

STARLAND HOLDINGS LIMITED
Company Registration No.: 201131382E
(Incorporated in the Republic of Singapore)

**QUALIFIED OPINION BY AUDITORS ON THE CONSOLIDATED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

Pursuant to Rule 704(4) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board of Directors (“**Board**”) of Starland Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s auditors, Messrs Ernst & Young LLP (“**EY**”), have issued their Independent Auditor’s Report (“**Auditor’s Report**”) with an “except for” qualified opinion in respect of the consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”).

EY has opined that the consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date, except for various fund transfer payments made by certain of the Group’s subsidiaries in the People’s Republic of China (“**PRC**”) (“**PRC Subsidiaries**”) and also fund transfers received by a Singapore subsidiary of the Company.

The basis for the “except for” qualified opinion is contained in the Auditor’s Report. Please refer to the copy of the Auditor’s Report on the consolidated financial statements of the Group for FY2019 attached hereto for further details. The consolidated financial statements of the Group for FY2019 and the Auditor’s Report could also be found in the Company’s annual report for FY2019, which has been released via the SGXNet on 15 April 2020. Shareholders of the Company are advised to read this announcement in conjunction with the Auditor’s Report and the Company’s annual report for FY2019 and to read the aforementioned documents in their entirety.

The Board and the Management of the Company wish to provide their comments and views in relation to certain matters raised in the Auditor’s Report which formed the basis of the qualification:

- 1) The RMB68 million (“**RMB Funds**”) at page 66 of the Auditor’s Report were advances furnished by the founders of the Group to the PRC Subsidiaries (“**Advances**”) prior to the initial public offering of the Company in April 2012, for which the founders had executed a letter of waiver dated 30 September 2011 (“**Waiver Letter**”) to waive their rights and control over the Advances and had irrevocably renounced their right of repayment in respect of the Advances. The Company, being the ultimate holding company of the PRC Subsidiaries, had subsequently assigned and transferred the Advances to another wholly-owned subsidiary, Starland Commercial Trading Pte Ltd (“**Starland Commercial**”).
- 2) In view that the PRC subsidiaries were near the end of sale cycle in respect of their property development projects, the Company decided to maintain the excess cash resources within Singapore instead of the PRC, for prudence and better control over cash management held by its subsidiaries. As such, Starland Commercial arranged with a 3rd party service provider, a Singapore remittance agent licensed by the Monetary Authority of Singapore, where RMB Funds from the PRC Subsidiaries were transferred to certain unrelated PRC entities. The 3rd party service provider would then bank SGD Funds into Starland Commercial’s Singapore bank account. Accordingly, a total sum of SGD12.9 million (“**SGD Funds**”) being the equivalent of the RMB Funds, was transacted through the assistance of the 3rd party service provider to Starland Commercial’s bank account in Singapore.

- 3) The Company had obtained a legal opinion from a firm of PRC legal counsel, which has confirmed that the transfer of RMB Funds from the PRC Subsidiaries to certain unrelated PRC entities referred to in paragraph 2 above did not contravene any PRC laws or regulations. Further, the arrangement relating to the transfer of the SGD Funds was done via a Singapore remittance agent licensed by the Monetary Authority of Singapore.

The Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner; and confirmed that all material disclosures have been provided for the trading of the Company's shares to continue. Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Peng Peck Yen
Executive Director
15 April 2020

*This announcement has been prepared by Starland Holdings Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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