



Securities Investors Association (Singapore)

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Issuer: Sapphire Corporation Limited

Stock code: BRD

Meeting details:

Date: 28 April 2022

Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

Q1. At the annual general meeting scheduled to be held on 28 April 2022, resolution 1 is to receive and adopt the directors' statement and audited financial statements of the company for the year ended 31 December 2020.

The AGM has been delayed for nearly a year due to the disposal of Ranken Railway, the related manpower reallocation and the resignation of the outgoing auditors (KPMG).

The company has just published the half year results (for the six-months ended 30 June 2021) on 13 April 2022.

For FY2020, revenue was RMB1.09 billion. Profit for the year was RMB28.0 million which included the post-tax gain on the disposal of Ranken Railway amounting to RMB36.2 million.

- (i) **Can management help shareholders understand the sentiment on the ground in the key cities as a new wave of COVID-19 infection spreads across China?**
- (ii) **What is the level of influence and oversight of Ranken Railway which is now a 48.82% associated company?**
- (iii) For FY2020, the group recognised allowance for impairment losses on other receivables amounting to RMB(15.6) million. **Please elaborate further on the nature of the other receivables, the counter party (being another former subsidiary) and the reasons for the "under-performance". What are the efforts to collect these long-outstanding receivables?**

The company has just published the half year results for the six-months ended 30 June 2021 on 13 April 2022. With the deconsolidation of Ranken Railway, revenue fell by RMB610 million to RMB30.5 million. Net profit for 1H2021 fell by RMB5.3 million to RMB4.7 million, net of non-controlling interest.

- (iv) **For the benefit of shareholders, can the board elaborate further on the business model of Sichuan Yilong Equipment Co., Ltd. ("Yilong"), one of the remaining operating subsidiaries? How much of Yilong's revenue is attributable to external customers?**
- (v) **What progress has Yilong made with the supply agreement with Sichuan Xinanda Transport Facilities Engineering Co., Ltd?**

Q2. On 16 December 2020, the company announced that it was proposing a change of the auditors from KPMG to Moore Stephens LLP. Moore Stephens had given its consent to act as auditors by way of a letter dated 11 November 2020 subject to the approval of the company's shareholders at an EGM.

However, on 28 April 2021, the company then announced that it would propose another audit firm.

A new proposed auditor (FKT) was eventually announced on 28 August 2021, over 8 months after the company first announced its intention to change auditors. FKT gave its consent to act as auditors by way of a letter dated 13 August 2021. At the EGM that was held on 9 November 2021, shareholders approved the appointment of Foo Kon Tan LLP as auditors of the company.

- (i) **Would the board/audit committee clarify if Moore Stephens withdrew its consent to act as the auditors after December 2020? If not, what were the reasons to switch away from Moore Stephens LLP?**
- (ii) **In addition, what were the reasons for the delay in selecting a new proposed auditor after the announcement not to proceed with Moore Stephens was made?**
- (iii) **What were the search criteria used by the AC?**
- (iv) **When does management expect to publish the full-year results for FY2021?**
- (v) **What is the progress made by FKT on the audit of the consolidated financial statements for the financial year ended 31 December 2021?**

Q3. The company appointed Prof Zhang Weiguo on 14 January 2022. The profile of the director can be found on page 13.

Key information on directors seeking their re-election can be found on pages 150 to 160.

- (i) **Can the nominating committee provide shareholders with greater clarity on the search and nomination process for directors, especially independent directors?** In the corporate governance report, the NC simply stated that it "will source for potential candidates and resumes for review".

- (ii) **In particular, what was the rationale, the selection criteria and the search and nomination process that led to the NC’s recommendation of Professor Zhang Weiguo as required in the SGX template (see diagram below)?** The director does not have prior experience as a director of an issuer listed on SGX. The director will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by SGX.

Date Of Appointment	14/01/2022
Name Of Person	ZHANG WEIGUO
Age	55
Country Of Principal Residence	Canada
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors, having considered the recommendation of the Nominating Committee and having reviewed and considered the qualifications, working experience and suitability of Mr ZHANG WEIGUO, is of the view that Mr ZHANG WEIGUO has the requisite experience and capability to assume the responsibility as an Independent Director of the Company.</p> <p>Accordingly, the Board of Directors approved the appointment of Mr ZHANG WEIGUO as an Independent Director of the Company.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, the Chairman of the Remuneration Committee, a member of the Audit and Risk Committee, a member of the Nominating Committee
Professional qualifications	<p>Bachelor of Marine Engineering Management, Dalian Maritime University, China</p> <p>Master’s Degree in International Trade, Ocean University of China</p> <p>Master’s Degree in Senior Business Administration, Guanghua School of Management, Peking University</p> <p>PhD in Marxism Sinicization studies, School of Humanities and Social Sciences, Dalian Maritime University, China</p>

^On 1 October 2020, the Accounting and Corporate Regulatory Authority (“ACRA”), the Monetary Authority of Singapore (“MAS”) and Singapore Exchange Regulation (“SGX RegCo”) published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings (“Meetings Order”) would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on [SIAS website](#)

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation
(<https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation>)