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ANNUAL REPORT 2018

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The Directors (including any who may have delegated detailed supervision of this Annual Report) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Annual Report are fair and accurate and that no material facts have been omitted from this Annual Report which might cause this Annual Report to be misleading in any material respect, and they jointly and severally accept responsibility accordingly.

This annual report 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 Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not verified the contents of this annual report.

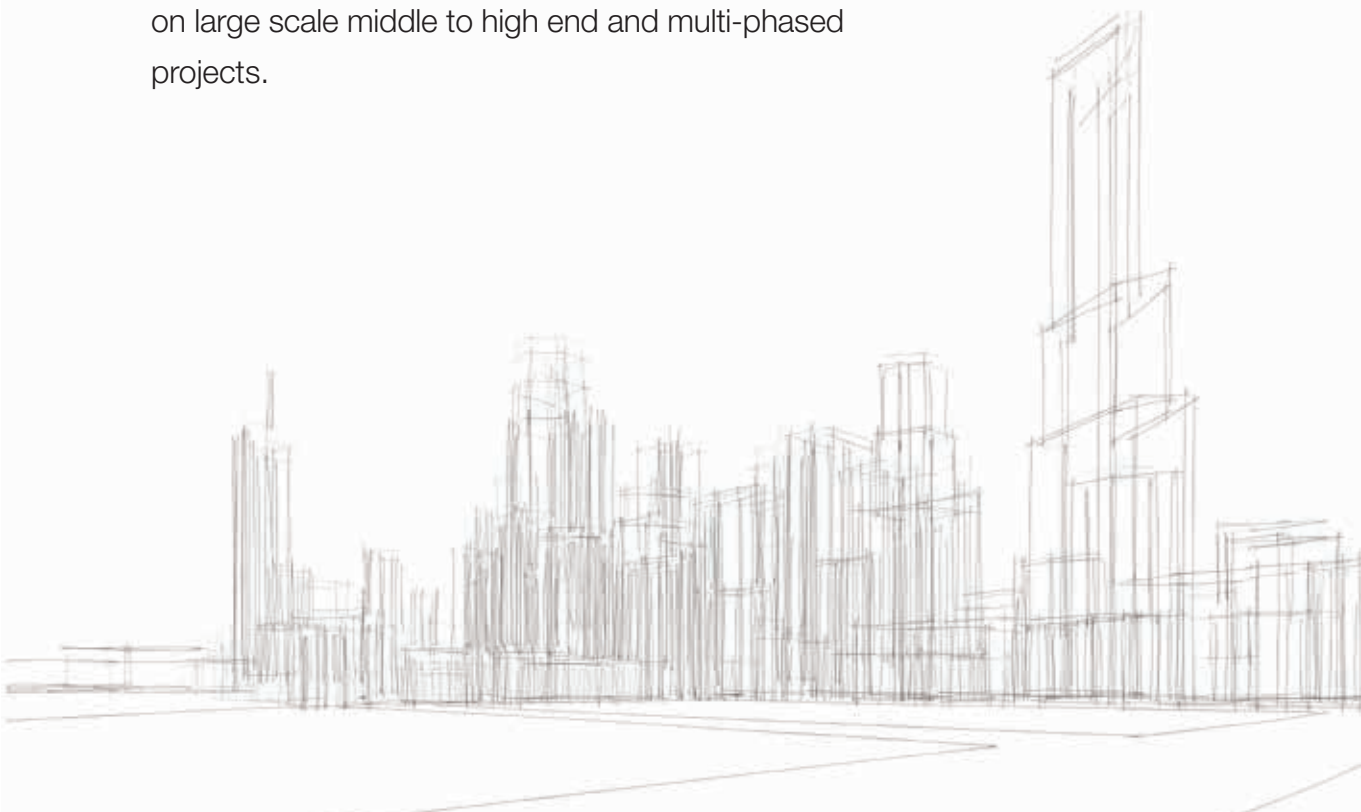
This annual report has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this annual report, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this annual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

The contact person for the Sponsor is Mr Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881.

**CORPORATE
PROFILE**

Starland Holdings Limited (the “Company”) has been listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since 27 April 2012.

The Group engages principally in the development of quality integrated residential and commercial properties in the People’s Republic of China (the “PRC”). With established expertise in key aspects of property development and management, the Group will continue to build a strong presence and brand name for premium integrated residential and commercial properties development in Chongqing and other second and third tier PRC cities, focusing on large scale middle to high end and multi-phased projects.



OUR BUSINESS

COMPLETED PROPERTY DEVELOPMENT

SINGAPORE GARDEN 新加坡花苑



PERCENTAGE INTEREST	100%
LOCATION	8 Wubao Road, Fuling District, Chongqing
EXISTING USE	Residential and Commercial
TARGET MARKET	Mid to High-end
LAND TENURE	Leasehold
SITE AREA (SQ M)	32,616
TOTAL GFA (SQ M)	105,350
STAGE OF COMPLETION	Completed
DATE OF COMPLETION	August 2015

UNIVERSITY TOWN 学府新城



PERCENTAGE INTEREST	100%
LOCATION	89 Julong Avenue, Lidu, Fuling District, Chongqing
EXISTING USE	Residential and Commercial
TARGET MARKET	Mass
LAND TENURE	Leasehold
SITE AREA (SQ M)	19,330
TOTAL GFA (SQ M)	43,284
STAGE OF COMPLETION	Completed
DATE OF COMPLETION	April 2011

COMPLETED PROPERTY DEVELOPMENT**JALAN NIPAH**

PERCENTAGE INTEREST	100%
LOCATION	Jalan Nipah, Singapore
EXISTING USE	Residential
TARGET MARKET	High-end
LAND TENURE	Freehold
SITE AREA (SQ M)	700
TOTAL GFA (SQ M)	803
STAGE OF COMPLETION	Completed
DATE OF COMPLETION	June 2018

PROPOSED PROPERTY DEVELOPMENT**ROYAL WATERHOUSE 江畔豪庭**

PERCENTAGE INTEREST	100%
LOCATION	Zone 5, Dianyi Residential Committee, Jiangbei Office, Fuling District, Chongqing
LAND TENURE	Leasehold
SITE AREA (SQ M)	25,560
UPDATE	The Fuling District local authority had issued a repossession notice to Chongqing Gangyuan Property Development Co., Ltd. in March 2019. For details, please refer to the Company's SGX announcement dated 27 March 2019.

OUR MILESTONES

APRIL
2011

- Successfully completed our first property development project, University Town Project value approximately RMB257.7 million

OCTOBER
2011

- Incorporation of Starland Holdings Limited

APRIL
2012

- Admission of 144,733,000 ordinary shares to the Official List of SGX-Catalist

JANUARY
2013

- Incorporated Starland Axis Pte. Ltd.
- Incorporated Starland Commercial Trading Pte. Ltd.
- Launched our second property development project, The Singapore Garden



**AUGUST
2015**

- Successfully completed our second integrated residential and commercial property development, the Singapore Garden Project, comprising residential and commercial units with a GFA of approximately 92,390 & 4,250 square metres respectively.

**JANUARY
2016**

- Completion of the acquisition of 82.91% of the Company by GRP Chongqing Land Pte. Ltd.

**JUNE
2016**

- Announced proposed acquisition of the equity interest of ayondo Holding AG (“ayondo”), a financial technology group.

**SEPTEMBER
2017**

- Termination of the proposed acquisition of ayondo
- With the listing of ayondo on the Catalist board of Singapore Exchange on 26 March 2018, we recovered S\$2.168 million professional fees incurred in relation to the ayondo acquisition, in the form of S\$1.027 million cash and 6.5 million new ayondo shares valued at S\$1.141 million (being a 33% discount from ayondo’s IPO price.).

**JUNE
2018**

- Completion of our residential property development, the Jalan Nipah Project in Singapore, comprising 2 semi-detached units with a GFA of approximately 803 square metres.

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Starland Holdings Limited (“**Company**” and its subsidiaries, the “**Group**”), I am pleased to present to you the Annual Report of the Group for the financial year ended 31 December 2018 (“**FY2018**”).

The Group had launched all blocks of residential units of the Singapore Garden Project since February 2016. As at 31 December 2018, we had successfully completed the sales of 1,001 (97%) of the total 1,031 residential units at the project. The Group had also completed the development of Jalan Nipah project in Singapore which consisted of 2 semi-detached units during FY2018. The Group sold 1 of the 2 units of semi-detached house during FY2018.

REVIEW OF OPERATIONS

For the financial year under review, revenue was RMB67.1 million and this is RMB34 million lower than revenue of RMB101.1 million for financial year ended 31 December 2017 (“**FY2017**”). The lower revenue in FY2018 is a result of lesser units sold in current year as compared to FY2017. The following table is a comparison of the units sold in FY2018 vis-à-vis FY2017:

	FY2018	FY2017
Jalan Nipah project		
– Residential units	1	–
Singapore Garden project		
– Residential units	40	182
– Commercial units	4	–
– Carpark lots	51	45
University Town project		
– Commercial units	1	3
– Carpark lots	2	2

With the sale of 1 unit of semi-detached house in the Jalan Nipah project, revenue contribution from Singapore is 47.6% in FY2018 (FY2017: Nil). The remaining revenue of 52.4% is derived from the People’s Republic of China. Revenue by project for FY2018 is 48.4% from the Singapore Garden project, 47.6% from the Jalan Nipah project and the remaining 4.0% from the University Town project.

With the sales in FY2018, the Group has remaining unsold units as follows:

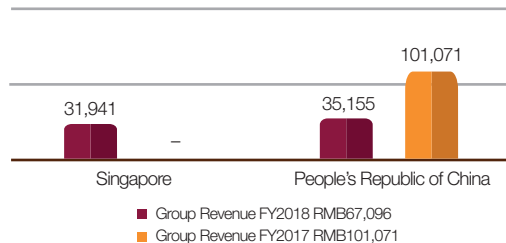
	Residential units	Commercial units	Carpark lots
Jalan Nipah project	1	–	–
Singapore Garden project	30	24	126
University Town project	–	3	35
Total	31	27	161

Notwithstanding the lower revenue in FY2018 as compared to FY2017, the Group achieved a profit before tax of RMB13.8 million which is 4.6% improvement from FY2017. This is mainly due to a RMB13.3 million gain arising from the recovery of costs incurred and advances granted in relation to the aborted acquisition of ayondo Holding AG (“ayondo”) in FY2017. On 26 March 2018, ayondo was successfully listed on the Catalist board of the Singapore Exchange Securities Trading Limited. Upon the listing of ayondo, the Company received RMB5.1 million cash settlement and 6.5 million new ayondo shares, valued at RMB8.2 million during FY2018.

As at 31 December 2018, the Group had net cash and bank balances (after deducting bank loans) of RMB140.8 million; properties held for sale amounting to RMB58.9 million and total development properties of RMB8.9 million. The properties held for sale are the unsold units of the Jalan Nipah project, the Singapore Garden project and the University Town project. Development properties pertained to one development property in Chongqing PRC.

The Group’s earnings per share for FY2018 was RMB6.33 cents compared with earnings per share of RMB3.50 cents for FY2017. Our net asset value per share for FY2018 was RMB1.15 (FY2017: RMB1.11). The increase is due mainly to the improved results for FY2018.

GROUP REVENUE BY GEOGRAPHICAL MARKETS (RMB'000)



LOOKING AHEAD

The Group will continue to sell the remaining units of the Jalan Nipah project, the Singapore Garden project and the University Town project.

With the strong balance sheet position, the Group will continue to pursue new business opportunities.

DIVIDEND

To reward the Shareholders of the Company, the Board is recommending a final dividend of SGD 3 cents (FY2017: SGD 0.5 cents) per ordinary share. The dividend payment which amounts to SGD 4.3 million (2017: SGD 0.7 million) is subject to shareholder’s approval at the upcoming annual general meeting.

IN APPRECIATION

On behalf of the Board of Directors of Starland Holdings Limited, I would like to take this opportunity to thank all our business associates and shareholders for their continued support. In addition, I wish to acknowledge our appreciation to the management team and all our employees for their hard work and dedication.

MR FOONG DAW CHING

Chairman

OPERATION AND FINANCIAL REVIEW

For FY2018, the Group recorded revenue of RMB67.1 million, a decrease of RMB34 million as compared to FY2017. Revenue was derived from sale of residential, commercial and carpark lots of the Singapore Garden project, the University Town project and the Jalan Nipah project. 48.4% of FY2018 revenue was derived from the Singapore Garden project, 47.6% is contributed by Jalan Nipah project and the remaining 4.0% by the University Town project.

The decrease in revenue was mainly due to reduced units sold in FY2018 as compared to FY2017. The Group sold 1 semi-detached house of the Jalan Nipah project in Singapore, 40 residential units, 4 commercial units and 51 carpark lots of the Singapore Garden project in the PRC and 1 commercial unit and 2 carpark lots of the University Town project in the PRC in FY2018. In FY2017, the Group sold 182 residential units and 45 carpark lots of the Singapore Garden project and 3 commercial units and 2 carpark lots of the University Town project.

Rental income was derived from the rental of the unsold commercial units under the University Town project and the Singapore Garden project. Rental income amounted to RMB2.3 million and accounted for 3.4% of the total revenue in FY2018 as compared to RMB1.5 million which accounted for 1.5% of total revenue in FY2017.

The Group recorded a profit before tax of RMB13.8 million in FY2018 as compared to profit before tax of RMB13.2 million in FY2017. The improvement was largely due to a RMB13.3 million gain from settlement agreements with ayondo Holding AG in FY2018.

The Group posted a profit after tax of RMB9.2 million for FY2018, an improvement of RMB4.1 million as compared to the profit after tax of RMB5.1 million achieved in FY2017.

On a per share basis, basic and diluted earnings per share for FY2018 was 6.33 RMB cents and 3.50 RMB cents in FY2017. Net asset value per share as at FY2018 amounted to RMB1.15, an increase from RMB1.11 as at 31 December 2017.

BUSINESS SEGMENT

The Group derives its revenue mainly from sale of properties, rental income and properties management income. For FY2018 sale of properties accounted for 96.6% (FY2017: 96.8%) of total revenue, rental income accounted for 3.4% (FY2017: 1.5%) of total revenue and Nil properties management income (FY2017: 1.7%) of total revenue.



BOARD OF DIRECTORS



MR FOONG DAW CHING is our Independent Director and was appointed to the Board of our Company on 26 March 2012. Mr Foong is the chairman of the Board of Directors. He has more than 30 years of audit experience and was the managing partner of Baker Tilly TFW LLP and the Regional Chairman of Baker Tilly International Asia Pacific Region.

He is also an independent director and the chairman of the audit committee of Travelite Holdings Ltd, and Suntar Eco-city Limited. He is appointed as an independent director of ayondo Ltd on 22 February 2018. All these companies are listed on the SGX-ST. He was awarded the Merit Service Award by the Institute of Certified Public Accountants of Singapore in 2000, and a Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003.

Mr Foong is a Fellow of the Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants and a Fellow of CPA Australia.



MR KWAN CHEE SENG is our Non-Executive Director and was appointed to the Board of our Company on 18 February 2016. He is also an Executive Director of GRP Limited, the company's ultimate holding company. Mr Kwan has extensive experience in management and business. Besides being the Chairman of Van der Horst Holdings Pte Ltd, his investment holding company, Mr Kwan has been a substantial shareholder of ASX listed company, Variscan Mines Ltd since 2008.

Mr Kwan is also a founder Director of Luminor Capital Pte Ltd, which manages private equity funds in the private equity market, and in 2009 he launched his Fund Management business.



MR LOW WAI CHEONG is our Independent Director and was appointed to the Board of our Company on 26 March 2012. He has been an equity partner of Chris Chong & C T Ho Partnership since April 2004, and is currently the partner in charge of the firm's corporate and securities practice. He is also involved in the overall management and business direction of the firm as part of the firm's executive committee.

Prior to that, he was at Yeo-Leong & Peh LLC (formerly known as Yeo-Leong & Peh) from 1994 to 2004, where he was the head of its China Desk and corporate department.

Mr Low graduated from the National University of Singapore with a Bachelor of Laws and a Masters of Law Degree.

BOARD OF DIRECTORS



MR TAN CHADE PHANG

is our **Independent Director** and was appointed to the Board of our company on 18 February 2016. He is the CEO and founder of Voyage Research since 2009 till present. Prior to setting up Voyage Research, he was an Investment Analyst with Standard Chartered Bank Singapore from 2007 to 2008, and was also the lead Investment Analyst in SIAS Research from 2005 to 2006. Mr Tan was the President of the Small and Middle Capitalisation Companies Association from 2015 to 2017.

Mr Tan is an Independent Director of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd) and also is appointed as an independent director of TIH Limited on 1 June 2018.

He graduated with a Bachelor of Business in Accountancy Degree from RMIT University and obtained a Master of Finance from the same university.



MS PENG PECK YEN

is our **Executive Director** and was appointed to the Board of our Company on 18 February 2016. She is also a Financial Controller of GRP Limited, the company's ultimate holding company. She has more than 20 years of experience in accounts and finance.

Ms Peng holds a degree in Bachelor of Accountancy (Hons) from Nanyang Technological University of Singapore and is a member of the Institute of Singapore Chartered Accountants.

KEY MANAGEMENT

KELVIN KWAN CHEE HONG

GENERAL MANAGER

Mr Kelvin Kwan Chee Hong was appointed as General Manager of our Company on 18 February 2016. Prior to joining our Company, he was the General Manager of Property Division of GRP Limited the company's ultimate holding company. Mr Kwan was the Investment Director of Van der Horst Holdings Pte Ltd in 2013. He was the Assistant General Manager of GKE International Ltd from 2008 to 2012. He has more than 30 years of manufacturing and sales experiences.

Mr Kwan holds a Full Technology Certificate in Electricity from City & Guild of London Institute and a Master degree in Business Administration from Henley Brunei University.

ANNIE XIONG YING

FINANCE MANAGER

Ms Annie Xiong Ying was appointed as the Finance Manager of our Company on 18 June 2018. She is responsible for the finance, accounting, taxation and compliance matters relating to the Group's operations. Before her current appointment, she was the Senior Accountant of GRP Limited, the company's ultimate holding company. Ms Xiong has held Finance positions in multi-national corporation, Singapore listed company and international accounting firm. Collectively, Ms Xiong has more than 10 years of experience in the field of accountancy.

Ms Xiong holds a degree in Bachelor of Science in Applied Accounting (2nd Upper Honours) from Oxford Brookes University, UK. She is a member of the Institute of Singapore Chartered Accountants and an affiliate of The Association of Chartered Certified Accountants.

LUO DENG XIAO

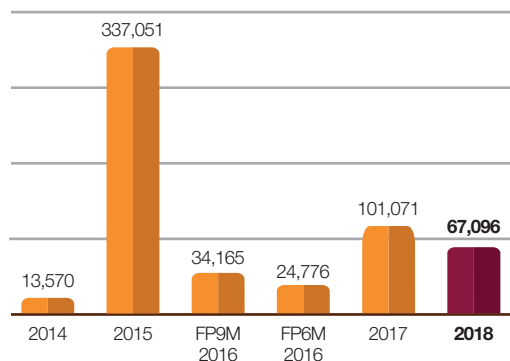
DEPUTY GENERAL MANAGER

Mr Luo Deng Xiao is our Deputy General Manager and joined our Company in August 2008. Prior to that, from April 1992 to July 2008, he was a superintendent in Fuling Iron Alloy Plant (涪陵铁合金厂) in charge of operations, administrative matters, human resources and finance matters, where he held the position of head of technical department. He was also a planning executive in Sichuan Automobile Factory (四川汽车制造厂) from July 1983 to March 1992, where he was in charge of its production plans and supervised the production departments.

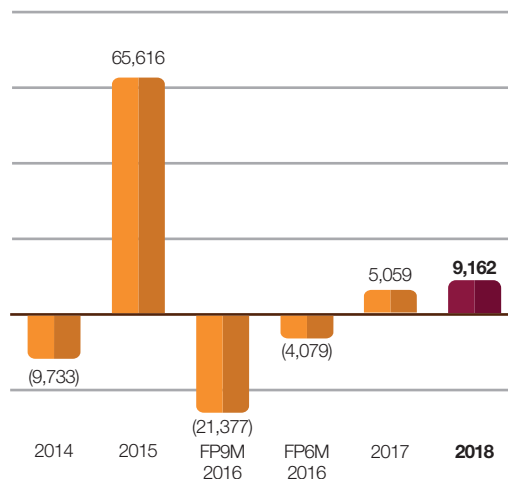
Mr Luo graduated with a Diploma in Economic Management from the Party School of the Central Committee of the Communist Party of China (中共中央党校) in June 2000.

FINANCIAL HIGHLIGHTS

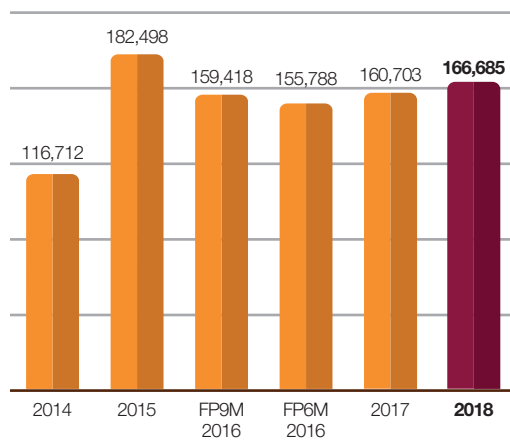
REVENUE (RMB'000)



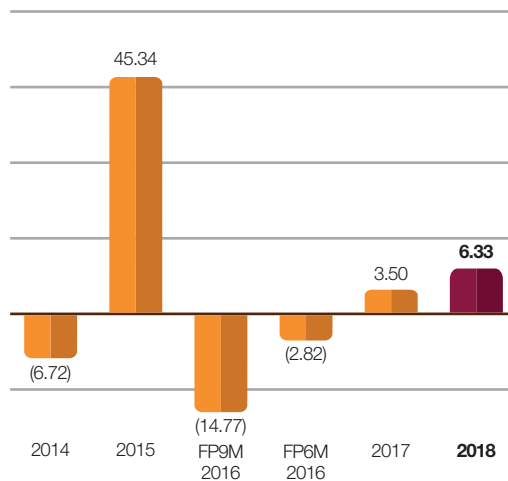
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



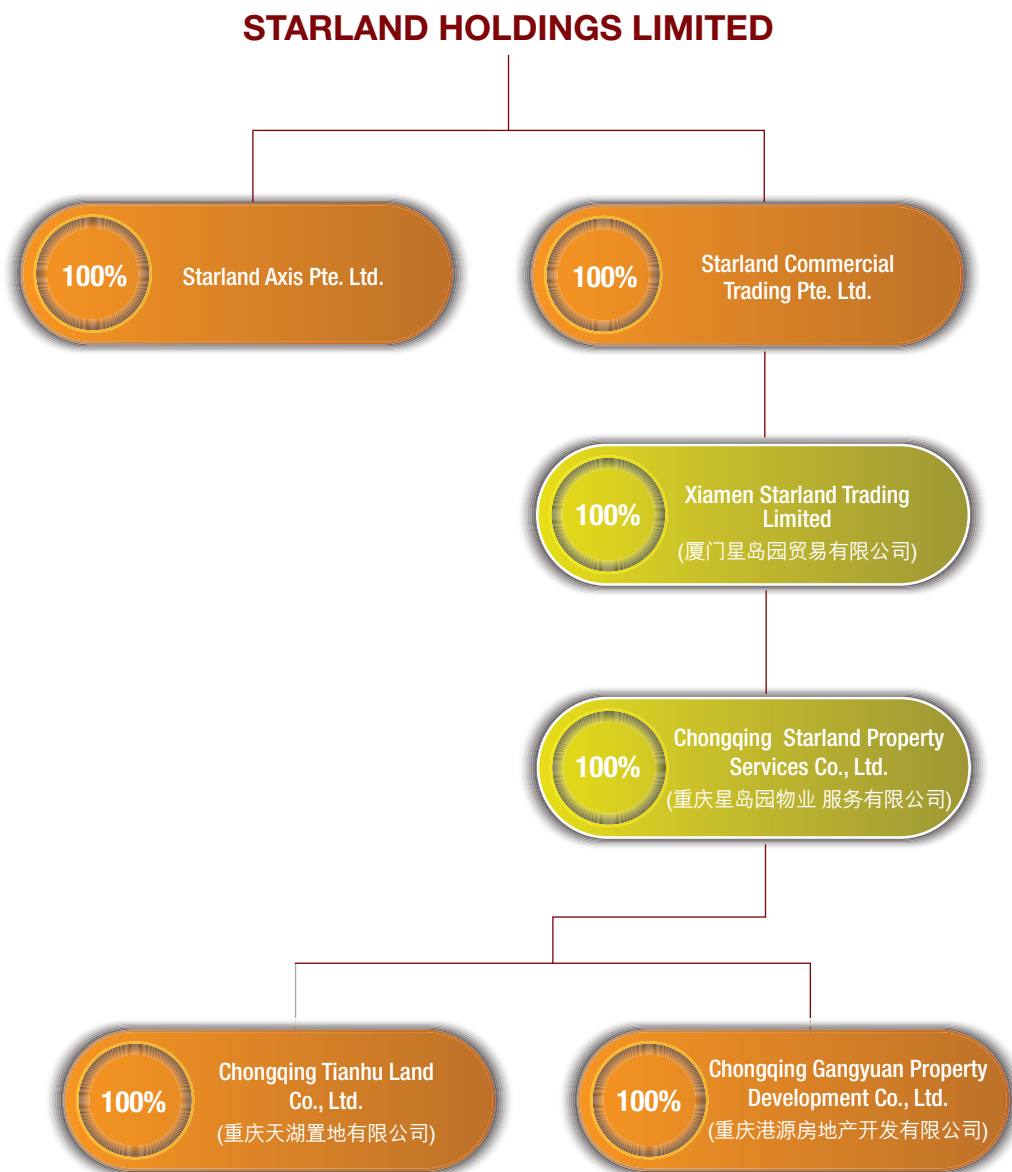
SHAREHOLDERS' EQUITY (RMB'000)



EARNINGS/(LOSS) PER SHARE (RMB CENTS)



CORPORATE STRUCTURE



CORPORATE INFORMATION

FULL NAME OF COMPANY**Starland Holdings Limited**

(Company registration number: 201131382E)

BOARD OF DIRECTORS**Foong Daw Ching**

(Non-Executive Independent Chairman)

Kwan Chee Seng

(Non-Executive Director)

Low Wai Cheong

(Independent Director)

Tan Chade Phang

(Independent Director)

Peng Peck Yen

(Executive Director)

COMPANY SECRETARY**Selena Leong Siew Tee****REGISTERED OFFICE**

80 Robinson Road | #02-00 Singapore 068898

TEL: (65) 6536 8025 |

FAX: (65) 6236 4399

**SHARE REGISTRAR &
SHARE TRANSFER OFFICE****Tricor Barbinder Share Registration Services**

80 Robinson Road | #02-00 | Singapore 068898

CATALIST SPONSOR**UOB Kay Hian Private Limited**

8 Anthony Road | #01-01 |

Singapore 229957

INDEPENDENT AUDITORS**Ernst & Young LLP****Public Accountants and Chartered
Accountants, Singapore**

One Raffles Quay | North Tower, Level 18 |

Singapore 048583

Partner-in-charge:

Lee Wei Hock

(Appointed since financial year ended

31 December 2017)

PRINCIPAL BANKERS**United Overseas Bank**

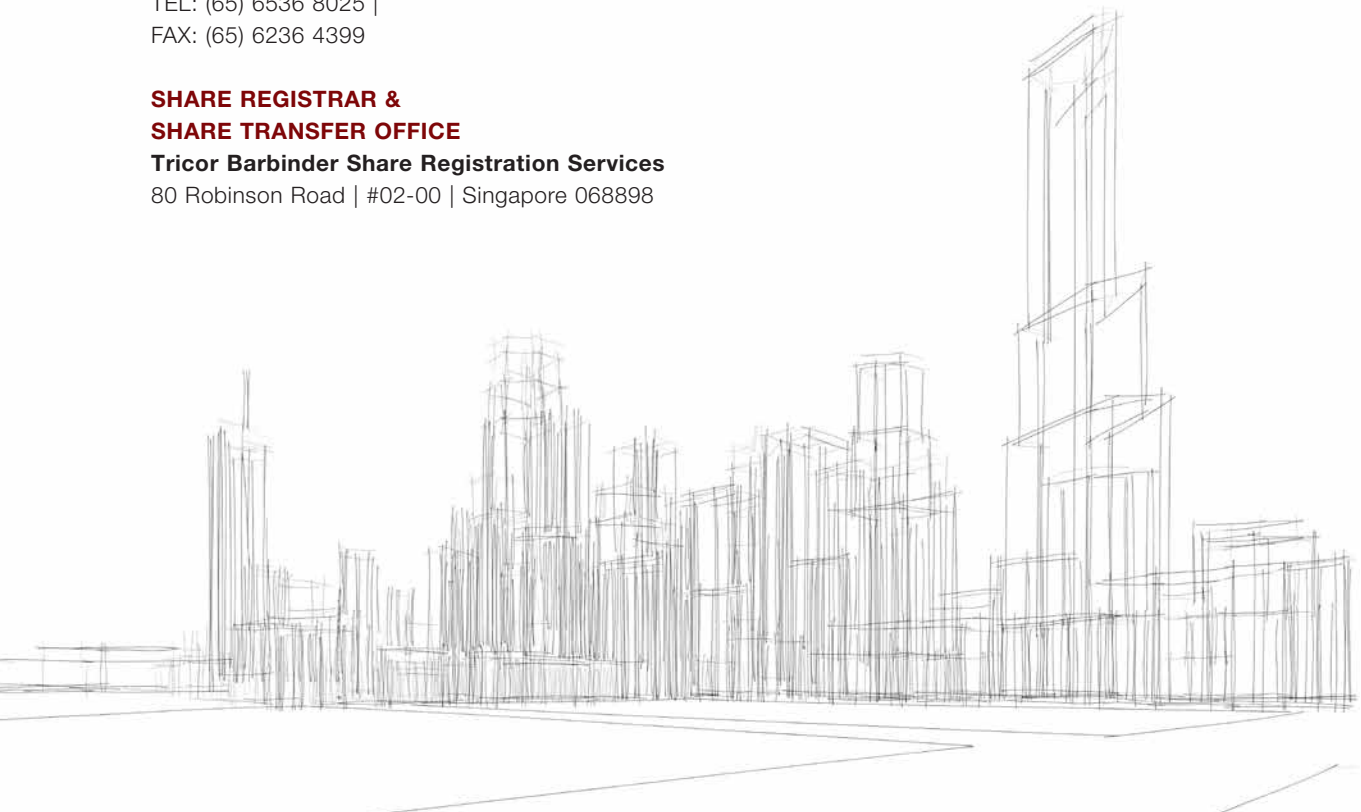
大华银行

OCBC Bank

华侨银行

Bank of China

中国银行



REPORT ON CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2012 AND CATALIST RULES

The Board of Directors (the “**Board**”) of Starland Holdings Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial period from 1 January 2018 to 31 December 2018 (“**FY2018**”), with specific reference made to the principles of the Code of Corporate Governance 2012 (the “**Code**”) and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) in January 2016 (the “**Guide**”).

Pursuant to the listing of the Company on the SGX-ST on 27 April 2012 up till the date of this Annual Report, the Group has complied substantially with the principles and guidelines of the Code, where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Company’s practices, where appropriate.

This report should be read in totality, instead of being read separately under each principle of the Code. The Board noted the revised Code of Corporate Governance issued on 6 August 2018 (“**Revised Code**”), which is only effective from the Company’s financial year commencing 1 January 2019, and will endeavor to comply with the Revised Code once it is effective.

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.	The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable. Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?	Not applicable. The Company did not adopt any alternative corporate governance practices in FY2018.

BOARD MATTERS

The Board's Conduct of Affairs

1.1	What is the role of the Board?	<p>Currently, the Board has 5 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2">Table 1.1 – Composition of the Board</th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Mr Kwan Chee Seng</td> <td>Non-Executive Director</td> </tr> <tr> <td>Ms Peng Peck Yen</td> <td>Executive Director</td> </tr> <tr> <td>Mr Foong Daw Ching</td> <td>Non-Executive Independent Chairman</td> </tr> <tr> <td>Mr Low Wai Cheong</td> <td>Independent Director</td> </tr> <tr> <td>Mr Tan Chade Phang</td> <td>Independent Director</td> </tr> </tbody> </table> <p>The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board's principle functions are:</p> <ul style="list-style-type: none"> to review and advise on overall strategic plans, key operational initiatives, performance of management of the Company; and assumes responsibility for overall corporate governance of the Group to ensure that the Group's strategies are in the interests of the Group. 	Table 1.1 – Composition of the Board		Name of Director	Designation	Mr Kwan Chee Seng	Non-Executive Director	Ms Peng Peck Yen	Executive Director	Mr Foong Daw Ching	Non-Executive Independent Chairman	Mr Low Wai Cheong	Independent Director	Mr Tan Chade Phang	Independent Director
Table 1.1 – Composition of the Board																
Name of Director	Designation															
Mr Kwan Chee Seng	Non-Executive Director															
Ms Peng Peck Yen	Executive Director															
Mr Foong Daw Ching	Non-Executive Independent Chairman															
Mr Low Wai Cheong	Independent Director															
Mr Tan Chade Phang	Independent Director															

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																									
1.2	All directors must objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company.	All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.																									
1.3	Has the Board delegated certain responsibilities to committees? If yes, please provide details.	<p>Board committees, namely the Audit Committee (the “AC”), the Remuneration Committee (the “RC”), the Nominating Committee (the “NC”), the Risk Management Committee (the “RMC”) (collectively the “Board Committees”) have been constituted to assist the Board in the discharge of its responsibilities. The duties, authorities and responsibilities of each committee are set out in their respective terms of reference. The terms of references are reviewed on a regular basis to ensure its continued relevance.</p> <p>The compositions of the Board Committees are as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">AC</th> <th style="text-align: center;">NC</th> <th style="text-align: center;">RC</th> <th style="text-align: center;">RMC</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Chairman</td> <td style="text-align: center;">Mr Foong Daw Ching</td> <td style="text-align: center;">Mr Low Wai Cheong</td> <td style="text-align: center;">Mr Tan Chade Phang</td> <td style="text-align: center;">Mr Low Wai Cheong</td> </tr> <tr> <td style="text-align: center;">Member</td> <td style="text-align: center;">Mr Low Wai Cheong</td> <td style="text-align: center;">Mr Foong Daw Ching</td> <td style="text-align: center;">Mr Foong Daw Ching</td> <td style="text-align: center;">Mr Foong Daw Ching</td> </tr> <tr> <td style="text-align: center;">Member</td> <td style="text-align: center;">Mr Tan Chade Phang</td> <td style="text-align: center;">Mr Tan Chade Phang</td> <td style="text-align: center;">Mr Low Wai Cheong</td> <td style="text-align: center;">Mr Tan Chade Phang</td> </tr> <tr> <td style="text-align: center;">Member</td> <td style="text-align: center;">–</td> <td style="text-align: center;">Mr Kwan Chee Seng</td> <td style="text-align: center;">–</td> <td style="text-align: center;">–</td> </tr> </tbody> </table>		AC	NC	RC	RMC	Chairman	Mr Foong Daw Ching	Mr Low Wai Cheong	Mr Tan Chade Phang	Mr Low Wai Cheong	Member	Mr Low Wai Cheong	Mr Foong Daw Ching	Mr Foong Daw Ching	Mr Foong Daw Ching	Member	Mr Tan Chade Phang	Mr Tan Chade Phang	Mr Low Wai Cheong	Mr Tan Chade Phang	Member	–	Mr Kwan Chee Seng	–	–
	AC	NC	RC	RMC																							
Chairman	Mr Foong Daw Ching	Mr Low Wai Cheong	Mr Tan Chade Phang	Mr Low Wai Cheong																							
Member	Mr Low Wai Cheong	Mr Foong Daw Ching	Mr Foong Daw Ching	Mr Foong Daw Ching																							
Member	Mr Tan Chade Phang	Mr Tan Chade Phang	Mr Low Wai Cheong	Mr Tan Chade Phang																							
Member	–	Mr Kwan Chee Seng	–	–																							

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																													
1.4	Have the Board and Board Committees met in the last financial year?	<p>Board meets at least twice yearly and additional meetings for particular matters would be convened as and when they are deemed necessary. In FY2018, the number of the Board and Board Committee meetings held and the attendance of each Board member are shown below:</p> <table border="1" data-bbox="568 565 1210 972"> <thead> <tr> <th colspan="5" data-bbox="568 565 1210 606">Table 1.4 – Board and Board Committees Meeting in FY2018</th> </tr> <tr> <th data-bbox="568 606 780 648">Name</th> <th data-bbox="780 606 889 648">Board</th> <th data-bbox="889 606 997 648">AC</th> <th data-bbox="997 606 1105 648">NC</th> <th data-bbox="1105 606 1210 648">RC</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 648 780 717">Number of meetings held</td> <td data-bbox="780 648 889 717">2</td> <td data-bbox="889 648 997 717">2</td> <td data-bbox="997 648 1105 717">1</td> <td data-bbox="1105 648 1210 717">1</td> </tr> <tr> <td data-bbox="568 717 780 759">Directors</td> <td colspan="4" data-bbox="780 717 1210 759" style="text-align: center;">No. of Meetings Attended</td> </tr> <tr> <td data-bbox="568 759 780 802">Mr Kwan Chee Seng</td> <td data-bbox="780 759 889 802">2</td> <td data-bbox="889 759 997 802">NA</td> <td data-bbox="997 759 1105 802">1</td> <td data-bbox="1105 759 1210 802">NA</td> </tr> <tr> <td data-bbox="568 802 780 844">Ms Peng Peck Yen</td> <td data-bbox="780 802 889 844">2</td> <td data-bbox="889 802 997 844">NA</td> <td data-bbox="997 802 1105 844">NA</td> <td data-bbox="1105 802 1210 844">NA</td> </tr> <tr> <td data-bbox="568 844 780 887">Mr Foong Daw Ching</td> <td data-bbox="780 844 889 887">2</td> <td data-bbox="889 844 997 887">2</td> <td data-bbox="997 844 1105 887">1</td> <td data-bbox="1105 844 1210 887">1</td> </tr> <tr> <td data-bbox="568 887 780 929">Mr Low Wai Cheong</td> <td data-bbox="780 887 889 929">2</td> <td data-bbox="889 887 997 929">2</td> <td data-bbox="997 887 1105 929">1</td> <td data-bbox="1105 887 1210 929">1</td> </tr> <tr> <td data-bbox="568 929 780 972">Mr Tan Chade Phang</td> <td data-bbox="780 929 889 972">2</td> <td data-bbox="889 929 997 972">2</td> <td data-bbox="997 929 1105 972">1</td> <td data-bbox="1105 929 1210 972">1</td> </tr> </tbody> </table> <p data-bbox="568 1005 1210 1064">The Company's constitution (the "Constitution") allow for teleconferencing and videoconferencing meetings.</p>	Table 1.4 – Board and Board Committees Meeting in FY2018					Name	Board	AC	NC	RC	Number of meetings held	2	2	1	1	Directors	No. of Meetings Attended				Mr Kwan Chee Seng	2	NA	1	NA	Ms Peng Peck Yen	2	NA	NA	NA	Mr Foong Daw Ching	2	2	1	1	Mr Low Wai Cheong	2	2	1	1	Mr Tan Chade Phang	2	2	1	1
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1.5	What are the types of material transactions which require approval from the Board?	<p>Matters that require the Board's approval include, amongst others, the following:</p> <ul style="list-style-type: none"> • strategic direction of the Group; • business practices and risk management of the Group; • annual budgets, major funding proposals, investment and divestment of proposals; • the Group's internal control, financial performance, compliance practices and resources allocation; • material acquisitions and disposal of assets; • convening of shareholders' meetings; • corporate or financial restructuring; • share issuance, dividends and other returns to shareholders; and • interested person transaction.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
1.6	<p>(a) Are new Directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?</p>	<p>The Company ensures that incoming new Directors are given guidance and orientation program to get them familiarised with the Group's businesses, organisation structure, corporate strategies and policies and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties.</p> <p>For new Directors who do not have prior experience as a director of a public listed company in Singapore, they will have to undergo training programme, particularly courses conducted by the Singapore Institute of Directors, to develop the requisite individual skills, such as knowledge on the Companies Act (Chapter 50) of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.</p> <p>They will be given training appropriate to the level of their previous experience and were provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The Directors will also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.</p> <p>All Directors are updated regularly on key accounting and regulatory changes. Where necessary, the Company will arrange for presentations by external professionals, consultants and advisers on topics that would have an impact on the regulations, accounting standards and the implications of certain regulatory changes that may affect the Group and responsibilities of the Directors.</p>
1.7	Upon appointment of each director, has the company provide a formal letter to the director, setting out the director's duties and obligations?	A formal letter of appointment is provided to every new Director, setting out his duties and obligations.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Composition and Guidance		
2.1 2.2 3.3	Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Guideline 2.1 of the Code is met as the Independent Directors make up at least half of the Board. The Board believes there is a strong element of independence in the Board as the Independent Directors constituted at least half of the Board, and that no individual or small group of individuals dominates the Board's decision making process. The Board exercises independent judgment on corporate affairs and provides Management with a diverse, professional and objective perspective on issues.
2.3 4.3	Has the independence of the Independent Directors been reviewed in the last financial year?	The independence of each director is assessed and reviewed annually by the NC. The Independent Directors, Foong Daw Ching, Low Wai Cheong and Tan Chade Phang had confirmed their independence during the Company's NC meeting held on 11 February 2019.
	(a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship. (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.	The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
2.4	Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent.	None of the Independent Directors on the Board serves for a period exceeding nine years from the date of his first appointment.
2.5	Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?	Taking into account the nature and scope of the Group's business and the number of Board Committees, in concurrence with the NC, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.
2.6	(a) What is the Board's policy with regard to diversity in identifying Director nominees?	The Board's policy in identifying Director nominees is primarily to have an appropriate mix of members with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge.

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	(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3" style="text-align: center;"><i>Table 2.6 – Balance and Diversity of the Board</i></th> </tr> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">Number of Directors</th> <th style="text-align: center;">Proportion of Board (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3">Core Competencies</td> </tr> <tr> <td>– Accounting or finance</td> <td style="text-align: center;">4</td> <td style="text-align: center;">80</td> </tr> <tr> <td>– Business management</td> <td style="text-align: center;">5</td> <td style="text-align: center;">100</td> </tr> <tr> <td>– Legal or corporate governance</td> <td style="text-align: center;">5</td> <td style="text-align: center;">100</td> </tr> <tr> <td>– Relevant industry knowledge or experience</td> <td style="text-align: center;">2</td> <td style="text-align: center;">40</td> </tr> <tr> <td>– Strategic planning experience</td> <td style="text-align: center;">5</td> <td style="text-align: center;">100</td> </tr> <tr> <td>– Customer based experience or knowledge</td> <td style="text-align: center;">4</td> <td style="text-align: center;">80</td> </tr> <tr> <td colspan="3">Gender</td> </tr> <tr> <td>– Male</td> <td style="text-align: center;">4</td> <td style="text-align: center;">80</td> </tr> <tr> <td>– Female</td> <td style="text-align: center;">1</td> <td style="text-align: center;">20</td> </tr> </tbody> </table>	<i>Table 2.6 – Balance and Diversity of the Board</i>				Number of Directors	Proportion of Board (%)	Core Competencies			– Accounting or finance	4	80	– Business management	5	100	– Legal or corporate governance	5	100	– Relevant industry knowledge or experience	2	40	– Strategic planning experience	5	100	– Customer based experience or knowledge	4	80	Gender			– Male	4	80	– Female	1	20
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	(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?	<p>The Board will take the following steps to maintain or enhance its balance and diversity:</p> <ul style="list-style-type: none"> • Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and • Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board. <p>The NC will consider the results of these exercises in its recommendation for the appointment of new directors and/or the re-appointment of incumbent directors.</p>																																				

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2.7	<p>How have the Non-Executive Directors:</p> <p>(a) constructively challenge and help develop proposals on strategy; and</p> <p>(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance?</p>	<p>The Board, particularly the Independent Directors, which are Non-Executive Directors, are kept well informed of the Group's business and are knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their oversight functions effectively.</p>
2.8 3.4	<p>Have the Non-Executive Directors/Independent Directors met in the absence of key management personnel in the last financial year?</p>	<p>The Independent Directors discuss and/or meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Director.</p> <p>The Independent Directors have met at least once without the presence of Management in FY2018.</p>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Chairman and Chief Executive Officer		
3.1 3.2	Are the duties between Chairman and CEO segregated?	<p>The Board recognises the Code's recommendation that the Chairman and the Chief Executive Officer ("CEO") should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.</p> <p>Though the Company does not have a CEO in place, the responsibilities of the Group's business are undertaken by a collaborative effort between the Executive Director, Ms Peng Peck Yen and the Management.</p> <p>The Non-Executive Independent Chairman of the Company, Mr Foong Daw Ching, bears the responsibility for the effective conduct of the Board. The Chairman is not related to the Executive Director or the Management.</p> <p>The Chairman schedules Board meetings as and when required and sets the agenda for the Board meetings. He sets guidelines on and ensures quality, quantity, complete, adequate, and timeliness of information flow between the Board and Management of the Company.</p> <p>The Chairman also builds constructive relations within the Board and between the Board and the Management, and facilitates the effective participation of Non-Executive Directors by promoting a culture of openness and debate at the Board. The Chairman further ensures effective communication with shareholders and promotes high standards of corporate governance.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Board Membership		
4.1 4.2	What are the duties of the NC?	<p>The NC holds at least one (1) meeting in each financial year.</p> <p>The NC is guided by key terms of reference as follows:</p> <p>(1) To make recommendations to the Board on relevant matters relating to:</p> <p>(a) review of board succession plans for directors;</p> <p>(b) development of a process for evaluation of the performance of the Board, the Board Committees and individual Director;</p> <p>(c) review of training and professional development programs for the Board;</p> <p>(d) review and approve any new employment of related persons and proposed terms of their employment;</p> <p>(e) decide whether or not a director is able to and has been adequately carrying out his duties as a director; and</p> <p>(f) Board appointment and re-nominations of existing directors for re-election in accordance with the Constitution (including alternate directors, if applicable) after having considered important issues, as part of the process for the selection, appointment and re-appointment of directors, as to composition and progressive renewal of the Board and each director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candour) including, if applicable, as an Independent Director. All directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years;</p>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(2) To determine annually the independence of a director;</p> <p>(3) To regularly review the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;</p> <p>(4) In respect of a Director who has multiple Board representations on various companies, if any, to review and decide whether or not such director is able to and has been adequately carrying out his duties as a director, having regard to the competing time commitments that are faced by the director when serving on multiple Boards and discharging his duties towards other principal commitments;</p> <p>(5) To recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple Boards;</p> <p>(6) To review and conclude that the person would similarly qualify as an Independent Director before his appointment as an alternate director to an Independent Director;</p> <p>(7) To carry out a process for assessing:</p> <p style="padding-left: 40px;">(a) the effectiveness of the Board as a whole and its Board Committees; and</p> <p style="padding-left: 40px;">(b) the contribution by each Individual Director to the effectiveness of the Board; and</p> <p>(8) To decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value.</p>

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4.	(a) What is the maximum number of listed company Board representations that the Company has prescribed for its Directors? What are the reasons for this number?	The NC has fixed a maximum limit of five (5) on the number of directorships a Director can hold in publicly listed companies.
	(b) If a maximum has not been determined, what are the reasons?	Not Applicable.
	(c) What are the specific considerations in deciding on the capacity of Directors?	<p>The considerations in assessing the capacity of directors include the following:</p> <ul style="list-style-type: none"> • Expected and/or competing time commitments of directors; • Geographical location of directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
	(d) Have the Directors adequately discharged their duties?	The NC has reviewed the time spent and attention given by each of the directors to the Company's affairs, and is satisfied that all directors have discharged their duties adequately for FY2018.
4.5	Are there alternate Directors?	The Company does not have any alternate directors.

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
4.6	Please describe the Board nomination process for the Company in the last financial year for (i) selecting and appointing new Directors and (ii) re-electing incumbent Directors.	<p>Table 4.6(a) – Process for the Selection and Appointment of New Directors</p> <table border="1"> <tbody> <tr> <td style="text-align: center;">1.</td> <td>Determination of selection criteria</td> <td> <ul style="list-style-type: none"> The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board. </td> </tr> <tr> <td style="text-align: center;">2.</td> <td>Search for suitable candidates</td> <td> <ul style="list-style-type: none"> The NC would tap on the directors' personal contacts and recommendations and/or through search companies in identifying suitable candidates for new appointment as Director. </td> </tr> <tr> <td style="text-align: center;">3.</td> <td>Assessment of shortlisted candidates</td> <td> <ul style="list-style-type: none"> The NC would first assess and interview proposed candidates after taking into consideration the qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. </td> </tr> <tr> <td style="text-align: center;">4.</td> <td>Appointment of Director</td> <td> <ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval. </td> </tr> </tbody> </table>	1.	Determination of selection criteria	<ul style="list-style-type: none"> The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board. 	2.	Search for suitable candidates	<ul style="list-style-type: none"> The NC would tap on the directors' personal contacts and recommendations and/or through search companies in identifying suitable candidates for new appointment as Director. 	3.	Assessment of shortlisted candidates	<ul style="list-style-type: none"> The NC would first assess and interview proposed candidates after taking into consideration the qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. 	4.	Appointment of Director	<ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval.
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		<p data-bbox="569 397 1204 425">Table 4.6(b) – Process for the Re-electing Incumbent Directors</p> <table border="1" data-bbox="569 425 1204 1238"> <tbody> <tr> <td data-bbox="569 434 610 683">1.</td> <td data-bbox="610 434 761 683">Assessment of Director</td> <td data-bbox="761 434 1204 683"> <ul style="list-style-type: none"> • The NC would assess performance of the Director in accordance with the performance criteria set by the Board, which included, <i>inter-alia</i>, commitment of time, knowledge and abilities, teamwork and overall effectiveness; and • Individual assessment of each Director is undertaken annually. </td> </tr> <tr> <td data-bbox="569 683 610 1228">2.</td> <td data-bbox="610 683 761 1228">Re-appointment of Director</td> <td data-bbox="761 683 1204 1228"> <ul style="list-style-type: none"> • Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. <p>All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 89 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting ("AGM"). Pursuant to the one-third rotation rule, Mr Low Wai Cheong and Mr Tan Chade Phang will retire and submit themselves for re-election at the forthcoming AGM. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.</p> </td> </tr> </tbody> </table>	1.	Assessment of Director	<ul style="list-style-type: none"> • The NC would assess performance of the Director in accordance with the performance criteria set by the Board, which included, <i>inter-alia</i>, commitment of time, knowledge and abilities, teamwork and overall effectiveness; and • Individual assessment of each Director is undertaken annually. 	2.	Re-appointment of Director	<ul style="list-style-type: none"> • Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval. <p>All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 89 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting ("AGM"). Pursuant to the one-third rotation rule, Mr Low Wai Cheong and Mr Tan Chade Phang will retire and submit themselves for re-election at the forthcoming AGM. The retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.</p>
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REPORT ON CORPORATE GOVERNANCE

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				<p>In making the recommendations, the NC had considered the Directors' overall contribution and performance.</p> <p>Mr Low Wai Cheong will, upon re-election as a Director, remain as Chairman of NC and RMC and member of the AC and RC. Mr Tan Chade Phang will, upon re-election as a Director, remain as Chairman of RC and member of the AC and NC.</p> <ul style="list-style-type: none"> Pursuant to Rule 720(5) of the SGX-ST Catalyst Rules, the information as set out in Appendix 7F relating to the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below: <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">MR LOW WAI CHEONG</th> <th style="text-align: center;">MR TAN CHADE PHANG</th> </tr> </thead> <tbody> <tr> <td>Date of Appointment</td> <td>26 March 2012</td> <td>18 February 2016</td> </tr> <tr> <td>Date of last re-appointment</td> <td>26 April 2017</td> <td>25 October 2016</td> </tr> <tr> <td>Age</td> <td>51</td> <td>43</td> </tr> <tr> <td>Country of principal residence</td> <td>Singapore</td> <td>Singapore</td> </tr> <tr> <td>The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)</td> <td>The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Low Wai Cheong for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Low Wai Cheong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</td> <td>The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Chade Phang for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Tan Chade Phang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</td> </tr> </tbody> </table>		MR LOW WAI CHEONG	MR TAN CHADE PHANG	Date of Appointment	26 March 2012	18 February 2016	Date of last re-appointment	26 April 2017	25 October 2016	Age	51	43	Country of principal residence	Singapore	Singapore	The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Low Wai Cheong for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Low Wai Cheong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Chade Phang for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Tan Chade Phang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
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The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Low Wai Cheong for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Low Wai Cheong possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Tan Chade Phang for re-appointment as Independent Director of the Company. The Board has reviewed and concluded that Mr Tan Chade Phang possesses the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.																				

REPORT ON CORPORATE GOVERNANCE

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		<p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>		
		k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
		Disclosure applicable to the appointment of Director only.		
		Any prior experience as a director of an issuer listed on the Exchange? (Yes/No)	This relates to re-appointment of Director.	This relates to re-appointment of Director.
		If yes, please provide details of prior experience.	N.A	N.A
		If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A	N.A
		Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A	N.A

REPORT ON CORPORATE GOVERNANCE

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4.7	<p>Please provide the following key information regarding the Directors'.</p> <ul style="list-style-type: none"> academic and professional qualifications; Shareholding in the Company and its related corporation; Board Committees served on (as a member or chairman), date of first appointment and last re-appointment as a Director; Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments; Indicate which Directors are Executive, Non-Executive or considered by the NC to be independent; and The names of the Directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions 	<p>The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out as below:</p> <table border="1" data-bbox="568 487 1210 1337"> <thead> <tr> <th rowspan="2">Name of Director</th> <th rowspan="2">Appointment</th> <th rowspan="2">Date of initial appointment</th> <th rowspan="2">Date of last re-election/ re-appointment</th> <th colspan="2">Directorships in other listed companies</th> </tr> <tr> <th>Current</th> <th>Past 3 Years</th> </tr> </thead> <tbody> <tr> <td>Kwan Chee Seng</td> <td>Non-Executive Director</td> <td>18 February 2016</td> <td>26 April 2017</td> <td>(1) GRP Limited</td> <td>(1) Variscan Mines Limited</td> </tr> <tr> <td>Peng Peck Yen</td> <td>Executive Director</td> <td>18 February 2016</td> <td>26 April 2018</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>Foong Daw Ching</td> <td>Non-Executive Independent Chairman</td> <td>26 March 2012</td> <td>26 April 2018</td> <td>(1) Travelite Holdings Ltd. (2) Suntar Eco-City Limited (3) ayondo Ltd.</td> <td>NA</td> </tr> <tr> <td>Low Wai Cheong</td> <td>Independent Director</td> <td>26 March 2012</td> <td>26 April 2017</td> <td>NA</td> <td>(1) Asia Environment Holdings Limited (2) China Fibretech Ltd</td> </tr> <tr> <td>Tan Chade Phang</td> <td>Independent Director</td> <td>18 February 2016</td> <td>25 October 2016</td> <td>(1) OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd) (2) TIH Limited</td> <td>(1) Transcorp Holdings Limited (2) Dapai International Holdings Co. Ltd.</td> </tr> </tbody> </table>	Name of Director	Appointment	Date of initial appointment	Date of last re-election/ re-appointment	Directorships in other listed companies		Current	Past 3 Years	Kwan Chee Seng	Non-Executive Director	18 February 2016	26 April 2017	(1) GRP Limited	(1) Variscan Mines Limited	Peng Peck Yen	Executive Director	18 February 2016	26 April 2018	NA	NA	Foong Daw Ching	Non-Executive Independent Chairman	26 March 2012	26 April 2018	(1) Travelite Holdings Ltd. (2) Suntar Eco-City Limited (3) ayondo Ltd.	NA	Low Wai Cheong	Independent Director	26 March 2012	26 April 2017	NA	(1) Asia Environment Holdings Limited (2) China Fibretech Ltd	Tan Chade Phang	Independent Director	18 February 2016	25 October 2016	(1) OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd) (2) TIH Limited	(1) Transcorp Holdings Limited (2) Dapai International Holdings Co. Ltd.
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		<p>The shareholdings of the individual Directors of the Company are set out on page 79. None of the Directors hold shares in the subsidiaries of the Company. Other information such as the experience and the professional qualifications of the Directors are set out on pages 9 and 10.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held on 26 April 2019 are stated in the Notice of AGM set out on pages 147 to 151 of this Annual Report.</p>												
Board Performance														
5.1 5.2 5.3	What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board?	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table border="1" data-bbox="568 901 1210 1576"> <thead> <tr> <th colspan="3" data-bbox="568 901 1210 948">Table 5</th> </tr> <tr> <th data-bbox="568 948 742 1023">Performance Criteria</th> <th data-bbox="742 948 975 1023">Board and Board Committees</th> <th data-bbox="975 948 1210 1023">Individual Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 1023 742 1406">Qualitative</td> <td data-bbox="742 1023 975 1406"> 1. Size and composition 2. Information to the Board 3. Board procedures 4. Strategic planning and accountability 5. Attendance record at meetings </td> <td data-bbox="975 1023 1210 1406"> 1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness </td> </tr> <tr> <td data-bbox="568 1406 742 1576">Quantitative</td> <td data-bbox="742 1406 975 1576"> 1. Measuring and monitoring performance 2. Financial Reporting </td> <td data-bbox="975 1406 1210 1576"> 1. Attendance at Board and Board Committee meetings </td> </tr> </tbody> </table>	Table 5			Performance Criteria	Board and Board Committees	Individual Directors	Qualitative	1. Size and composition 2. Information to the Board 3. Board procedures 4. Strategic planning and accountability 5. Attendance record at meetings	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness	Quantitative	1. Measuring and monitoring performance 2. Financial Reporting	1. Attendance at Board and Board Committee meetings
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REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																								
	(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?	<p>The NC implements annual assessment for the evaluation of the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director.</p> <p>The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, and its Board Committees and each individual Director in FY2018. Where relevant and when the need arises, the NC will consider such an engagement.</p>																								
	(b) Has the Board met its performance objectives?	Yes, the Board has met its performance objectives.																								
Access to Information																										
6.1 6.2 10.3	What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequent is the information provided?	<table border="1" data-bbox="569 864 1211 1345"> <thead> <tr> <th colspan="3" data-bbox="569 864 1211 924">Table 6 – Types of information provided by key management personnel to Independent Directors</th> </tr> <tr> <th data-bbox="569 924 614 960"></th> <th data-bbox="614 924 1063 960">Information</th> <th data-bbox="1063 924 1211 960">Frequency</th> </tr> </thead> <tbody> <tr> <td data-bbox="569 960 614 1044">1.</td> <td data-bbox="614 960 1063 1044">Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td data-bbox="1063 960 1211 1044">Half-yearly</td> </tr> <tr> <td data-bbox="569 1044 614 1105">2.</td> <td data-bbox="614 1044 1063 1105">Updates to the Group's operations and the markets in which the Group operates in</td> <td data-bbox="1063 1044 1211 1105">As and when relevant</td> </tr> <tr> <td data-bbox="569 1105 614 1188">3.</td> <td data-bbox="614 1105 1063 1188">Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditors' report(s)</td> <td data-bbox="1063 1105 1211 1188">Half-yearly</td> </tr> <tr> <td data-bbox="569 1188 614 1249">4.</td> <td data-bbox="614 1188 1063 1249">Reports on on-going or planned corporate actions</td> <td data-bbox="1063 1188 1211 1249">As and when relevant</td> </tr> <tr> <td data-bbox="569 1249 614 1310">5.</td> <td data-bbox="614 1249 1063 1310">Enterprise risk framework and internal auditors' ("IA") report(s)</td> <td data-bbox="1063 1249 1211 1310">Yearly</td> </tr> <tr> <td data-bbox="569 1310 614 1345">6.</td> <td data-bbox="614 1310 1063 1345">Shareholding statistics</td> <td data-bbox="1063 1310 1211 1345">Yearly</td> </tr> </tbody> </table> <p data-bbox="569 1354 1211 1502">Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>	Table 6 – Types of information provided by key management personnel to Independent Directors				Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly	2.	Updates to the Group's operations and the markets in which the Group operates in	As and when relevant	3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditors' report(s)	Half-yearly	4.	Reports on on-going or planned corporate actions	As and when relevant	5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Yearly	6.	Shareholding statistics	Yearly
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REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
6.3 6.4	What is the role of the Company Secretary?	<p>The role of the Company Secretary, the appointment and removal of whom is a matter for the Board as a whole, is as follows:</p> <ul style="list-style-type: none"> • assisting the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees' meetings; • administering and attending all Board and Board Committees' meetings and preparing minutes of meetings; • ensuring that Board procedures are observed and that applicable rules are complied with; and • advising the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long-term shareholder value, as well as assisting the Chairman in ensuring good information flows within the Board and its Board Committees. <p>The appointment and the removal of the Company Secretary are subject to the approval of the Board.</p> <p>Where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary may assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
REMUNERATION MATTERS		
Developing Remuneration Policies		
7.1 7.2 7.4	What is the role of the RC?	<p>The RC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel, as well as specific remuneration packages for each Director and key management personnel of the Company; (b) to review annually the remuneration of the key management personnel and Executive Director including the terms of renewal for their service agreements; (c) to consider, review and approve and/or to vary (if necessary) the entire remuneration package, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind; (d) to review the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance; (e) to review and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate and commercially competitive to attract, retain and motivate (i) the Directors to provide good stewardship of the Company; and (ii) key management personnel to successfully manage the Company;

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		<p>(f) to review and consider whether Executive Director and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive Director and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability;</p> <p>(g) the RC's recommendations should be submitted for endorsement by the entire Board; and</p> <p>(h) to oversee the administration of Starland Performance Share Plan (the "Starland PSP") (or such other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as defined in the said plan.</p>
7.3	Were remuneration consultants engaged in the last financial year?	The Board has not engaged any external remuneration consultant to advice on remuneration matters in FY2018.
Level and Mix of Remuneration		
8.1	What are the measures for assessing the performance of Executive Directors and key management personnel?	<p>In determining the level of remuneration, the RC shall ensure that performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Board and Management in order to promote the long-term success of the Company;</p> <p>The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of as base salary and variable bonus that is linked to the performance of the Company and individual.</p>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
8.2	Are there long-term incentive schemes for Executive Directors and key management personnel?	<p>The Company has adopted the Starland PSP at the Company's extraordinary general meeting held on 11 April 2012, and the Starland PSP was last renewed at the Company's annual general meeting held on 26 April 2018. The details of the Starland PSP can be found in the offer document of the Company dated 19 April 2012.</p> <p>The objectives of Starland PSP are to:</p> <ul style="list-style-type: none"> (a) foster a culture of ownership within the Group which aligns the interests of employees and Directors with the interests of the shareholders; (b) motivate participants of the Starland PSP to achieve key financial and operational goals of the Group and/or their respective business units and encourage greater dedication and loyalty to the Group; and (c) make total employee remuneration sufficiently competitive to recruit new employees and/or retain existing employees whose contributions are important to the long term growth and profitability of our Group. <p>The Starland PSP is administered by the RC comprising 3 directors, Mr Tan Chade Phang, Mr Foong Daw Ching and Mr Low Wai Cheong. The Chairman of the RC is Mr Tan Chade Phang.</p> <p>Since the commencement of the Starland PSP up to the date of this report, no shares were awarded under the Starland PSP.</p>
8.3	How is the remuneration for Non-Executive Directors determined?	<p>The Board concurred with the RC that the proposed directors' fees are appropriate and that the Independent Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.</p> <p>Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																																	
8.4	Are there any contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company?	<p>Having reviewed and considered the variable components of the Executive Director and the key management personnel, which are not excessive, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.</p> <p>In addition, the Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.</p>																																																	
Disclosure on Remuneration																																																			
9	What is the Company's remuneration policy?	The Company's remuneration policy comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and individual.																																																	
9.1 9.2	Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Directors for FY2018 is as follows:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="7" style="text-align: center;"><i>Table 9 - Directors' Remuneration</i></th> </tr> <tr> <th style="text-align: center;">Name</th> <th style="text-align: center;">Remuneration (SGD)</th> <th style="text-align: center;">Salary (%)</th> <th style="text-align: center;">Bonus (%)</th> <th style="text-align: center;">Benefits-in-kind (%)</th> <th style="text-align: center;">Directors Fees (%)</th> <th style="text-align: center;">Total (%)</th> </tr> </thead> <tbody> <tr> <td>Kwan Chee Seng</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Peng Peck Yen</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Foong Daw Ching</td> <td style="text-align: center;">41,733</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">100</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Low Wai Cheong</td> <td style="text-align: center;">41,733</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">100</td> <td style="text-align: center;">100</td> </tr> <tr> <td>Tan Chade Phang</td> <td style="text-align: center;">36,534</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">100</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>	<i>Table 9 - Directors' Remuneration</i>							Name	Remuneration (SGD)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Total (%)	Kwan Chee Seng	-	-	-	-	-	-	Peng Peck Yen	-	-	-	-	-	-	Foong Daw Ching	41,733	-	-	-	100	100	Low Wai Cheong	41,733	-	-	-	100	100	Tan Chade Phang	36,534	-	-	-	100	100
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REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																			
9.3	(a) Has the Company disclosed each key management personnel's remuneration, in bands of S\$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/ bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	<p>The breakdown for the remuneration of the Company's key executive officers (who are not Directors or the CEO) for FY2018 is as follows:</p> <table border="1" data-bbox="568 500 1178 1138"> <thead> <tr> <th colspan="5" data-bbox="568 500 1178 574">Table 9.3 – Remuneration of Key Executive Officers</th> </tr> <tr> <th data-bbox="568 574 718 680">Name</th> <th data-bbox="718 574 828 680">Salary⁽¹⁾ (%)</th> <th data-bbox="828 574 934 680">Bonus (%)</th> <th data-bbox="934 574 1064 680">Benefits- in-kind (%)</th> <th data-bbox="1064 574 1178 680">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 680 718 785">Kantilal s/o Champaklal Ramdas</td> <td data-bbox="718 680 828 785">–</td> <td data-bbox="828 680 934 785">–</td> <td data-bbox="934 680 1064 785">–</td> <td data-bbox="1064 680 1178 785">–</td> </tr> <tr> <td data-bbox="568 785 718 855">Kwan Chee Hong</td> <td data-bbox="718 785 828 855">49</td> <td data-bbox="828 785 934 855">22</td> <td data-bbox="934 785 1064 855">29</td> <td data-bbox="1064 785 1178 855">100</td> </tr> <tr> <td data-bbox="568 855 718 925">Annie Xiong Ying</td> <td data-bbox="718 855 828 925">66</td> <td data-bbox="828 855 934 925">32</td> <td data-bbox="934 855 1064 925">2</td> <td data-bbox="1064 855 1178 925">100</td> </tr> <tr> <td data-bbox="568 925 718 996">Luo Deng Xiao</td> <td data-bbox="718 925 828 996">86</td> <td data-bbox="828 925 934 996">14</td> <td data-bbox="934 925 1064 996">–</td> <td data-bbox="1064 925 1178 996">100</td> </tr> <tr> <td data-bbox="568 996 718 1138">Kwok Chung Chieh Lincoln⁽²⁾</td> <td data-bbox="718 996 828 1138">96</td> <td data-bbox="828 996 934 1138">–</td> <td data-bbox="934 996 1064 1138">4</td> <td data-bbox="1064 996 1178 1138">100</td> </tr> </tbody> </table> <p data-bbox="568 1179 635 1197">Notes:</p> <p data-bbox="568 1208 1212 1258">(1) The salary amounts shown are inclusive of Central Provident Fund contributions.</p> <p data-bbox="568 1264 861 1288">(2) Resigned on 18 June 2018.</p> <p data-bbox="568 1323 1212 1410">There were no termination, retirement and post-employment benefits granted to Directors and the above key management personnel in FY2018.</p> <p data-bbox="568 1445 1212 1502">The Company only has 4 key management personnel as at the date of this Annual Report.</p> <p data-bbox="568 1537 1212 1687">For competitive reasons and in view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interest of the Group not to disclose the exact remuneration of key management personnel, in the Annual Report.</p>	Table 9.3 – Remuneration of Key Executive Officers					Name	Salary⁽¹⁾ (%)	Bonus (%)	Benefits- in-kind (%)	Total (%)	Kantilal s/o Champaklal Ramdas	–	–	–	–	Kwan Chee Hong	49	22	29	100	Annie Xiong Ying	66	32	2	100	Luo Deng Xiao	86	14	–	100	Kwok Chung Chieh Lincoln ⁽²⁾	96	–	4	100
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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	(b) Please disclose the aggregate remuneration paid to the top five key management personnel (who are not Directors or the CEO).	The total remuneration paid to the 5 key management personnel for FY2018 was S\$385,750.
9.4	Is there any employee who is an immediate family member of a Director or the CEO, and whose remuneration exceeds S\$50,000 during the last financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.	Save as the below said, there was no other employee of the Group who was an immediate family member of a Director or the CEO whose remuneration exceeded S\$50,000 in FY2018. Mr Kwan Chee Hong, General Manager of the Company, is the brother of Mr Kwan Chee Seng, who is the Non-Executive Director of the Company and Executive Director and substantial shareholder of GRP Limited, the ultimate holding company. The remuneration of Kelvin Kwan Chee Hong was between S\$200,000 to S\$250,000 in FY2018.
9.5	Please provide details of the employee share scheme(s).	Details of the Starland PSP have been provided above under Guideline 8.2.
9.6	(a) Please describe how the remuneration received by Executive Director and key management personnel has been determined by the performance criteria.	The remuneration received by the Executive Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2018. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of base salary and variable bonus that is linked to the performance of the Company and individual.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
	(b) What were the performance conditions used to determine their entitlement under the short term and long term incentive schemes?	<p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Director and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1" data-bbox="568 532 1210 979"> <thead> <tr> <th colspan="3" data-bbox="568 532 1210 574"><i>Table 9.6(b)</i></th> </tr> <tr> <th data-bbox="568 574 735 680">Performance Conditions</th> <th data-bbox="735 574 971 680">Short-term Incentives (such as performance bonus)</th> <th data-bbox="971 574 1210 680">Long-term Incentives (such as the Starland PSP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 680 735 842">Qualitative</td> <td data-bbox="735 680 971 842"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> <td data-bbox="971 680 1210 842"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> </tr> <tr> <td data-bbox="568 842 735 979">Quantitative</td> <td data-bbox="735 842 971 979">1. Relative financial performance of the Group to its industry peers.</td> <td data-bbox="971 842 1210 979">1. Relative financial performance of the Group to its industry peers.</td> </tr> </tbody> </table>	<i>Table 9.6(b)</i>			Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the Starland PSP)	Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork	1. Leadership 2. People development 3. Commitment 4. Teamwork	Quantitative	1. Relative financial performance of the Group to its industry peers.	1. Relative financial performance of the Group to its industry peers.
<i>Table 9.6(b)</i>														
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Quantitative	1. Relative financial performance of the Group to its industry peers.	1. Relative financial performance of the Group to its industry peers.												
	(c) Were all of these performance conditions met? If not, what were the reasons?	Yes, the RC has reviewed and is satisfied that the performance conditions were met in FY2018.												

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
ACCOUNTABILITY AND AUDIT		
<u>Accountability</u>		
10.1 10.2	The Board should present a balanced and understandable assessment of the Company's performance, position and prospects.	<p>The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.</p> <p>The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual Section B: Rules of Catalyst (the "Catalist Rules"), where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.</p> <p>Management provides appropriately detailed management accounts of the Group's performance on a half-yearly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.</p>

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Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Risk Management and Internal Controls		
11.1	The Board should determine the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.	<p>The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls. In addition to determining the approach to risk governance, the Board sets and instils the right risk-focused culture throughout the Group for effective risk governance.</p> <p>Management highlights and discusses (if any) salient risk management matters to the Board on a half-yearly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. Internal audit is outsourced to a third party professional firm.</p>
11.2 11.4	The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties.	<p>The AC evaluates the findings of the EA and IA on the Group's internal controls annually.</p> <p>Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>The Board has received assurance from the Executive Director and Finance Manager ("FM") that the financial records have been properly maintained and the financial statements for FY2018 give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are adequate and effective.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems.	Based on the internal controls established, and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FM, as well as reviews performed by Management and the various Board Committees, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2018.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the IA that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Yes, the Board has obtained such assurance from the Executive Director and FM in respect of FY2018. In addition, based on the work performed by the IA and EA, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2018.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Audit Committee		
12.1 12.3 12.4	What is the role of the AC?	<p>The duties and roles of the AC is guided by the following key terms of reference:</p> <ul style="list-style-type: none"> (a) to review the financial statements and results announcement before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risks areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements; (b) to review with the EA their audit plan including the nature and scope of the audit, their evaluation of the system of internal controls, their audit report, their management letter and the management's response; (c) to review annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the EA where the EA also provide non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the EA would not be affected; (d) to make recommendation to the Board on the proposals to the shareholder on the appointment or re-appointment of the EA and matters relating to resignation or removal of the EA, and approving the remuneration and terms of engagement of the EA; (e) to review with the IA their internal audit plan and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval and its assessment in relation to the adequacy of internal controls prior to the incorporation of such results in the annual report;

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(f) to review the internal control and procedures and ensure co-ordination between the Management and each of the EA and IA, reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and/or final audits, and any matters which the IA and EA may wish to discuss in the absence of Management where necessary;</p> <p>(g) to review and discuss with any professional, including the Company's sponsor, the EA and IA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position with Management's response;</p> <p>(h) to review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;</p> <p>(i) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules as may be amended from time to time and such other rules and regulations under the Catalist Rules that may be applicable in relation to such matters from time to time;</p> <p>(j) to review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;</p> <p>(k) to conduct periodic review of hedging policies (if any) undertaken by the Group;</p> <p>(l) to review the Group's compliance with such functions and duties as may be required under the relevant statutes and regulations or the Catalist Rules, including such amendments made thereto from time to time;</p> <p>(m) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(n) to review at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual report of the Company or, where the findings are material, to announce such material findings immediately via SGXNET;</p> <p>(o) to review and sign at least annually all resignation and authorisation letters of the legal representatives of the Company's subsidiaries in People's Republic of China which have been signed in advance and such letters shall be held in custody by the Company Secretaries;</p> <p>(p) to ensure effective co-ordination where more than one audit firm is involved;</p> <p>(q) to investigate any matter within its terms of reference, with full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;</p> <p>(r) to commission an annual internal controls audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any), and prior to the decommissioning of such annual internal controls audit, the Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the AC's decision to decommission the annual internal controls audit;</p> <p>(s) to review the adequacy and effectiveness of the internal audit function and to ensure that it is adequately resourced and has appropriate standing within the Company. The internal audit function should be staffed with persons with the relevant qualifications and experience. The IA should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA's primary line of reporting should be to the Chairman of the AC although he would also report administratively to the Executive Director;</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(t) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The IA should have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC;</p> <p>(u) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Head of Finance (or its equivalent rank), the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA;</p> <p>(v) to review the whistle-blowing policy and procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;</p> <p>(w) to ensure that if different auditors are appointed for its subsidiaries or significant associated companies, such appointment would not compromise the standard and effectiveness of the audit of the Company;</p> <p>(x) to review the policy and arrangement by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;</p> <p>(y) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;</p> <p>(z) to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>(aa) to review with the EA the impact of any new or proposed changes in accounting policies or regulatory requirements on the financial statements of the Group;</p> <p>(bb) to assess whether the person to be appointed FM (or its equivalent rank) does have the competence, character and integrity expected of a FM (or its equivalent rank) of a listed issuer;</p> <p>(cc) to review the co-operation given by the management to the EA;</p> <p>(dd) to meet with the EA and IA without the presence of the Management at least once a year;</p> <p>(ee) to review the performance of Executive Director/FM on an annual basis to ensure satisfactory performance;</p> <p>(ff) to review filings with the SGX-ST or other regulatory bodies which contain the Group's financial statements and ensure proper disclosure; and</p> <p>(gg) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a material impact on the Group's operating results and/or financial position.</p> <p>The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a materials impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.</p>
12.2	Are the members of the AC appropriately qualified to discharge its responsibilities?	The AC has at least two members, including the AC Chairman, who have recent and relevant accounting and related financial management expertise and experience.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation															
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC has met with the IA and the EA in the absence of key management personnel on 11 February 2019.															
12.6	Has the AC reviewed the independence of the EA?	The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.															
	(a) Please provide a breakdown of the fees paid in total to the EA for audit and non-audit services for the financial year.	<p>Table 12.6(a) – Fees Paid/Payable to the EA, Ernst & Young LLP and its affiliates for FY2018</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">S\$</th> <th style="width: 20%; text-align: center;">% of total</th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td style="text-align: center;">134,700</td> <td style="text-align: center;">85</td> </tr> <tr> <td>Non-audit fees</td> <td></td> <td></td> </tr> <tr> <td>– Tax compliance</td> <td style="text-align: center;">23,500</td> <td style="text-align: center;">15</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">158,200</td> <td style="text-align: center;">100</td> </tr> </tbody> </table>		S\$	% of total	Audit fees	134,700	85	Non-audit fees			– Tax compliance	23,500	15	Total	158,200	100
	S\$	% of total															
Audit fees	134,700	85															
Non-audit fees																	
– Tax compliance	23,500	15															
Total	158,200	100															
	(b) If the EA have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the EA.	The AC reviews the independence of the EA annually. The AC has conducted an annual review of the volume of non-audit services provided by the EA and is satisfied that the nature and extent of such services will not prejudice the independence of the EA. The EA has also provided confirmation on their independency.															
12.7	Does the Company have a whistle-blowing policy?	<p>The Company has in place a whistle-blowing policy and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are to be sent to the AC Chairman.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left;">Name</th> <th style="width: 50%; text-align: left;">Email Address</th> </tr> </thead> <tbody> <tr> <td>Foong Daw Ching</td> <td>dawching23@gmail.com</td> </tr> </tbody> </table> <p>Details of the whistle-blowing policy and arrangements are given to all staff for their easy reference. New staff is briefed on the policy during the orientation programme.</p>	Name	Email Address	Foong Daw Ching	dawching23@gmail.com											
Name	Email Address																
Foong Daw Ching	dawching23@gmail.com																

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.8	<p>What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</p>	<p>The AC had been briefed by the EA on the changes or amendments to the accounting standards which have a direct impact on the financial statements.</p> <p><u>AC comments on the auditor's report</u></p> <p>The AC met with the EA to discuss the audit findings as well as their audit.</p> <p>The management has made significant judgements relating to significant estimates in the financial statements. These also required the making of assumptions regarding uncertain future events including those relating to the estimation of the net realisable value of development properties and properties held for sale. The financial reporting matters that required significant judgements and estimates are fully described in Note 3 to the accompanying financial statements.</p> <p>The AC also considered the key audit matters ("KAMs") reported by the EA. The KAMs relate to the estimation of net realisable value of development properties and properties held for sale. The AC reviewed management's approach of estimating the net realisable value of properties held for sale by comparing them to recently transacted prices or prices of comparable properties located in the same vicinity of the property projects and taking into account the prevailing macroeconomic and real estate trend in the PRC and Singapore.</p> <p>For the development property, it relates to a leasehold land in Chongqing, PRC, management's approach is to compare the carrying value of the development property to recently transacted prices of comparable properties in the same vicinity published on the PRC government's official websites.</p> <p>The AC and the EA discussed these KAMs, their reason for justifying them as KAMs and the approach they took in their audit of these account balances. The AC also concurs with the basis and conclusions included in the independent auditor's report with respect to these KAMs.</p> <p><i>All capitalised terms are defined in the Independent Auditor's Report and Notes to the Financial Statements.</i></p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
12.9	Are any of the members of the AC a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) hold any financial interest in the auditing firm or auditing corporation?	None the members of the AC (i) is a former partner or Director of the Company's existing auditing firm or auditing corporation within the previous 12 months and/or (ii) holds any financial interest in the auditing firm or auditing corporation.
Internal Audit		
13.1 13.2 13.3 13.4 13.5	Please provide details of the Company's internal audit function, if any.	<p>The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company' assets. The Company has outsourced its internal audit functions of the Group to Yang Lee & Associates ("YLA") to perform the review and test of controls of its processes.</p> <p>YLA reports directly to the AC and responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls are in place to protect the fund and assets of the Group to ensure control procedures are compiled with, assessing the operations of the business processes under review are conducted efficiently and effectively and identifying and recommending improvements to internal control procedures, where required.</p> <p>The AC would review and approve the internal audit plan on an annual basis and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group.</p> <p>The AC has reviewed the internal audit reports and its evaluation of the system of internal controls, their audit findings and the management's response to those findings for FY2018. The AC is satisfied that the internal audit functions have been adequately carried out.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
Shareholders' Rights		
14.1	The Company should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.	<p>The Company is committed to maintaining high standards of corporate disclosure and transparency. Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various means of communication as follows:</p> <ul style="list-style-type: none"> (1) Announcements including half-year and full-year financial results, price sensitive information, significant transactions or other announcements or press release through SGXNET; (2) Annual reports and notices of AGM issued to all shareholders; (3) Company's general meetings; and (4) Corporate website of the Company at http://www.starland.cc
14.2	The Company should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders.	At the Company's AGM, shareholders are given the opportunity to voice their views and ask Directors or the Management questions regarding the Company. In addition, the Chairman of the various Board Committees and the EA are also present at the AGM to assist the Directors to address shareholders' queries about the conduct of audit and the preparation and contents of the auditors' report.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
14.3	The Company should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.	<p>The Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend and vote on behalf of the shareholder at general meetings as well as to vote on absentia by mail, electronic email or facsimile.</p> <p>On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.</p>
SHAREHOLDER RIGHTS AND RESPONSIBILITIES		
Communication with Shareholders		
15.1	Does the Company have an investor relations policy?	The Company does not have an investor relations policy at the moment due to the size of its business. As and when the need arises, the Company will implement the necessary investor relations policy.
15.2 15.3 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors?	<p>Shareholders, the investment community, media and analysts are kept informed of the Group's performance, progress and prospects and major developments of the Company on a timely basis through various communication as follows:</p> <p>(1) Announcements including half-year and full-year announcements of financial results, price sensitive information, significant transactions or other announcements or press releases through SGXNET;</p> <p>(2) Annual reports and notices of AGM issued to all shareholders;</p> <p>(3) Company's general meetings; and</p> <p>(4) Corporate website of the Company at http://www.starland.cc</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
	<p>(b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role?</p> <p>(c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report?</p>	<p>No, the Company's investor relations function is led by the Executive Director, who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media.</p> <p>Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website. The Company has procedures in place for responding to investors' queries.</p>
15.5	Does the Company have a dividend policy?	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on the Company's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and other investment plans and restrictions on payment of dividends imposed by financial arrangements (if any).
	Is the Company paying dividends for the financial year? If not, please explain why.	The Company is recommending a proposed final tax exempt (1-tier) dividend of S\$0.03 per ordinary share for FY2018. The dividend payment which amounts to S\$4.3 million (FY2017: S\$0.7 million) is subject to shareholder's approval at the AGM.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
CONDUCT OF SHAREHOLDER MEETINGS		
16.1 16.3 16.4 16.5	How are the general meetings of shareholders conducted?	<p>The Company's Constitution allows a shareholder of the Company to appoint one or two proxies to attend and vote on behalf of the shareholder at general meetings. The Constitution also allows for voting in absentia by mail, electronic email or facsimile.</p> <p>At an AGM, separate resolutions are set out on distinct issues for approval by shareholders. All resolutions at the Company's general meetings will be voted on by way of poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. The Company Secretary is present to brief the attendees the rules govern the general meetings, including voting procedures, upon request by the shareholder. The proceeding of the AGM is properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. All minutes of general meetings are available to shareholders upon request.</p>

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 of the Catalist Rules in the appointment of its auditors.
1204(8)	Material Contracts	There were no material contracts entered into by the Group involving the interest of any Director, or controlling shareholder, which are either still subsisting at the end of FY2018 or if not then subsisting, entered into since the end of the previous financial year.
1204(10)	Confirmation of adequacy of internal controls	Based on the internal control established, and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FM, as well as reviews performed by Management and the various Board Committees, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2018.

REPORT ON CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES								
Catalist Rule	Rule Description	Company's Compliance or Explanation						
1204(10C)	AC's comment on Internal Audit Function	<p>The Company internal audit function is outsourced to YLA. The internal audit function is independent of the external audit. YLA is staffed with professionals with relevant qualifications and experience. The AC reviews the internal audit function on an annual basis and is satisfied that YLA is adequately qualified, resourced, and being aligned to the International Standards for the professional practice of Internal Auditing issued by the Institute of Internal Auditors, has the appropriate standing in the Company to discharge its duties effectively.</p> <p>Every year, the AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. An internal audit plan entails the review of selected functions of the Group and is developed and agreed by the AC. The internal audit plan has been devised in such a way that all the major functions would be audited within an internal-audit cycle. The AC met with the IA and reviewed the IA's reports, their audit findings and Management's response to those findings for FY2018, the AC is satisfied that the internal audit functions are adequate and effective.</p>						
1204(17)	Interested Persons Transaction ("IPT")	<p>The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.</p> <p>IPTs with value of S\$100,000 or more entered into during FY2018 are as follows:</p> <table border="1"> <thead> <tr> <th>Name of interested person</th> <th>Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th> <th>Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)</th> </tr> </thead> <tbody> <tr> <td>GRP Limited – Management fee expense</td> <td>S\$420,000 (RMB2,031,533)</td> <td>–</td> </tr> </tbody> </table>	Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	GRP Limited – Management fee expense	S\$420,000 (RMB2,031,533)	–
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)						
GRP Limited – Management fee expense	S\$420,000 (RMB2,031,533)	–						

REPORT ON CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
1204(19)	Dealing in Securities	In line with Rule 1204(19) of the Catalist Rules on dealing in securities, the Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Group during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, as the case may be, and ending on the date of announcement of the relevant results. In addition, the Company, Directors and employees of the Group are discouraged from dealing in the Company's shares on short-term considerations. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2018.
1204(22)	Use of Proceeds	There were no outstanding proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board is pleased to present its second Sustainability Report of Starland Holdings Limited (“**Starland**” or “**Company**”). This report has been prepared in accordance with the Global Reporting Initiative (“**GRI**”) Standards, and includes the “Core” reporting requirements.

We are in the property business and our main focus is to ensure we deliver quality products to our customers at all times. We are committed to deliver value by sustaining growth in all areas of our businesses, empower the lives of our staff and nurture the communities where we operate. In addition, we believe in upholding high standards of corporate governance so as to safeguard shareholders’ interests. We adopt a proactive approach towards environmental, health and safety management. Policies and guidelines have been put in place to ensure efficient usage of energy, water and all other resources.

The Board will take into account sustainability issues when formulating business strategies. The Board together with the management team, have identified the material Environmental, Social and Governance (“**ESG**”) factors for Starland. The Board oversees management with regard to the monitoring of these material ESG factors.

OUR APPROACH AND STRATEGY

Sustainability Commitment

This is a part of Starland efforts in gearing towards **SGX-ST** mandated requirement where all listed entities are to report their sustainability performance.

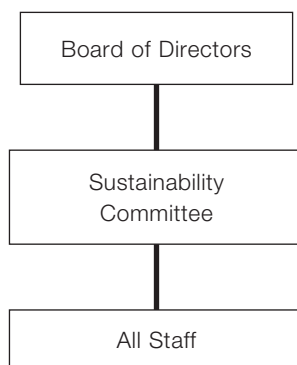
This report covers data and information from 1 January 2018 to 31 December 2018 and discusses the Company’s achievements and performance towards ESG issues.

This report has also been included in our annual report which is available at Starland’s website at www.starland.cc.

SUSTAINABILITY REPORT

Management and Staff involvement in implementing sustainability strategy

Starland has a dedicated sustainability committee, comprising the Executive Director, the General Manager and the Finance Manager (“**Sustainability Committee**”). The Sustainability Committee has open and frequent communication with the Board with regard to sustainability issues. Sustainability and risk management are emphasized in the evaluation of all projects and investment opportunities.



The Board, through the Sustainability Committee, has identified the material ESG factors for Starland and are reflected in our materiality matrix as disclosed below.

Materiality considerations

Based on a Group-wide materiality assessment, we have outlined our strategic sustainability priorities through the following steps:

1. Define key issues which have impact on the execution of our business strategy
2. Identify critical areas that affect our businesses and stakeholders
3. Prioritise these critical factors and validate their importance internally
4. Embed these validated critical factors within our business operation processes, where applicable

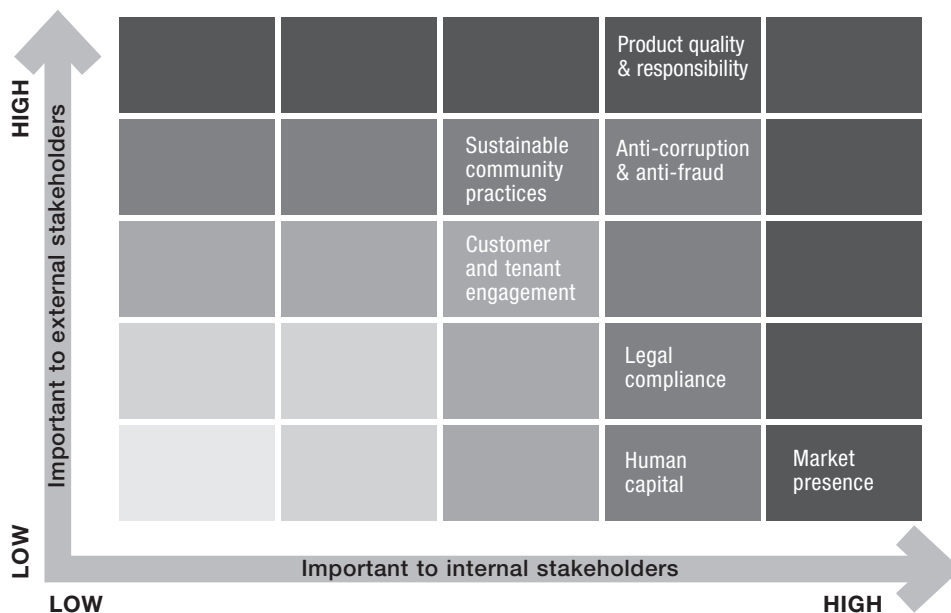
The Sustainability Committee identified the specific ESG factors which are material to the Group based on their knowledge of their respective business areas, the challenges faced by the industry and the corresponding implications on our business and operations.

The committee members also considered the insights that they have gained from their day-to-day engagement with various stakeholders, to establish the direction for our sustainability reporting. The Committee members also engaged in regular dialogue and feedback sessions with the stakeholders. In addition, Starland has regular management and board meetings where business, operational and financial issues and performance were discussed.

Finally, the Sustainability Committee examined and ranked the identified ESG factors in accordance to the interests of the stakeholders.

SUSTAINABILITY REPORT

The following materiality matrix presents the identified material ESG factors. Our sustainability efforts and reporting are based on these factors. The Board of Directors have endorsed the materiality assessment and these priorities are reviewed on a yearly basis.



Our findings and assessment are based on data and information collected for the period from 1 January 2018 to 31 December 2018.

Engaging Stakeholders

While we work on our sustainability efforts, we are mindful to align our business interests with that of our stakeholders, which comprise of those who are impacted by our businesses and operations.

We believe that regular communication is key to a healthy relationship with the stakeholders. Over the years, we have been engaging our stakeholders on a regular basis where we address the key material issues raised by them and furnished them with updates on the identified issues from time to time.

Please refer to the Table 1 on how the Management engages and addresses the expectations and interests of stakeholders.

SUSTAINABILITY REPORT

We have identified six key stakeholder groups based on their relevance to Starland. They play a vital role in our business and long-term strategy. To develop a sustainability strategy that aligns with the stakeholders' expectations, we engaged these groups on environmental, social and governance topics. Our approach towards stakeholder engagement is summarised in the table below.

Table 1

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS
Suppliers	<ul style="list-style-type: none"> Product quality assurance Completion of project on time Supply chain management 	<ul style="list-style-type: none"> Supplier's Code of Conduct Weekly visit/meeting with suppliers when there is on-going construction project
Customers	<ul style="list-style-type: none"> Customer satisfaction Quality products and services Available feedback platforms 	<ul style="list-style-type: none"> Regular dialogue and feedback sessions with Customers
Employees	<ul style="list-style-type: none"> Employee engagement Talent retention and attraction Employee safety and well-being 	<ul style="list-style-type: none"> Regular dialogue sessions with staff Training and development programmes Whistle-blowing policy
Community	<ul style="list-style-type: none"> Doing our part as a corporate citizen 	<ul style="list-style-type: none"> Organise work and feedback sessions to ensure proper disposal of renovation waste
Investors	<ul style="list-style-type: none"> Financial stability Risk management Corporate governance Sustainability efforts 	<ul style="list-style-type: none"> Investor relations website Half-yearly financial results announcements via SGXNet Annual General Meeting
Regulators	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Maintain relationships and communication channels with the relevant government agencies and regulators

SUSTAINABILITY REPORT

OUR FOCUSES, COMMITMENTS AND TARGETS

FOCUSES	IMPACT TO STAKEHOLDERS	2018 PERFORMANCE	COMMITMENTS AND TARGETS
Supply Chain Management <ul style="list-style-type: none"> Engaging our Suppliers Customer satisfaction 	Property purchase is a significant investment to most individuals. Being a significant investment, quality of the property is of ultimate importance to our Customers.	Hold regular dialogue and feedback sessions with Customers and potential Customers so as to address their concerns and areas for improvement. We do regular upgrade of our Singapore Garden project so as to maintain the quality of the property project.	Continue to enhance Customer satisfaction level with improved product quality and service.
Corporate Governance <ul style="list-style-type: none"> Corporate Governance Risk Management 	Compliance with legislation as well as corporate governance, anti-corruption, risk management, environmental, safety, product, and social responsibility.	Results released on 13 August 2018 (First Half FY2018) and 11 February 2019 (Full Year FY2018)	Ensure compliance of all legislation and corporate governance requirements at all times.

SUPPLY CHAIN MANAGEMENT

Product quality and assurance

The Company completed the Jalan Nipah project in Singapore during the year ended 31 December 2018 (“**FY2018**”). This project is a joint development with a third-party construction company, whereby the construction company undertakes the construction and sale of the project.

Currently the Company has no ongoing construction project. The Company will continue to focus on managing and selling its completed mixed development projects in Fuling, Chongqing PRC and the semi-detached house in Singapore.

We hold regular meetings with key suppliers to understand their needs and challenges. We take on their feedback and formulate action plans wherever possible to enhance the sustainability of our partnership.

Our suppliers are carefully selected based on track record. In addition, our suppliers are assessed on their ability to complement our commitment to deliver quality products and services, and adhere to high standards of environmental and social practices in line with the Company’s governance principles.

SUSTAINABILITY REPORT

Customer and tenant engagement

For the Singapore Garden development, the General Manager and his team (“**Fuling management team**”) are in constant engagement with the tenants and residents of Singapore Garden. This year, the Company handed over the service and management of the Singapore Garden project to the Residents Committee. The Company also signed a service and management contract with a third-party company to manage the car parks of the Singapore Garden project in FY2018. The management team, the Residents Committee, the outsourced third-party company, the tenants and the residents hold regular meetings so as to resolve issues and enhance the environment of Singapore Garden. Issues that have been resolved include illegal parking and noise pollution.

The Fuling management team and the Residents Committee of the Singapore Garden project have provided assurance to the residents of the Singapore Garden to create and maintain a pleasant living environment.

Market presence

Property purchase is a significant investment to most individuals. Being a significant investment, quality of the property is of ultimate importance to our customers. The failure to meet customers’ demand on product quality and responsibility will have significant impact on our reputation and future property sales. The Company is committed to provide quality property projects. The Fuling management team has been responsive to feedback from residents and tenants on product quality with regards to the Singapore Garden project.

ENVIRONMENTAL INITIATIVES

Sustainable community practices

The Fuling management team has provided sustainable community practices in the Singapore Garden project.

The team continues to ensure that renovation waste materials are properly disposed of in designated areas.

LABOUR PRACTICES & CONDUCTIVE WORKPLACE

Human capital

The Company has a human capital strategy to recruit, develop and motivate employees. As part of our human rights policy, we treat employees with respect and dignity and fair treatment, irrespective of nationality, race or religion. We abide by labour laws and appropriate guidelines that promote fair employment practices, and we embrace the principles of fair employment. There is strictly no discrimination in the career advancement and recruitment practices. Our recruitment process is based on the Group’s Human Resources policies. There are no preferences for any particular religion, age, ethnicity, race, physical disability or gender. We promote healthy competition and a performance-driven environment where employees are rewarded based on merit, competence and experience. We also believe in the benefits of re-employing older workers to retain and tap their wealth of experience.

SUSTAINABILITY REPORT

We have a corporate Code of Business Conduct and Ethics Policy in place, which establishes acceptable standards of behaviour and outlines the Group's values for all employees. The key objective is to promote responsible workplace behaviour and maintain a strong ethical climate among all employees. Employees are required to observe all relevant Group policies and practices.

Anti-corruption and anti-fraud

The Company maintains a zero-tolerance stance towards any unethical and corrupt practices, so as to protect the interests of our stakeholders and prevent reputational damage.

The management has put in place effective monitoring and management control systems to detect bribery or fraud directly at the source. We have established a direct whistleblowing channel through email for employees and any other concerned stakeholders such as residents of our completed projects, suppliers, competitors and contractors to lodge any complaints and grievances to our Audit Committee Chairman.

By doing so, our stakeholders can be assured that all reports or suspicions of potential breaches of our Code of Ethics are taken seriously by the Company. Our stakeholders can reach our Audit Committee Chairman Mr Foong Daw Ching via his email address at dawching23@gmail.com.

Over the reporting period, there was no reported incident of corruption or fraud.

Legal Compliance

The Management recognises that a material breach of any law or regulation could have significant impact and result in irreversible reputational damage or lead to other costly liabilities. We adhere to the highest standards of corporate governance practices which ensure compliance to all applicable laws and regulations.

The Company has put in place policies and procedures to ensure compliance with the relevant laws and regulations. This includes those relating to Singapore Land Authority ("**SLA**") in Singapore and Real Estate Management Bureau of Fuling, Chongqing (重庆市涪陵区房地产业管理局) in the PRC. At the corporate level, we also ensure that we are in compliance with the Listing Rules of SGX-ST, Securities and Futures Act and Singapore Companies Act.

In FY2018, there was no material breach of relevant local laws and regulations.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
GENERAL DISCLOSURE		
Organisational Profile		
102-1	Name of Organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Profile
102-3	Location of headquarters	Corporate Information [Page 92]
102-4	Location of operations	Corporate Information [Page 92]
102-5	Ownership and legal form	Corporate Information [Page 92]
102-6	Markets served	Corporate Profile
102-7	Scale of the organisation	Human capital [Page 71] Financial Statements [Page 78-145]
102-8	Information on employees and other workers	Page 71
102-9	Supply chain	Page 70
102-10	Significant changes to the organisation and its supply chain	None in FY18
102-11	Precautionary principle or approach	NA
102-12	External initiatives	Starland has not adopted any external initiatives
102-13	Membership of associations	NA
Strategy		
102-14	Statement from senior decision-maker	Board Statement [Page 66]
102-15	Key impacts, risks, and opportunities	Page 67
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Page 66
102-17	Mechanisms for advice and concerns about ethics	Page 71
Governance		
102-18	Governance structure	Page 15-65
102-19	Delegating authority	Page 67

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
102-20	Executive-level responsibility for economic, environmental	Page 67
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 68
102-22	Composition of the highest governance body and its committees	Page 17
102-23	Chair of the highest governance body	Page 16
102-24	Nominating and selecting the highest governance body	Page 17
102-25	Conflicts of interest	N.A.
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 17
102-27	Collective knowledge of highest governance body	Page 23
102-28	Evaluating the highest governance body's performance	Page 28-29
102-29	Identifying and managing economic, environmental, and social impacts	Page 66
102-30	Effectiveness of risk management processes	Page 50
102-31	Review of economic, environmental, and social topics	Page 66-77
102-32	Highest governance body's role in sustainability reporting	Page 66
102-33	Communicating critical concerns	NA
102-34	Nature and total number of critical concerns	NA
102-35	Remuneration policies	Page 45-47
102-36	Process for determining remuneration	Page 45
102-37	Stakeholders' involvement in remuneration	NA
102-38	Annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment
102-39	Percentage increase in annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 69. Starland's largest stakeholder group will be its customers and tenants
102-41	Collective bargaining agreements	Starland has not adopted any collective bargaining agreement
102-42	Identifying and selecting stakeholders	Page 68
102-43	Approach to stakeholder engagement	Page 68
102-44	Key topics and concerns raised	Page 69
102-45	Entities included in the consolidated financial statements	Page 13
102-46	Defining report content and topic boundaries	Page 68
102-47	List of material topics	Page 68
102-48	Restatements of information	N.A.
102-49	Changes in reporting	N.A.
102-50	Reporting period	Page 66
102-51	Date of most recent report	Page 66
102-52	Reporting cycle	Page 68
102-53	Contact point for questions	Page 14
102-54	Claims for reporting in accordance with the GRI standards	Page 66
102-55	GRI content index	Page 73-77
102-56	External assurance	NA
Management approach		
103-1	Explanation of the material topic and its boundary	Page 67-68
103-2	The management approach and its components	Page 66
103-3	Evaluation of the management approach	Page 66

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
MATERIAL FACTORS AND PERFORMANCE DATA		
Category: Economic		
Topic: Economic Performance		
201-1	Direct economic value generated and distributed	NA
201-2	Financial implications and other risks and opportunities due to climate change	NA
201-3	Defined benefit plan obligations and other retirement plans	Page 104, Page 139
201-4	Financial assistance received from government	NA
Topic: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	NA
202-2	Proportion of senior management hired from the local community	The assistant general manager was hired from the local community
Topic: Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	NA
203-2	Significant indirect economic impacts	NA
Topic: Procurement Practices		
204-1	Proportion of spending on local suppliers	Starland's major supplier is currently an outsourced cleaning contractor responsible for the cleanliness of the Singapore Garden project
Topic: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Page 71
205-2	Communication and training about anti-corruption policies and procedures	Page 71
205-3	Confirmed incidents of corruption and actions taken	NA
Topic: Anti-competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	NA

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Topic: Effluents and Waste		
306-2	Waste by type and disposal method	Page 71
Topic: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Page 70
Aspect: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There are no known incidents of complaints from our customers concerning breaches of privacy and loss of data

Note:

Starland takes a phased approach to the adoption of the GRI indicators and will review annually for their relevance/ applicability indicators marked "NA".

DIRECTORS' STATEMENTS

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Starland Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”), and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Foong Daw Ching
Low Wai Cheong
Kwan Chee Seng
Peng Peck Yen
Tan Chade Phang

In accordance with Article 89 of the Company’s Constitution, Low Wai Cheong and Tan Chade Phang retire and, being eligible, offer themselves for re-election.

Arrangements to enable directors to acquire shares and debentures

Except as described in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENTS

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Number of Ordinary Shares			
	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<u>Ultimate Holding Company</u>				
GRP Limited				
Kwan Chee Seng ⁽¹⁾	62,294,640	64,064,440	–	–
Peng Peck Yen	18,000	18,000	–	–
Low Wai Cheong	46,400	46,400	–	–
<u>The Company</u>				
(Ordinary shares)				
Kwan Chee Seng ⁽¹⁾	6,921,713	6,921,713	120,376,155	120,376,155
Peng Peck Yen	2,040	2,040	–	–
Low Wai Cheong	7,888	7,888	–	–

(1) Mr Kwan Chee Seng has a shareholding interest of 33.07% in GRP Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Mr Kwan Chee Seng is deemed to be interested in the ordinary shares of the Company held by GRP Chongqing Land Pte. Ltd. ("**GRP CHQ**"), a wholly owned subsidiary of GRP Limited.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2019.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

DIRECTORS' STATEMENTS

Share options

(a) *Options to take up unissued shares*

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) *Options exercised*

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) *Unissued shares under option*

At the end of financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

- Foong Daw Ching (AC Chairman)
- Low Wai Cheong (Member)
- Tan Chade Phang (Member)

The AC carried out its functions in accordance with section 201B (5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditor's evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors.
- Reviewed the half-yearly and annual financial statements and the auditor's report on the annual financial statements of the Group and the Company before their submission to the board of directors.
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor.
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC.

DIRECTORS' STATEMENTS

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor.
- Reviewed the nature and extent of non-audit services provided by the external auditor.
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit.
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate.
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditor. The AC has also conducted a review of interested person transactions.

The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the board of directors:

Foong Daw Ching
Director

Peng Peck Yen
Director

Singapore

2 April 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Starland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2018, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) 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 2018 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.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018
Independent Auditor's Report to the Members of Starland Holdings Limited

Valuation of properties held for sale and development property

As at 31 December 2018, the Group's properties held for sale and development property amounted to RMB67,798,000, which represented 30% of the Group's current assets. The properties held for sale relate to completed properties held for sale in Chongqing, People's Republic of China (PRC) and a freehold land included in a developed residential project in Singapore. The development property relates to a leasehold land in Chongqing, PRC. The Group's properties are stated at the lower of cost and net realisable value. The estimated net realisable value of the Group's properties is dependent on the Group's expectation of future selling prices, performance of PRC's and Singapore's property markets and the Group's business plans. A slowdown in economic activity in the PRC or in Singapore might exert downward pressure on transaction volumes as well as property prices. This could lead to future trends in the market departing from known trends based on past experience. Accordingly, the determination of the net realisable value of the Group's properties require management to exercise judgement taking into consideration various internal and external market factors. Therefore, there is a risk that the properties are not carried at the appropriate values and the eventual net realisable values could be lower than the amount estimated by management. Accordingly, we identified this to be a key audit matter.

We assessed the reasonableness of the estimated net realisable value for the properties held for sale in Chongqing, PRC and Singapore derived by management by comparing them to recently transacted prices or prices of comparable properties located in the same vicinity of the property projects and taking into account the prevailing macroeconomic and real estate trend in the PRC and Singapore. We also assessed the adequacy of the disclosures related to properties held for sale in Note 8 to the financial statements.

For the leasehold land in Chongqing, PRC, we compared the carrying value of the leasehold land to recently transacted prices of comparable properties in the same vicinity published on the PRC government's official websites. Further, we assessed the adequacy of the disclosures related to the development property in Note 9 to the financial statements.

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018
Independent Auditor's Report to the Members of Starland Holdings Limited

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018
Independent Auditor's Report to the Members of Starland Holdings Limited

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2018
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Wei Hock.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

2 April 2019

BALANCE SHEETS

As at 31 December 2018

	Note	Group			Company		
		31/12/18 RMB'000	31/12/17 RMB'000	01/01/17 RMB'000	31/12/18 RMB'000	31/12/17 RMB'000	01/01/17 RMB'000
ASSETS							
Current assets							
Cash and bank balances	6	150,909	139,134	100,711	51,592	291	322
Trade and other receivables and deposits	7	4,589	7,610	3,974	29,361	15,211	15,286
Held for trading equity securities		2,377	–	–	2,377	–	–
Properties held for sale	8	58,932	65,200	134,159	–	–	–
Development properties	9	8,866	37,337	37,174	–	–	–
Total current assets		225,673	249,281	276,018	83,330	15,502	15,608
Non-current assets							
Equipment	10	107	138	274	9	13	17
Investment in subsidiaries	11	–	–	–	9,773	9,773	9,773
Deferred tax assets	12	836	846	891	–	–	–
Total non-current assets		943	984	1,165	9,782	9,786	9,790
Total assets		226,616	250,265	277,183	93,112	25,288	25,398
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	13	13,096	36,326	26,692	39,264	57,262	32,043
Income tax payable		34,318	22,989	48,201	–	–	–
Loans and borrowings	14	10,134	20,749	38,206	–	–	13,422
Total current liabilities		57,548	80,064	113,099	39,264	57,262	45,465
Non-current liabilities							
Deferred tax liabilities	12	2,383	9,498	8,296	–	–	–
Total non-current liabilities		2,383	9,498	8,296	–	–	–
Capital and reserves							
Share capital	15	24,471	24,471	24,471	24,471	24,471	24,471
Other reserves	16	108,367	107,441	107,397	2,334	617	628
Retained earnings/ (accumulated losses)		33,847	28,791	23,920	27,043	(57,062)	(45,166)
Total equity		166,685	160,703	155,788	53,848	(31,974)	(20,067)
Total liabilities and equity		226,616	250,265	277,183	93,112	25,288	25,398

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	Group	
		2018 RMB'000	2017 RMB'000
Revenue	17	67,096	101,071
Cost of sales		(51,890)	(69,834)
Gross profit		15,206	31,237
Other income	18	13,668	376
Interest income	19	3,149	1,514
Other expenses	20	(5,215)	(6,422)
Finance costs	21	(1,152)	(1,192)
Selling expenses		(234)	(819)
Administrative expenses		(11,600)	(11,477)
Profit before tax	22	13,822	13,217
Income tax expenses	23	(4,660)	(8,158)
Profit for the year attributable to owners of the Company		9,162	5,059
Other comprehensive income:			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation		288	(144)
Total comprehensive income for the year attributable to owners of the Company		9,450	4,915
Basic and diluted earnings per share (RMB cents)	24	6.33	3.50

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Group	Share capital RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2017							
(FRS framework)	24,471	99,027	628	7,742	(943)	24,863	155,788
Cumulative effects of adopting SFRS(I)	–	–	–	–	943	(943)	–
At 1 January 2017							
(SFRS(I) framework)	24,471	99,027	628	7,742	–	23,920	155,788
Profit for the year	–	–	–	–	–	5,059	5,059
Other comprehensive income	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	(144)	–	(144)
Total comprehensive income for the year	–	–	–	–	(144)	5,059	4,915
Others	–	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	188	–	(188)	–
At 31 December 2017	24,471	99,027	628	7,930	(144)	28,791	160,703
Profit for the year	–	–	–	–	–	9,162	9,162
Other comprehensive income	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	288	–	288
Total comprehensive income for the year	–	–	–	–	288	9,162	9,450
Contributions by and distributions to owners	–	–	–	–	–	–	–
Dividends on ordinary shares	–	–	–	–	–	(3,468)	(3,468)
Others	–	–	–	–	–	–	–
Transfer to statutory reserve	–	–	–	638	–	(638)	–
At 31 December 2018	24,471	99,027	628	8,568	144	33,847	166,685

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2018

Company	Share capital RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2017					
(FRS framework)	24,471	628	(184)	(44,982)	(20,067)
Cumulative effects of adopting SFRS(I)	–	–	184	(184)	–
At 1 January 2017					
(SFRS(I) framework)	24,471	628	–	(45,166)	(20,067)
Loss for the year	–	–	–	(11,896)	(11,896)
Other comprehensive income					
Foreign currency translation	–	–	(11)	–	(11)
Total comprehensive income for the year	–	–	(11)	(11,896)	(11,907)
At 31 December 2017	24,471	628	(11)	(57,062)	(31,974)
Profit for the year	–	–	–	87,573	87,573
Other comprehensive income					
Foreign currency translation	–	–	1,717	–	1,717
Total comprehensive income for the year	–	–	1,717	87,573	89,290
Contributions by and distributions to owners					
Dividends paid	–	–	–	(3,468)	(3,468)
At 31 December 2018	24,471	628	1,706	27,043	53,848

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2018

	Note	Group	
		2018 RMB'000	2017 RMB'000
Operating activities			
Profit before tax		13,822	13,217
Adjustments for:			
Depreciation	10	42	136
Amortisation of land use right	22	298	305
Properties held for sale written down	22	–	117
Fair value loss on held for trading equity securities	20	5,916	–
Interest income	19	(3,149)	(1,514)
Interest expense	21	1,152	1,192
Gain on disposal of equipment		(39)	–
Gain from settlement agreement with ayondo	18	(13,287)	–
Unrealised foreign exchange differences		57	168
Operating cash flows before changes in working capital			
		4,812	13,621
Decrease in properties held for sale		7,334	68,842
Decrease/(increase) in development properties		28,099	(76)
Decrease/(increase) in trade and other receivables and deposits		2,724	(3,195)
Decrease in trade and other payables		(4,897)	(6,562)
Cash flows generated from operations			
		38,072	72,630
Interest received		3,446	1,073
Interest paid		(1,152)	(1,192)
Income tax paid		(436)	(32,123)
Net cash flows generated from operating activities			
		39,930	40,388
Investing activities			
Purchase of equipment	10	(29)	–
Proceeds from disposal of equipment		57	–
Proceeds from ayondo settlement agreement		5,113	–
Net cash flows generated from investing activities			
		5,141	–
Financing activities			
(Increase)/decrease in bank deposits pledged		(1,593)	25,074
Dividends paid	25	(3,468)	–
Proceeds from drawdown of loans and borrowings		5,366	10,144
(Repayment)/due to ultimate holding company		(19,026)	16,134
Repayment of loans and borrowings		(17,031)	(28,305)
Net cash flows (used in)/generated from financing activities			
		(35,752)	23,047
Net increase in cash and cash equivalents		9,319	63,435
Effect of foreign exchange rate changes		735	62
Cash and cash equivalents at beginning of financial year		124,497	61,000
Cash and cash equivalents at end of financial year			
		134,551	124,497

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. CORPORATE INFORMATION

Starland Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Republic of Singapore with its registered office at 80 Robinson Road, #02-00, Singapore 068898 and principal place of business at 8 Marina Boulevard, Marina Bay Financial Centre Tower 1, #13-02 Singapore 018981. On 27 April 2012, the Company was listed on Catalyst, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited.

The principal activity of the Company is that of an investment holding company.

The principal activities of the subsidiaries are disclosed in Note 11 to the financial statements.

The Company’s immediate holding company is GRP Chongqing Land Pte Ltd (“GRP Chongqing”), a company incorporated in Singapore. GRP Chongqing’s ultimate holding company is GRP Limited (“GRP”), a company incorporated in Singapore.

As at 31 December 2018, GRP Chongqing owns 83.17% of the issued and paid-up ordinary shares in the share capital of the Company.

Termination of proposed investment in ayondo Holding AG

The Company had announced on 25 September 2017 that the Sale and Purchase Agreement (“SPA”) regarding the proposed acquisition of the equity interest of ayondo Holding AG (“ayondo”) (the “Proposed Acquisition”) was ceased on 30 September 2017. Accordingly, the Company’s announcement dated 23 September 2016 in relation to the agreement between the Company and the Subscribers (the “Subscription Agreement”) regarding the proposed subscription of 134,943,181 new ordinary shares of the Company (“Proposed Placement”) and the Company’s announcement dated 23 September 2016 in relation to the agreement between GRP Limited and the Company (the “Disposal SPA”) regarding the proposed disposal of the entire share capital of Starland Axis Pte. Ltd. and Starland Commercial Trading Pte. Ltd. (the “Proposed Disposal”) had also lapsed and ceased to have further effect on 30 September 2017.

Settlement agreements with ayondo

On 30 October 2017, the Company announced that the Company and ayondo had agreed to convert S\$0.992 million (RMB4.86 million) in expenses incurred and paid by the Company in relation to the Proposed Acquisition plus interest of S\$0.035 million (RMB0.17 million) into a redeemable convertible loan (“RCL”) amounting to S\$1.027 million (RMB5.03 million) (the “RCL Settlement agreement”). The Company has the option to elect to convert the RCL into new ordinary shares of ayondo at an agreed conversion price of 33% discount to the IPO price of ayondo upon its successful listing (the “IPO”), or in the event the RCL is not converted into shares, the Company would receive full repayment from ayondo for the RCL plus all accrued and unpaid interest in cash by no later than 30 September 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

1. CORPORATE INFORMATION (CONTINUED)

Settlement agreements with ayondo (Continued)

The Company and ayondo had also agreed to issue new ordinary shares of ayondo, at an agreed conversion price of 33% discount to the IPO price, as reimbursement of S\$1.141 million (RMB5.59 million) of expenses ("Acquisition Expenses") incurred by the Group in connection with the Proposed Acquisition (the "Conversion Settlement agreement"). Upon the conversion of the Acquisition Expenses into new ordinary shares, ayondo shall be released and discharged from any and all further payment obligations in respect of the Acquisition Expenses. In the event that the IPO does not occur prior to 30 September 2018, the Conversion Settlement shall cease and ayondo will not be required to reimburse the Company for the Acquisition Expenses.

As at 31 December 2017, the Company had not recognised any financial assets arising from the settlement agreements due to uncertainty in their recoverability.

On 23 March 2018, the Company announced that ayondo had registered its offer document on 15 March 2018 for its expected listing on the Catalist board of the Singapore Exchange Securities Trading Limited on 26 March 2018. In relation to the RCL Settlement agreement, the Company had elected not to convert the RCL into shares of ayondo. Pursuant thereto all the RCL amounts and all accrued and unpaid interest were paid to the Company in cash. In relation to the Conversion Settlement agreement, the Acquisition Expenses were automatically converted into 6,547,324 new ayondo shares and issued to the Company in full settlement of the Acquisition Expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 ***Basis of preparation***

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)).

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Renminbi ("RMB") and all values in the tables are rounded to the nearest thousand (RMB'000) as indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 *First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I))*

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 January 2017, the Group's and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemption:

- Cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, RMB943,000 and RMB184,000 were adjusted against the Group's and the Company's respective opening retained earnings as at 1 January 2017.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 <i>Leases</i>	1 January 2019
SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 *Standards issued but not yet effective (Continued)*

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 is described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemption for lessees – leases of ‘low value’ assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group’s lease arrangement as a lessee relates primarily to its land use right in PRC for a development property. As all operating lease payments associated with the land use right were paid upfront, the Group does not expect its current accounting for the asset to change significantly when the new standard becomes effective. The Group plans to adopt the new standard on the required effective date and is in the process of performing a detailed analysis including the transition options, practical expedients and recognition exemptions available under the standard.

2.4 *Basis of consolidation and business combinations*

(a) **Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 *Basis of consolidation and business combinations (Continued)*

(a) **Basis of consolidation (Continued)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) **Business combinations**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with SFRS(I) 9 in profit or loss.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 *Basis of consolidation and business combinations (Continued)*

(b) **Business combinations (Continued)**

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.
- Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 *Foreign currency*

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is Singapore Dollars (“S\$”). The financial statements are presented in Renminbi as the Group’s operations are mainly in the People’s Republic of China (“PRC”).

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of entities whose functional currency differs from the presentation currency are translated into Renminbi at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Equipment*

All items of equipment are initially recorded at cost. Subsequent to recognition, equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying equipment. The cost of an item of equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	–	3 to 4 years
Furniture, fixtures and equipment	–	5 years

The carrying values of equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the period the asset is derecognised.

2.7 *Development properties*

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of development properties comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties held for sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 *Development properties (Continued)*

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.8 *Properties held for sale*

Completed properties held for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised to the unsold properties with such apportionment based on floor area.

Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or estimated by management in the absence of comparable transactions taking into consideration prevailing market conditions.

2.9 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income and fair value through profit or loss. The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 *Financial instruments (Continued)*

(a) **Financial assets (Continued)**

Subsequent measurement (Continued)

Investments in equity instruments

For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 *Financial instruments (Continued)*

(c) ***Offsetting of financial instruments***

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.12 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

2.13 ***Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank and on hand.

2.14 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.16 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.17 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations of the PRC government, the PRC entities of the Group ("PRC Subsidiaries") have participated in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged as an expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 *Employee benefits (Continued)*

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.18 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.19 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2.20 *Revenue*

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue (Continued))

(a) **Sale of properties held for sale and development properties**

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms and the practices in the legal jurisdictions.

(b) **Rendering of services**

Property management fee income and service income are recognised over the period when services are rendered.

(c) **Interest income**

Interest income is recognised using the effective interest method.

(d) **Rental income**

Rental income arising from properties held for sale is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

2.21 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) **Deferred tax (Continued)**

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Taxes (Continued)

(b) **Deferred tax (Continued)**

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) **Sales tax**

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.22 **Share capital and share issuance expenses**

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.23 **Contingencies**

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Contingencies (Continued)

- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognised in the financial statements of the period in which the change occurs.

2.24 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 *Related parties (Continued)*

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

(a) *Determination of functional currency*

SFRS(I) 1-21 *The Effects of Changes in Foreign Exchange Rates* requires the Company and each of the entities in the Group to determine its functional currency in preparing the financial statements. When determining its functional currency, the Company and the entities in the Group consider the primary economic environment in which each of them operates i.e. the one in which it primarily generates and expends cash. The Company and the entities in the Group may also consider where the funds from financing activities are generated. Management applied its judgement and determined that the functional currency of the Company is Singapore Dollars on the basis that its funding is denominated in Singapore Dollars and its transactions are mainly in Singapore Dollars.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Estimation of net realisable value of development properties and properties held for sale

Development properties and properties held for sale are stated at the lower of cost and estimated net realisable value (NRV) in accordance with the accounting policies in Notes 2.7 and 2.8.

Development properties and properties held for sale are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The carrying amounts of the development properties and properties held for sale stated at the lower of cost and estimated net realisable value as at 31 December 2018 were RMB8,866,000 (31/12/17: RMB37,337,000, 01/01/17: RMB37,174,000) and RMB58,932,000 (31/12/17: RMB65,200,000, 01/01/17: RMB134,159,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets						
Loans and receivables (including cash and bank balances) carried at amortised cost	155,404	146,642	103,840	80,953	15,502	14,865
Held for trading equity securities carried at fair value through profit or loss	2,377	-	-	2,377	-	-
Financial liabilities						
Financial liabilities carried at amortised cost	15,354	44,591	50,093	39,264	57,262	45,465

(b) *Financial risk management policies and objectives*

Management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

(i) Foreign currency risk

The Group's transactions are largely denominated in Renminbi. The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge its foreign exchange risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(i) Foreign currency risk (Continued)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of the Group entities are as follows:

	Assets			Liabilities		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
HKD	-	-	-	-	-	61
CHF	-	-	-	-	-	308
EUR	-	-	-	-	-	78
GBP	-	-	-	-	-	21
USD	478	371	371	-	-	-
Company						
HKD	-	-	-	-	-	61
CHF	-	-	-	-	-	308
EUR	-	-	-	-	-	78
GBP	-	-	-	-	-	21
USD	-	-	-	-	-	2,227

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD exchange rate against the respective functional currencies of the Group entities, with all other variables held constant.

		2018 RMB'000 Profit before tax	2017 RMB'000 Profit before tax
Increase/(decrease):			
RMB/USD	- strengthened 5%	(24)	(19)
	- weakened 5%	24	19

The sensitivity rate used when reporting foreign currency risk to key management personnel is 5%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from loans and borrowings and bank deposits.

The Group monitors its interest cost regularly and may prepay its interest-bearing loans or source for other loans and borrowings with lower interest rates.

An increase in 100 basis point in interest rate at the reporting date would increase the Group's profit before tax by approximately RMB62,000 (2017: an increase in 100 basis point in interest rate at the reporting date would decrease the Group's profit before tax by approximately RMB61,000).

(iii) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from deposits. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are generally fully settled concurrent with delivery of properties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

The Group's maximum exposure to credit risk comprises the sum of the carrying amounts of financial assets recorded in the financial statements.

Financial assets that are neither past due nor impaired

Other receivables that are neither past due nor impaired are with creditworthy debtors. Cash and bank balances are placed with reputable financial institutions.

Financial assets that are either past due or impaired

The Group has no financial assets that are past due or impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows, and having adequate amounts of committed credit facilities.

At 31 December 2018, the Group has committed borrowing facilities of S\$2,778,000 (approximately RMB14,006,000) (31/12/17: S\$5,928,000, approximately RMB28,874,000, 01/01/17: S\$5,928,000, approximately RMB28,473,000) to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Approximately 100% (31/12/17 and 01/01/17: 100%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

The Group has assessed the refinancing risk of its debts to be low.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	31 December 2018			Total RMB'000
	One year or less RMB'000	Two to five years RMB'000	Over five years RMB'000	
Financial assets:				
Cash and bank balances	150,909	–	–	150,909
Trade receivables	2,669	–	–	2,669
Other receivables and deposits	1,826	–	–	1,826
Total undiscounted financial assets	155,404	–	–	155,404
Financial liabilities:				
Trade payables	1,514	–	–	1,514
Other payables and accruals	3,706	–	–	3,706
Loans and borrowings	10,248	–	–	10,248
Total undiscounted financial liabilities	15,468	–	–	15,468
Total net undiscounted financial assets	139,936	–	–	139,936

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk (Continued)

Group	31 December 2017			Total RMB'000
	One year or less RMB'000	Two to five years RMB'000	Over five years RMB'000	
Financial assets:				
Cash and bank balances	139,239	–	–	139,239
Trade receivables	4,964	–	–	4,964
Other receivables and deposits	2,544	–	–	2,544
Total undiscounted financial assets	146,747	–	–	146,747
Financial liabilities:				
Trade payables	10	–	–	10
Other payables and accruals	23,832	–	–	23,832
Loans and borrowings	21,113	–	–	21,113
Total undiscounted financial liabilities	44,955	–	–	44,955
Total net undiscounted financial assets	101,792	–	–	101,792

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk (Continued)

Group	1 January 2017			Total RMB'000
	One year or less RMB'000	Two to five years RMB'000	Over five years RMB'000	
Financial assets:				
Cash and bank balances	101,055	–	–	101,055
Other receivables and deposits	3,129	–	–	3,129
Total undiscounted financial assets	104,184	–	–	104,184
Financial liabilities:				
Trade payables	4	–	–	4
Other payables and accruals	11,883	–	–	11,883
Loans and borrowings	38,954	–	–	38,954
Total undiscounted financial liabilities	50,841	–	–	50,841
Total net undiscounted financial assets	53,343	–	–	53,343

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk (Continued)

Company	31 December 2018			Total RMB'000
	One year or less RMB'000	Two to five years RMB'000	Over five years RMB'000	
Financial assets:				
Cash and bank balances	51,592	–	–	51,592
Due from subsidiaries and deposits	29,361	–	–	29,361
Total undiscounted financial assets	80,953	–	–	80,953
Financial liabilities:				
Due to subsidiaries	38,051	–	–	38,051
Due to ultimate holding company	443	–	–	443
Other payables and accruals	770	–	–	770
Total undiscounted financial liabilities	39,264	–	–	39,264
Total net undiscounted financial liabilities	41,689	–	–	41,689

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk (Continued)

Company	31 December 2017			Total RMB'000
	One year or less RMB'000	Two to five years RMB'000	Over five years RMB'000	
Financial assets:				
Cash and bank balances	291	–	–	291
Due from subsidiaries and deposits	15,211	–	–	15,211
Total undiscounted financial assets	15,502	–	–	15,502
Financial liabilities:				
Due to subsidiaries	36,610	–	–	36,610
Due to ultimate holding company	18,776	–	–	18,776
Other payables and accruals	1,876	–	–	1,876
Total undiscounted financial liabilities	57,262	–	–	57,262
Total net undiscounted financial liabilities	(41,760)	–	–	(41,760)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(iv) Liquidity risk (Continued)

Company	1 January 2017			Total RMB'000
	One year or less RMB'000	Two to five years RMB'000	Over five years RMB'000	
Financial assets:				
Cash and bank balances	322	–	–	322
Due from subsidiaries	14,543	–	–	14,543
Total undiscounted financial assets	14,865	–	–	14,865
Financial liabilities:				
Due to subsidiaries	24,268	–	–	24,268
Due to ultimate holding company	2,580	–	–	2,580
Other payables and accruals	5,195	–	–	5,195
Loans and borrowings	13,623	–	–	13,623
Total undiscounted financial liabilities	45,666	–	–	45,666
Total net undiscounted financial liabilities	(30,801)	–	–	(30,801)

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited in Singapore and are classified as held for trading financial assets. The Group does not have exposure to commodity price risk.

At the end of the reporting period, if the price of the shares held had been 2% higher/lower with all other variables held constant, the Group's profit before tax would have been RMB48,000 (2017: Nil) higher/lower, arising as a result of higher/lower fair value gains on held for trading equity securities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(b) *Financial risk management policies and objectives (Continued)*

(vi) Fair value of financial assets and financial liabilities

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The following table shows an analysis of financial assets measured at fair value at the end of the reporting period:

	Group and Company 31/12/18 RMB'000	
	Fair value measurements at the end of the reporting period using Quoted prices in active markets for identical assets (Level 1)	
	Carrying amount	Carrying amount
Financial assets measured at fair value:		
<u>Held for trading equity securities</u>		
Quoted equity securities	2,377	2,377
	2,377	2,377

Cash and bank balances (Note 6), trade and other receivables and deposits (excludes advances to suppliers and prepayments) (Note 7), trade and other payables (Note 13) and loans and borrowings – current (Note 14)

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates at or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

(c) *Capital management*

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity structure.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, advances from a director, less cash and bank balances. Capital includes equity attributable to owners of the Company less the above-mentioned restricted statutory reserve fund.

	31/12/18	Group 31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000
Loans and borrowings (Note 14)	10,134	20,749	38,206
Trade payables (Note 13)	1,514	10	4
Other payables and accruals (Note 13)	11,582	36,316	26,688
Less: Cash and bank balances (Note 6)	(150,909)	(139,134)	(100,711)
	<u>(127,679)</u>	<u>(82,059)</u>	<u>(35,813)</u>
Equity attributable to owners of the Company	166,685	160,703	155,788
Less: Statutory reserve fund	(8,568)	(7,930)	(7,742)
Total capital	<u>158,117</u>	<u>152,773</u>	<u>148,046</u>
Capital and net debt	<u>30,438</u>	<u>70,714</u>	<u>112,233</u>
Gearing ratio	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The Group reviews the capital structure on an annual basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital. The Group's overall strategy remains unchanged from prior period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

5. RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2018	2017
	RMB'000	RMB'000
Rental income received from a fellow subsidiary	108	108
Management fee expenses paid to the ultimate holding company	2,032	2,059
Compensation of key management personnel		
Short-term benefits	2,375	2,271
Defined contribution plans	110	123
	<u>2,485</u>	<u>2,394</u>
<i>Comprise amounts paid to:</i>		
Directors of the Company	590	589
Other key management personnel	1,895	1,805
	<u>2,485</u>	<u>2,394</u>

6. CASH AND BANK BALANCES

	Group			Company		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	26	29	20	–	–	1
Cash at bank	134,525	124,468	60,980	51,592	291	321
Deposits pledged	16,358	14,637	39,711	–	–	–
Cash and bank balances	<u>150,909</u>	<u>139,134</u>	<u>100,711</u>	<u>51,592</u>	<u>291</u>	<u>322</u>

Fixed deposit including interest earned, of S\$990,000 (approximately RMB4,991,000) (31/12/17: S\$780,000, approximately RMB3,798,000, 01/01/17: S\$778,000, approximately RMB3,735,000) and RMB11,300,000 (31/12/17: RMB10,772,000, 01/01/17: RMB35,976,000) are pledged with the bank to secure loans and borrowings as disclosed in Note 14.

RMB67,000 (31/12/17 and 01/01/17: RMB67,000) is pledged with a bank in the PRC to secure bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

6. CASH AND BANK BALANCES (CONTINUED)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following as at the end of the reporting period:

	31/12/18	Group 31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000
Cash and bank balances	150,909	139,134	100,711
Less: Deposits pledged	(16,358)	(14,637)	(39,711)
Cash and cash equivalents	134,551	124,497	61,000

The Group's cash and bank balances that are denominated in the foreign currencies of the respective entities are as follows:

	Group			Company		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
United States dollars	478	371	371	-	-	-

7. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	Group			Company		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,669	4,964	-	-	-	-
Other receivables from third parties	1,709	1,931	2,979	-	-	-
Other receivables from subsidiaries	-	-	-	29,334	15,186	14,543
Deposits	27	32	10	27	25	-
Interest receivable from fixed deposit	90	581	140	-	-	-
Financial assets measured at amortised cost	4,495	7,508	3,129	29,361	15,211	14,543
Advances to suppliers	94	94	94	-	-	-
Prepayments	-	8	751	-	-	743
Other current assets	94	102	845	-	-	743
Total trade receivables, other receivables and deposits	4,589	7,610	3,974	29,361	15,211	15,286

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

7. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

Trade receivables from third parties

Trade receivables are interest-free, repayable on demand and unsecured.

Other receivables from third parties and subsidiaries

Other receivables are interest-free, repayable on demand and unsecured.

8. PROPERTIES HELD FOR SALE

	31/12/18	Group	01/01/17
	RMB'000	31/12/17	RMB'000
		RMB'000	RMB'000
At cost or net realisable value	58,932	65,200	134,159

Properties held for sale as at 31 December 2018 are as follows:

Location	Description	Gross floor area	Group's
		(sq. meters)	effective
			interest
89 Julong Avenue, Lidu, Fuling District, Chongqing, PRC	Commercial units and carpark units	4,838	100%
8 Wubao Road, Fuling District, Chongqing, PRC	Residential units, commercial units and carpark units	12,414	100%
10 Jalan Nipah, Singapore	Semi-detached unit	388	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

8. PROPERTIES HELD FOR SALE (CONTINUED)

Properties held for sale as at 31 December 2017 are as follows:

Location	Description	Gross floor area (sq. meters)	Group's effective interest
89 Julong Avenue, Lidu, Fuling District Chongqing, PRC	Commercial units and carpark units	5,046	100%
8 Wubao Road, Fuling District Chongqing, PRC	Residential units, commercial units and carpark units	18,605	100%

Properties held for sale as at 1 January 2017 are as follows:

Location	Description	Gross floor area (sq. meters)	Group's effective interest
89 Julong Avenue, Lidu, Fuling District Chongqing, PRC	Commercial units and carpark units	5,355	100%
8 Wubao Road, Fuling District Chongqing, PRC	Residential units, commercial units and carpark units	37,264	100%

9. DEVELOPMENT PROPERTIES

	31/12/18 RMB'000	Group 31/12/17 RMB'000	01/01/17 RMB'000
Land cost	9,143	47,238	48,192
Development cost	1,295	3,076	3,049
Impairment of a development property	–	(11,433)	(11,433)
Amortisation of land use right	(1,572)	(1,274)	(969)
Exchange differences	–	(270)	(1,665)
	8,866	37,337	37,174

The development properties are located at Fuling District, Chongqing Municipality in PRC and Jalan Nipah in Singapore. During the year, development properties located at Jalan Nipah in Singapore were re-classified to properties held for sale upon completion.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

10. EQUIPMENT

Group	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost			
At 1 January 2017 and 31 December 2017	1,593	382	1,975
Additions	–	29	29
Less: Disposal	(243)	(98)	(341)
At 31 December 2018	1,350	313	1,663
Accumulated depreciation			
At 1 January 2017	1,350	351	1,701
Depreciation for the year	131	5	136
At 31 December 2017	1,481	356	1,837
Depreciation for the year	31	11	42
Less: Disposal	(230)	(93)	(323)
At 31 December 2018	1,282	274	1,556
Carrying amount			
At 1 January 2017	243	31	274
At 31 December 2017	112	26	138
At 31 December 2018	68	39	107
Company			Furniture, fixtures and equipment RMB'000
Cost			
At 1 January 2017, 31 December 2017 and 31 December 2018			20
Accumulated depreciation			
At 1 January 2017			3
Depreciation for the year			4
At 31 December 2017			7
Depreciation for the year			4
At 31 December 2018			11
Carrying amount			
At 1 January 2017			17
At 31 December 2017			13
At 31 December 2018			9

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. INVESTMENT IN SUBSIDIARIES

	31/12/18 RMB'000	Company 31/12/17 RMB'000	01/01/17 RMB'000
Unquoted equity shares, at cost	9,773	9,773	9,773

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activity	Attributable equity interest of the Group		
			31/12/18 %	31/12/17 %	01/01/17 %
Starland Axis Pte. Ltd. ⁽¹⁾	Singapore	Property development	100	100	100
Starland Commercial Trading Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100	100

Subsidiary of Starland Commercial Trading Pte. Ltd.

Xiamen Starland Trading Limited ⁽³⁾	People's Republic of China	Wholesale, import and export of chemical product, office furniture and clothing; consultancy on the enterprise management and business information	100	100	100
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name of subsidiary	Country of incorporation and operations	Principal activity	Attributable equity interest of the Group		
			31/12/18 %	31/12/17 %	01/01/17 %
<u>Subsidiary of Xiamen Starland Trading Limited</u>					
Chongqing Starland Property Services Co., Ltd. ⁽²⁾	People's Republic of China	Property management service	100	100	100
<u>Subsidiaries of Chongqing Starland Property Services Co., Ltd.</u>					
Chongqing Gangyuan Property Development Co., Ltd. ⁽²⁾	People's Republic of China	Property development, marketing planning of property; sales of construction material, decoration material and low voltage electronic apparatus	100	100	100
Chongqing Tianhu Land Co., Ltd. ⁽²⁾	People's Republic of China	Property development, marketing planning of property; sales of construction material, decoration material and low voltage electronic apparatus	100	100	100

(1) Audited by Ernst & Young LLP, Singapore.

(2) Audited by member firm of Ernst & Young Global in China for group consolidation purposes.

(3) No audit is required by the law of its country of incorporation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. DEFERRED TAX ASSETS/(LIABILITIES)

	31/12/18 RMB'000	Group 31/12/17 RMB'000	01/01/17 RMB'000
Deferred tax assets	836	846	891
Deferred tax liabilities	(2,383)	(9,498)	(8,296)

The deferred tax assets and liabilities recognised by the Group and movements thereon during the years ended 31 December 2018 and 2017 is as follows:

	Deferred tax liabilities			Deferred tax assets		
	Undistributed retained profits	Pre-levied Land Appreciation Tax ("LAT")	Subtotal	Tax credits	Subtotal	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2017	(6,496)	(1,800)	(8,296)	891	891	(7,405)
Charged to profit or loss for the year	(990)	(212)	(1,202)	(45)	(45)	(1,247)
At 31 December 2017	(7,486)	(2,012)	(9,498)	846	846	(8,652)
Credited/(charged) to profit or loss for the year	5,250	1,865	7,115	(10)	(10)	7,105
At 31 December 2018	(2,236)	(147)	(2,383)	836	836	(1,547)

Temporary differences relating to investment in subsidiaries

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends payable by the PRC subsidiaries based on their profits generated from 1 January 2008 onwards to its "non-resident" investors who do not have an establishment or place of business in the PRC.

In accordance with the Tax Treaty between the PRC and Singapore and Announcement of the State Administration of Taxation [2012] No. 30, the Group has initiated the application for preferential withholding tax rate of 5% for the dividends payable by the PRC subsidiaries. In February 2018, the Group obtained the relevant tax record forms from the PRC tax authority to enjoy the reduced tax rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Temporary differences relating to pre-levied LAT

In the PRC practice, LAT is pre-levied based on certain percentage of pre-sale proceeds, which is stipulated by the local taxation bureau. According to “Notice on Adjustment of Pre-levying Rate of LAT” issued by Chongqing local tax bureau in 2011, LAT pre-levying rate for ordinary residential properties is 2% while the rate for non-ordinary residential properties is 3.5%.

13. TRADE AND OTHER PAYABLES

	Group			Company		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	1,514	10	4	–	–	–
Deposits from contractors	1,072	1,400	2,523	–	–	–
Deposits from tenants	535	947	729	–	–	–
Accrued expenses	1,399	1,913	1,755	739	1,252	1,073
Other payables due to subsidiaries	–	–	–	38,051	36,610	24,268
Other payables due to ultimate holding company	443	18,776	2,580	443	18,776	2,580
Other payables due to third parties	257	796	4,296	31	624	4,122
Other payables and accruals	3,706	23,832	11,883	39,264	57,262	32,043
Financial liabilities measured at amortised cost	5,220	23,842	11,887	39,264	57,262	32,043
Advance rental	–	113	192	–	–	–
Advance receipt from the sale of properties	5,941	11,189	13,503	–	–	–
Other tax payables	1,935	1,182	1,110	–	–	–
Other current liabilities	7,876	12,484	14,805	–	–	–
Total trade and other payables	13,096	36,326	26,692	39,264	57,262	32,043

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

13. TRADE AND OTHER PAYABLES (CONTINUED)

Other payables due to subsidiaries and ultimate holding company are non-trade, unsecured, interest-free and repayable on demand.

Advance receipt from the sale of properties include contract liabilities of RMB3,369,000 (31/12/17: RMB11,189,000, 01/01/17: RMB13,503,000) for which the Group has received advances from customers for the sale of its properties. Contract liabilities are recognised as revenue when control of the property has been transferred to the customer. Advance receipt of S\$510,000 (approximately RMB2,572,000) (31/12/17 and 01/01/17: Nil) relate to advances received in relation to a joint development agreement.

A reconciliation of contract liabilities is as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
At 1 January	11,189	13,503
Revenue recognised included in opening balance	(9,624)	(12,138)
Additional receipts from existing contracts	–	300
New contracts	1,804	9,524
At 31 December	<u>3,369</u>	<u>11,189</u>

The Group's and Company's other payables that are not denominated in the functional currencies of the respective entities are as follows:

	Group			Company		
	31/12/18	31/12/17	01/01/17	31/12/18	31/12/17	01/01/17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Renminbi	56	–	–	–	2,227	2,227
Swiss Francs ("CHF")	–	–	308	–	–	308
Hong Kong Dollar ("HKD")	–	–	61	–	–	61
British Pound ("GBP")	–	–	21	–	–	21
Euro ("EUR")	–	–	78	–	–	78

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. LOANS AND BORROWINGS

	Maturity	Group			Company		
		31/12/18 RMB'000	31/12/17 RMB'000	01/01/17 RMB'000	31/12/18 RMB'000	31/12/17 RMB'000	01/01/17 RMB'000
Current							
Bank loan							
- financing facility	Jun 2019	1,059	16,365	16,138	-	-	-
- revolving credit facility		-	-	13,422	-	-	13,422
- money market loan	Jan 2019, Oct 2019	9,075	4,384	8,646	-	-	-
		10,134	20,749	38,206	-	-	13,422
Total loans and borrowings		10,134	20,749	38,206	-	-	13,422

A reconciliation of liabilities arising from financing activities is as follows:

	Group			
	31/12/17 RMB'000	Cash flows RMB'000	Effects of translation RMB'000	31/12/18 RMB'000
Loans and borrowings	20,749	(11,665)	1,050	10,134
Other payables due to ultimate holding company	18,776	(19,026)	693	443
Total	39,525	(30,691)	1,743	10,577

	Group			
	01/01/17 RMB'000	Cash flows RMB'000	Effects of translation RMB'000	31/12/17 RMB'000
Loans and borrowings	38,206	(18,161)	704	20,749
Other payables due to ultimate holding company	2,580	16,134	62	18,776
Total	40,786	(2,027)	766	39,525

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. LOANS AND BORROWINGS (CONTINUED)

Financing facilities

The Group has a property development financing facility (the “facility”) for a property development project in Singapore. The facility comprises of a land loan, and a construction loan. The Group has drawn down the land loan on 25 September 2013.

Interest is charged at 2.50% per annum over the bank’s cost of funds or 2.50% per annum over the applicable SWAP Offer Rate as determined by the bank on the day of transaction, whichever is the higher or at such other rate at the sole discretion of the bank for an interest period of 3 months.

The loan was extended and renewed to a land loan facility (“Land Loan Facility”) of S\$4,128,000 (approximately RMB20,106,000). As at 31 December 2017, the Group had an outstanding loan of S\$3,360,000 (approximately RMB16,365,000) (01/01/17: S\$3,360,000, approximately RMB16,138,000). The loan was duly repaid during the year ended 31 December 2018.

The Group obtained a new term loan facility (the “Term Loan”) of S\$978,000 (approximately RMB4,931,000) during the year ended 31 December 2018. The Group has drawn down the term loan of S\$210,000 (approximately RMB1,059,000). Interest is charged at the bank’s prime lending rate or at such other rates with monthly rests or such other periodical rests at the sole discretion of the bank.

The Term Loan shall be fully repaid in one lump sum on 30 June 2019.

The facility is secured and guaranteed by the following:

- (a) Fixed deposit of not less than S\$978,000 (approximately RMB4,931,000) pledged with the bank;
- (b) A corporate guarantee for S\$978,000 (approximately RMB4,931,000) by the Company.

Money market loan

The Group has a Money Market Loan (the “MML”) for general working capital purposes. The Group has an outstanding balance of S\$1,800,000 (approximately RMB9,075,000) (31/12/17: S\$900,000, approximately RMB4,384,000, 01/01/17: S\$1,800,000, approximately RMB8,646,000) as at 31 December 2018.

Interest is charged at 0.70% per annum over the Singapore Inter Bank Offer Rate (“SIBOR”) prevailing as determined by the bank on the date of transaction, or at such other rate at the sole discretion of the bank. The tenure for the drawdown ranges from 1 to 6 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

14. LOANS AND BORROWINGS (CONTINUED)

Money market loan (Continued)

The MML is secured and guaranteed by the following:

- (a) Standby Letter of Credit ("SBLC") for not less than RMB10,000,000 issued by the United Overseas Bank (China) Limited, Chengdu Branch;
- (b) Fixed deposit of RMB11,300,000 (31/12/17: RMB10,839,000, 01/01/17: RMB10,974,000) pledged with the bank; and
- (c) A corporate guarantee for S\$1,800,000 (approximately RMB9,075,000) (31/12/17: S\$1,800,000, approximately RMB8,767,000, 01/01/17: S\$1,800,000, approximately RMB8,646,000) by the Company.

15. SHARE CAPITAL

	Group and Company					
	31/12/18		31/12/17		01/01/17	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Issued and fully paid ordinary shares						
At the beginning and the end of financial year	144,733	24,471	144,733	24,471	144,733	24,471

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

16. OTHER RESERVES

Capital reserve

Arising from the restructuring exercise in financial year 2012, advances from ex-shareholders amounted to RMB132,036,000 less tax of RMB33,009,000 that were waived by the ex-shareholders are included as capital reserve.

Merger reserve

Arising from the restructuring exercise in financial year 2012, the merger reserve is the difference between the nominal amount of the share capital of the subsidiaries at the date on which the subsidiaries were acquired by the Company and the nominal amount of the share capital issued as consideration for the acquisition.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiary in the PRC, the subsidiary is required to make appropriation to a Statutory Reserve Fund (SRF). At least 10% of the statutory profits after tax as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Translation reserve

The translation reserve represents exchange differences arising from the translation of the financial statements of entities whose functional currencies are different from that of the Group's presentation currency.

17. REVENUE

	Timing of transfer	Group	
		2018 RMB'000	2017 RMB'000
<u>Revenue from customer contracts</u>			
– Income from sale of properties	At a point in time	32,893	97,827
	Over time	31,941	–
– Property management income	Over time	–	1,758
		64,834	99,585
Rental income		2,262	1,486
		67,096	101,071

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

18. OTHER INCOME

	Group	
	2018 RMB'000	2017 RMB'000
Gain from settlement agreements with ayondo	13,287	–
Others	381	376
	<u>13,668</u>	<u>376</u>

19. INTEREST INCOME

	Group	
	2018 RMB'000	2017 RMB'000
Interest income from fixed deposit	3,149	1,514

20. OTHER EXPENSES

	Group	
	2018 RMB'000	2017 RMB'000
(Writeback)/expenses relating to the ayondo acquisition	(744)	6,277
Fair value loss on held for trading equity securities	5,916	–
Others	43	145
	<u>5,215</u>	<u>6,422</u>

21. FINANCE COSTS

	Group	
	2018 RMB'000	2017 RMB'000
Interest expense on bank loans	1,152	1,192

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

22. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Group	
	2018	2017
	RMB'000	RMB'000
Depreciation of equipment	42	136
Amortisation of land use right	298	305
Net foreign exchange loss	463	212
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	418	584
Salaries and other short-term benefits	3,014	3,574
Total employee benefits expense	3,432	4,158
Audit fees:		
– auditors of the Company	340	303
– affiliates of auditors of the Company	300	400
– other auditors	55	–
Non-audit fees:		
– other auditors	59	91
– auditors of the Company	32	12
– affiliates of auditors of the Company	85	–
Cost of properties held for sale recognised as expenses	51,571	69,717
Completed properties held for sale written down	–	117

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

23. INCOME TAX EXPENSE

	Group	
	2018	2017
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax	5,396	6,242
PRC land appreciation tax	996	669
PRC withholding tax	5,250	–
Singapore corporate income tax	123	–
	11,765	6,911
Deferred tax:		
Origination of temporary differences	(7,105)	1,247
Total income tax expense	4,660	8,158

The Group is subject to income tax on an entity basis on profits from the jurisdictions in which members of the Group are domiciled and operate.

Singapore income tax is calculated at 17% (2017: 17%) of the estimated assessable profit for the period.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (“New Law”) by Order No. 63 of the President of the PRC, with an effective date of 1 January 2008. On 28 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Due to the New Law and Implementation Regulations, the PRC subsidiaries will be subject to 25% Enterprise Income Tax, commencing 1 January 2008. Accordingly, taxation arising in the PRC is calculated at the prevailing rate of 25% (2017: 25%) for subsidiaries in the PRC.

The Group is subject to Land Appreciation Tax (“LAT”) in the PRC which has been included in the income tax expense of the Group. The PRC LAT is levied at progressive rates ranging on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including sales charges, borrowing costs and all property development expenditures in accordance with the PRC tax laws and regulations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

23. INCOME TAX EXPENSE (CONTINUED)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 is as follows:

	Group	
	2018	2017
	RMB'000	RMB'000
Profit before tax	13,822	13,217
Income tax expense at statutory rate of the respective entities	3,312	4,412
Non-deductible items	(34)	2,255
Effect of land appreciation tax	747	501
(Reversal)/provision of withholding tax on undistributed profits	–	990
Provision on loans between subsidiaries	635	–
Total income tax expense	4,660	8,158

24. EARNINGS PER SHARE

Earnings per share for 31 December 2018 was calculated by dividing earnings for the year attributable to owners of the Company of RMB9,162,000 by the weighted average number of ordinary shares outstanding during the year of 144,733,000 shares.

Earnings per share for 31 December 2017 was calculated by dividing earnings for the year attributable to owners of the Company of RMB5,059,000 by the weighted average number of ordinary shares outstanding during the period of 144,733,000 shares.

Basic and diluted earnings per share are the same as there is no dilutive potential ordinary share outstanding during the years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

25. DIVIDENDS

	Group and Company	
	2018	2017
	RMB'000	RMB'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2017: S\$0.005 per share	3,468	–
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2018: S\$0.030 (2017: S\$0.005) per share	21,891	3,525

26. SEGMENT INFORMATION

The Group's reportable operating segments comprise of property development, property management and rental.

Accordingly, the above are the Group's reportable segments under SFRS(I) 8 *Operating Segments*. Information regarding the Group's reportable segments is presented below.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics and are similar in respect of nature of services and processes and/or their reported revenue.

Segment	Principal activities
(a) Property development	Development of residential, commercial and other properties.
(b) Property management	Provision of property management and other services.
(c) Rental	Leasing of properties held for sale to generate rental income.

Information regarding the Group's reportable segments is presented in the tables below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

	Revenue		Profit	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Property development	64,834	97,827	13,089	28,698
Rental	2,262	1,486	2,262	1,486
Property management	–	1,758	(145)	1,053
Revenue/Gross Profit	67,096	101,071	15,206	31,237
Unallocated expenses			(11,496)	(12,065)
Interest expense			(1,152)	(1,192)
Expenses relating to the ayondo acquisition			744	(6,277)
Gain from settlement agreements with ayondo			13,287	–
Fair value loss on held for trading equity securities			(5,916)	–
Interest income			3,149	1,514
Profit before income tax			13,822	13,217
Income tax expenses			(4,660)	(8,158)
Combined profit after tax			9,162	5,059

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2017: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents profit earned by each segment without allocation of interest income.

Geographical segment

(a) Revenue information based on the geographical location of customers are as follows:

	Revenue	
	2018 RMB'000	2017 RMB'000
People's Republic of China	35,155	101,071
Singapore	31,941	–
	67,096	101,071

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

26. SEGMENT INFORMATION (CONTINUED)

Geographical segment (Continued)

- (b) Properties held for sale and development properties information based on the geographical location of assets are as follows:

	Properties held for sale and development properties		
	31/12/18 RMB'000	31/12/17 RMB'000	01/01/17 RMB'000
People's Republic of China	54,437	74,287	143,475
Singapore	13,361	28,250	27,858
	67,798	102,537	171,333

The Group has a large number of customers of which the sale of 1 unit of semi-detached house in Singapore during the year accounted for 48% (31/12/17 and 01/01/17: no major customer which individually accounted for over 10%) of the Group's total revenue.

27. COMMITMENTS

Operating lease arrangements – as lessor

The Group rents out its properties held for sale and a motor vehicle in the PRC under operating leases. The leases are negotiated for terms between 1 to 5 years (31/12/17 and 01/01/17: 1 to 5 years) and rentals are fixed during the term of the lease. Property rental income earned during the year was RMB2,262,000 (2017: RMB1,486,000). Rental income for the motor vehicle was RMB108,000 (2017: RMB108,000).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease payments:

	Group		
	31/12/18 RMB'000	31/12/17 RMB'000	01/01/17 RMB'000
Within one year	1,687	1,482	1,242
In the second to fifth years inclusive	2,323	2,583	1,341
	4,010	4,065	2,583

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

28. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year, the Company's wholly-owned subsidiary, Chongqing Gangyuan Property Development Co., Ltd. received a notice from the Fuling District local authority of the latter's intent to repossess the 25,560 square meter land parcel located at Zone 5, Dianyi Residential Committee, Jiangbei Office, Fuling District, Chongqing, PRC.

The repossession value of the land will be determined by the Fuling District local authority after they have obtained a third party valuation for the land. The property has a book value of RMB8,866,000 as at 31 December 2018 (Note 9). The repossession notice has no operational impact as the Group has not commenced any work on this piece of land.

29. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 2 April 2019.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2019

Number of Shares in Issue	:	144,733,000
Class of shares	:	Ordinary shares
Voting rights	:	On a Poll: 1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of subsidiary shareholdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 MARCH 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	501	18.49	20,146	0.01
100 – 1,000	1,333	49.19	481,405	0.33
1,001 – 10,000	720	26.57	2,136,356	1.48
10,001 – 1,000,000	151	5.57	11,392,123	7.87
1,000,001 and above	5	0.18	130,702,970	90.31
Total	2,710	100.00	144,733,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 12 MARCH 2019

	NAME OF SHAREHOLDER	NO. OF SHARES	%
1	GRP CHONGQING LAND PTE LTD	120,376,155	83.17
2	KWAN CHEE SENG	6,921,713	4.78
3	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,152,905	0.80
4	STF INVESTMENTS LTD	1,128,208	0.78
5	CHENG LIM KONG	1,123,989	0.78
6	HASSAN ISSA YAUNIS	952,000	0.66
7	RAFFLES NOMINEES (PTE) LIMITED	758,773	0.52
8	ANG CHENG LAM	645,415	0.45
9	OCBC SECURITIES PRIVATE LTD	554,734	0.38
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	545,496	0.38
11	PHILLIP SECURITIES PTE LTD	542,472	0.37
12	MAYBANK KIM ENG SECURITIES PTE. LTD.	418,421	0.29
13	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	367,200	0.25
14	VASHDEV DADLANI	317,800	0.22
15	LIM POH YAN (LIN BAOYAN)	286,300	0.20
16	DBS NOMINEES PTE LTD	274,100	0.19
17	LOW YAN SWAN	224,515	0.16
18	LIM SEE YONG	209,236	0.14
19	TAN KAY TOH OR YU HEA RYEONG	200,783	0.14
20	TAN KEE SIANG ROBERT	200,740	0.14
	TOTAL:	137,200,955	94.80

Note: The percentages are computed based on 144,733,000 ordinary shares as at 12 March 2019.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2019

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2019

NAME OF SUBSTANTIAL SHAREHOLDERS	DIRECT INTEREST		INDIRECT INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
GRP CHONGQING LAND PTE LTD ("GRP CHQ")	120,376,155	83.17	–	–
GRP LAND PTE LTD ⁽¹⁾	–	–	120,376,155	83.17
GRP LIMITED ⁽²⁾	–	–	120,376,155	83.17
KWAN CHEE SENG ⁽³⁾	6,921,713	4.78	120,376,155	83.17

Notes:

- (1) By virtue of Section 7 of the Companies Act, Cap. 50, GRP Land Pte Ltd is deemed interested in 120,376,155 Shares held through GRP CHQ, whereby GRP CHQ is wholly-owned by GRP Land Pte Ltd.
- (2) By virtue of Section 7 of the Companies Act, Cap. 50, GRP Limited is deemed interested in 120,376,155 Shares through GRP Land Pte Ltd, its wholly-owned subsidiary.
- (3) Mr Kwan Chee Seng has a shareholding interest of 33.07% in GRP Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Mr Kwan Chee Seng is deemed to be interested in 120,376,155 Shares through deemed interest of GRP CHQ.

SHARES HELD BY PUBLIC

Based on the information available to the Company as at 12 March 2019, approximately 11.92% of the issued shares of the Company was held in the hands of the public as defined in the Catalist Rules. Therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that our Annual General Meeting of Starland Holdings Limited (the “**Company**”) (the “**AGM**”) will be held at Esplanade Room 1&2, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Friday, 26 April 2019 at 10.00 a.m. to transact the following businesses:

(A) ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Auditors’ Report thereon.
(Resolution 1)
2. To declare a final tax exempt (1-tier) dividend of S\$0.03 per share for the financial year ended 31 December 2018.
(Resolution 2)
3. To re-elect the following Directors, who will be retiring by rotation under Article 89 of the Company’s Constitution and who, being eligible, offer themselves for re-election as Directors of the Company:
 - a. Mr Low Wai Cheong [*See Explanatory Note 1*] **(Resolution 3)**
 - b. Mr Tan Chade Phang [*See Explanatory Note 2*] **(Resolution 4)**
4. To approve the payment of Directors’ fees amounting to S\$120,000 for the financial year ending 31 December 2019 payable half yearly in arrears.
(Resolution 5)
5. To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions be as Ordinary Resolutions:

6. Authority to Allot and Issue Shares

THAT pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore (the “**Act**”) and Rule 806 of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- a) (i) allot and issue shares in the capital of the Company (“**Shares**”) (whether by way of rights, bonus or otherwise); and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

NOTICE OF ANNUAL GENERAL MEETING

at any time and upon such terms and conditions and for such purposes and to such persons as the directors of the Company may in their absolute discretion deem fit; and

- b) (notwithstanding that the authority conferred by this Ordinary Resolution may have ceased to be in force) issue Shares in pursuance of any instrument made or granted by the Directors of the Company, while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments, made or granted pursuant to this Resolution), shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (b) below);
- (2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (a) above, the percentage of the issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
- (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new Shares arising from exercise of share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution, provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company;
- (4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue to be in force until the conclusion of the next AGM or the date by which the next AGM is required by law to be held, whichever is earlier.
- [See Explanatory Note 3]*

(Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

7. **Authority to allot and issue shares pursuant to the Starland Performance Share Plan (the “Plan”)**

THAT pursuant to Section 161 of the Act, authority be and is hereby given to the Directors to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards granted under the Plan, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Plan, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant.

[See Explanatory Note 4]

(Resolution 8)

(C) TO TRANSACT ANY OTHER ORDINARY BUSINESS WHICH MAY BE PROPERLY TRANSACTED AT AN ANNUAL GENERAL MEETING

By Order of the Board

Selena Leong
Company Secretary
Singapore
11 April 2019

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Resolution 3

Mr Low Wai Cheong will, upon re-election continues to hold office as Independent Director of the Company and remains as the Chairman of the Nominating Committee and Risk Management Committee; and member of the Audit Committee and Remuneration Committee respectively. The Board of Directors has considered him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited. He has no relationships including immediate family relationship with each of the other Directors of the Company, the Company or its 10% shareholders. Detailed information of Mr Low can be found under "Board of Directors", "Corporate Information" and "Report on Corporate Governance" in the Company's Annual Report 2018.

2. Resolution 4

Mr Tan Chade Phang will, upon re-election continues to hold office as Independent Director of the Company and remains as the Chairman of the Remuneration Committee; and member of the Audit Committee and Nominating Committee and Risk Management Committee respectively. The Board of Directors has considered him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalyst) of the Singapore Exchange Securities Trading Limited. He has no relationships including immediate family relationship with each of the other Directors of the Company, the Company or its 10% shareholders. Detailed information of Mr Tan can be found under "Board of Directors", "Corporate Information" and "Report on Corporate Governance" in the Company's Annual Report 2018.

3. Resolution 7

This is to empower the Directors of the Company, effective until conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors of the Company may consider would be in the best interests of the Company. The aggregate number of Shares (including Shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time of passing of this Resolution. For issue of Shares (including Shares to be made in pursuance of instruments made or granted pursuant to this Resolution) other than on a pro-rata basis to all shareholders shall not exceed 50% of the total issued Shares (excluding treasury shares and subsidiary holdings) at the time of the passing of this Resolution.

This Resolution excludes offer and grant options in accordance with the provisions of the Plan.

4. Resolution 8

This is to authorise the Directors to allot and issue Shares under the Plan up to an amount not exceeding 15% of the Company's total number of issued Shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant.

Notes:

- I. a) Except for a shareholder who is a Relevant Intermediary, a shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a shareholder appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.
- b) Pursuant to Section 181(1C) of the Act, a shareholder who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder 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.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181(6) of the Companies Act (Chapter 50).

- II. Each of the resolutions to be put to the vote of shareholders at the AGM (and at any adjournment thereof) will be voted on by way of a poll.
- III. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

- IV. The instrument appointing a proxy or proxies must be under the hand of the appointor or by his 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.
- V. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 hours before the time set for the AGM.
- VI. A Depositor shall not be regarded as a shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the AGM.
- VII. A shareholder should insert the total number of shares held. If the shareholder has shares entered against his name in the Depository Register as defined under the Securities and Futures Act, Chapter 289 of Singapore, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the shareholder has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he 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 the shareholder of the Company.
- VIII. 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. In addition, in the case of shareholders of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such shareholders are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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.

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

1. A relevant intermediary as defined in Section 181(6) of the Companies Act, Chapter. 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy Starland Holdings Limited shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding appointment of their proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 11 April 2019.

PROXY FORM

I/We, _____ (Name)

_____ (NRIC/Passport No./Company Registration No.)

of _____ (Address)

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

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

or failing him/her, the Chairman of the Annual General Meeting of the Company ("**AGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM to be held at Esplanade Room 1&2, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682 on Friday, 26 April 2019 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish for all your vote(s) to be cast for or against the resolutions as set out in the Notice of AGM. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, the proxy/proxies will vote or abstain as he/she/they may think fit, as he/she/they will on any other matter arising at the AGM.)

ORDINARY BUSINESS		For	Against
Resolution 1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2018 and the Auditors' Report thereon		
Resolution 2	To declare a final tax exempt (1-tier) dividend of S\$0.03 per share for the financial year ended 31 December 2018		
Resolution 3	To re-elect Mr Low Wai Cheong as a Director of the Company		
Resolution 4	To re-elect Mr Tan Chade Phang as a Director of the Company		
Resolution 5	To approve the payment of Directors' fees amounting to S\$120,000 for the financial year ending 31 December 2019 payable half yearly in arrears		
Resolution 6	To re-appoint Messrs Ernst & Young LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration		
SPECIAL BUSINESS			
Resolution 7	To approve the authority to allot and issue shares		
Resolution 8	To approve the authority to allot and issue shares pursuant to the Starland Performance Share Plan		

Date this _____ day of _____ 2019

Total Number of Shares held in:	
CDP Register	
Register of Members	

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

Important: Please read notes overleaf

**NOTES:
IMPORTANT**

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 130A of the Companies Act, Chapter 50 of Singapore (the "**Act**")), 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 shares 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.
2. (a) Except for a shareholder who is a Relevant Intermediary, a shareholder of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two (2) proxies to attend and vote in his stead. Where a shareholder appoints more than one (1) proxy, the proportion of his shareholding to be represented by each proxy shall be specified in the proxy form.

(b) Pursuant to Section 181(1C) of the Act, a shareholder who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder 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.

"Relevant intermediary" has the meaning ascribed to it in Section 181(6) of the Act.

3. Each of the resolutions to be put to the vote of shareholders at the AGM (and at any adjournment thereof) will be voted on by way of a poll.
4. A proxy need not be a member of the Company.
5. Where a member appoints two proxies, the member must specify the proportion of shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry 100 per cent of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services, either by hand at 80 Robinson Road, #11-02, Singapore 068898 or by post at 80 Robinson Road, #02-00, Singapore 068898 not less than 48 hours before the time set for the general meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his 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 seal or under the hand of its attorney or a duly authorised officer.
8. The Company shall be entitled to reject an instrument of proxy which 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 of proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument of proxy if the shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at Forty Eight (48) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
9. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Act.
10. Completion and return of this instrument appointing a proxy or proxies shall not preclude a shareholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a shareholder attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.
11. Investor who buys shares in the Company using CPF monies and/or SRS monies (as may be applicable) ("**CPF/SRS investor**") may attend and cast his vote(s) at the AGM in person. CPF/SRS Investors who are unable to attend the AGM but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint Chairman of the AGM to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the AGM.

General:

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. 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 Forty Eight (48) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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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