditor will be effective upon the approval of the Shareholders being obtained at the EGM. Upon such appointment, Forvis Mazars will hold office until the conclusion of the next AGM.

2.9 Forvis Mazars had on 19 August 2024, given their written consent to act as the Auditor, and as on the date of this announcement not withdrawn its consent to act as the Auditor, subject to ACRA's approval of the same.

2.10 In accordance with Rules 1203(5) of the Listing Manual:

(i) FKT, had on 14 August 2024 provided written confirmation to Forvis Mazars that it is not aware of any professional reasons why Forvis Mazars should not accept the appointment as the Auditor;

(ii) the Company confirms that there were no disagreements with FKT on accounting treatments within the last 12 months up to the date of this announcement;

(iii) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditor that should be brought to the attention of the Shareholders which has not been disclosed in this announcement;

(iv) the Company confirms that the specific reasons for the Proposed Change of Auditor have been disclosed in this announcement. The Proposed Change of Auditor is neither due to any disagreement with FKT, the dismissal of FKT, nor FKT declining to stand for election at the next AGM; and

(v) the Company confirms that it is or will be in compliance with Rules 712, 715 and 716 of Listing Manual, as applicable, in relation to the proposed appointment of Forvis Mazars as the Auditor.

The Board would like to take this opportunity to express its appreciation to FKT for past services rendered.

3. CIRCULAR

The Company will make the necessary arrangements to convene the EGM to seek Shareholders' approval for the Proposed Change of Auditor. A circular containing, inter alia, the notice of the EGM and the details of the Proposed Change of Auditor will be despatched to the Shareholders in due course.

By Order of the Board
SAPPHIRE CORPORATION LIMITED

Wang Heng
Executive Director and Chief Executive Officer
13 September 2024