

星島置地



共建美丽家园



ANNUAL REPORT 2017

MAINTAINING
STRONG PRESENCE

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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 persons for the Sponsor are Mr. Alvin Soh, Head of Catalyst Operations, Senior Vice President and Mr. Lan Kang Ming, Vice President, at 8 Anthony Road, #01-01, Singapore 229957. telephone (65) 65906881.

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
SITE AREA (SQ M)	19,330
TOTAL GFA (SQ M)	43,284
STAGE OF COMPLETION	Completed
DATE OF COMPLETION	April 2011



ON-GOING 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

PROPOSED PROPERTY DEVELOPMENT

ROYAL WATERHOUSE 江畔豪庭

PERCENTAGE INTEREST	100%
LOCATION	Zone 5, Dianyi Residential Committee, Jiangbei Office, Fuling District, Chongqing
EXISTING USE	Residential
TARGET MARKET	High-end
LAND TENURE	Leasehold
SITE AREA (SQ M)	25,560



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.

JUNE 2016

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

JANUARY 2016

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

SEPTEMBER 2017

- Termination of the proposed acquisition of ayondo
- With the listing of ayondo on the catalyst board of Singapore Exchange on 26 March 2018, we will recover S\$2.168 million professional fees incurred in relation to the ayondo acquisition

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 2017 ("FY2017").

The Group had launched all blocks of residential units of the Singapore Garden Project since February 2016. As at 31 December 2017, we had successfully completed the sales of 961 (93%) of the total 1,031 residential units at the project. The government of the People's Republic of China ("PRC") had continued to introduce incentives to encourage home ownership, such as lower interest rates and lower down-payment for first time buyers in the recent years; and these incentives have been positive news for our property business in Chongqing, PRC.

REVIEW OF OPERATIONS

For the financial year under review, revenue was RMB101.1 million and this is RMB76.3 million higher than revenue of RMB24.8 million for six months financial period ended 31 December 2016 ("FP6M2016"). The higher revenue in FY2017 is a result of more units sold in current period as compared to FP6M2016. The following table is a comparison of the units sold in FY2017 vis-à-vis FP6M2016:

	FY2017	FP6M2016
Singapore Garden		
– Residential units	182	39
– Carpark lots	45	6
University Town		
– Commercial units	3	4
– Carpark lots	2	8



With the sales in FY2017, the Group has the following remaining unsold units:

	Residential units	Commercial units	Carpark lots
Singapore Garden	70	28	177
University Town	–	4	37
Total	70	32	214

In FY2017 the Group achieved a net profit of RMB5.1 million, this is a significant improvement as compared to net loss of RMB4.1 million in FP6M2016. The improvement is largely due to the higher sales which leads to higher gross profits generated.

As at 31 December 2017, the Group had net cash and bank balances (after deducting bank loans) of RMB118.4 million; properties held for sale amounting to RMB65.2 million and total development properties of RMB37.3 million. The properties held for sale are the unsold units for the Singapore Garden project and the University Town project. Development properties pertain to one development property in Chongqing PRC and one property in Singapore.

The Group's earnings per share for FY2017 was RMB3.50 cents compared with loss per share of RMB2.82 cents for FP6M2016. Our net asset value per share for FY2017 was RMB1.11 (FP6M2016: RMB1.08). The increase is due mainly to the improved results for FY2017.

TERMINATION OF PROPOSED ACQUISITION OF AYONDO HOLDING AG

On 25 September 2017, the Company announced the termination of the sale and purchase agreement relating to the proposed acquisition of the equity interest of ayondo Holding AG ("**ayondo**") due to the certain conditions precedent not being fulfilled by 23 September 2017, the long stop date.

SETTLEMENT AGREEMENTS WITH AYONDO

Towards the arrangements for the ayondo acquisition, the Company had incurred and expensed various professional fees and costs. The Company successfully negotiated with ayondo for the settlement of a substantial portion of the costs.

On 23 March 2018, the Company announced that with the expected listing of ayondo on the catalyst board of the Singapore Exchange Securities Trading Limited on 26 March 2018, the Company will be receiving S\$1.027 million and all accrued and unpaid interest in cash within 14 days from the date of admission of ayondo to the catalyst. In addition, 6,547,324 new ayondo shares have been issued to the Company as repayment of acquisition expenses amounting to S\$1.141 million.

As at 31 December 2017, the Company had not recognised the receivables arising from the above settlements. The recovery of these expenses will be reflected and reported in subsequent financial results of the Company.

LOOKING AHEAD

The Group will continue to sell the remaining units for both the Singapore Garden project and the University Town project. The Group has entered into an agreement with a developer to jointly develop a pair of semi-detached dwelling on 8 Jalan Nipah, Singapore. This development is targeted to complete in 2018, and the Company will make further announcements as and when appropriate.

DIVIDEND

To reward the Shareholders of the Company, the Board is recommending a proposed final tax exempt (1-tier) dividend of S\$0.005 per ordinary share for FY2017. The dividend payment which amounts to S\$0.7 million (FP6M2016: Nil) is subject to shareholder's approval at the 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 FY2017, the Group recorded revenue of RMB101.1 million, an increase of RMB76.3 million as compared to the six months financial period ended 31 December 2016 ("FP6M2016"). Revenue was mainly derived from the sale of commercial units and residential units of the University Town project and Singapore Garden project respectively, which accounted for 96.79% of the Group's total revenue in FY2017. The increase in revenue was mainly attributable to recognition of 182 residential units and 45 carpark spaces of the Singapore Garden Project and 3 commercial units and 2 carpark spaces for University Town project in FY2017 as compared to 39 residential units and 6 carpark spaces of the Singapore Garden Project and sales of 4 commercial units and 8 carpark spaces in the University Town project in FP6M2016. As at 31 December 2017, 70 residential units, 28 commercial units and 177 carpark spaces of the Singapore Garden Project and 4 commercial units and 37 carpark spaces of the University Town project remains unsold. All unsold commercial units of the University Town project had been leased out.

Rental income derived from the rental of the unsold commercial units under the University Town project amounted to RMB1.76 million or 1.74% of the total revenue in FY2017 as compared to RMB0.62 million for FP6M2016.

The Group recorded operating profit before tax of RMB13.2 million in FY2017 as compared to operating loss before tax of RMB5.2 million in FP6M2016. The operating profit before tax was attributable to the higher gross profits from the sales of properties and lesser expenses incurred for the ayondo acquisition.



Income tax expenses amounted to RMB8.2 million for FY2017 as compared to a tax write back of RMB1.1 million for FP6M2016. The Group posted a profit after tax amounting RMB5.1 million for FY2017, an improvement against a net loss of RMB4.1 million in FP6M2016. On a per share basis, basic and diluted earnings per share for FY2017 was RMB3.50 cents as compared to loss per share of RMB2.82 cents in FP6M2016. Net asset value per share as at FY2017 amounted to RMB1.11, an increase from RMB1.08 as at the end of 31 December 2016.

BUSINESS SEGMENT

The Group derives its revenue mainly from sale of properties, rental income and other income such as management fees. For FY2017 the percentage contribution to revenue from these segments was 96.79%, 1.74% and 1.47% respectively (FP6M2016: 94.43%, 2.49% and 3.08% respectively).



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 Non-Executive Director and substantial shareholder of ASX listed, 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.

He is currently also the President of the Small and Middle Capitalisation Association (SMCCA) where he actively tries to gather small and middle capitalisation companies within a single entity to work closely with the authorities and professionals to improve the visibility and governance standards of its members. Mr Tan also sits on the Board of Dapai International Holdings Co. Ltd. as an Independent Director and also is an Independent Director of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd).

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 Holding 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 Brunel University.

KWOK CHUNG CHIEH LINCOLN

FINANCIAL CONTROLLER

Mr Kwok Chung Chieh Lincoln was appointed as the Financial Controller of our Group with effect from 18 February 2016. He is responsible for the finance, accounting, taxation and compliance matters relating to our Group's operations. Prior to that, he was the financial controller of an SGX-Catalist listed company as well as an assistant audit manager in an international accounting firm. Collectively, Mr Kwok has over 10 years of experience in the fields of audit and accountancy.

Mr Kwok holds a Bachelor of Engineering (Hons) Degree in Electrical Engineering from National University of Singapore. He also holds a Master of Accounting from Curtin University of Technology, Australia. He is a member of the Institute of Singapore Chartered Accountants, Association of Chartered Certified Accountants and CPA Australia.

LUO DENG XIAO

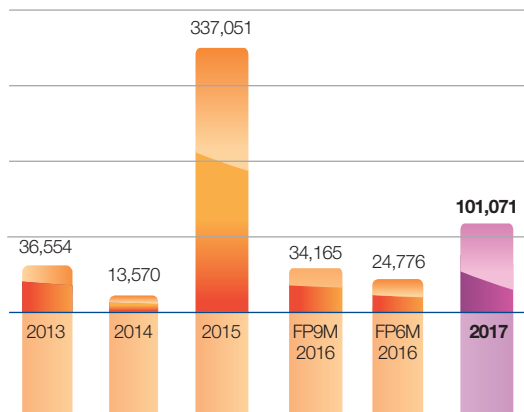
DEPUTY GENERAL MANAGER

Mr Luo Deng Xiao is our Deputy General Manager and joined our Group 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.

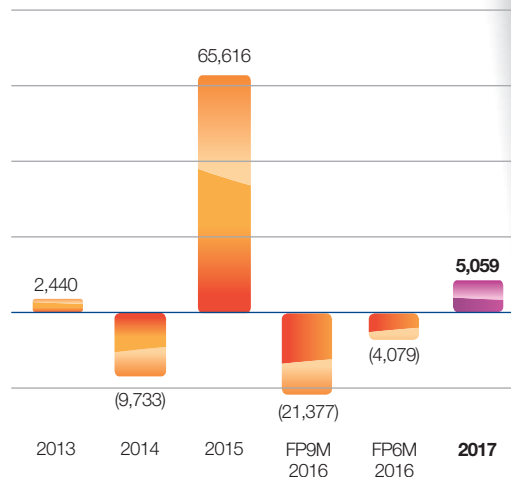
Mr Luo graduated with a Diploma in Economic Management from the Party School of the Central Committee of the Communist Party of China (中共中央党校) in June 2000.

FINANCIAL HIGHLIGHTS

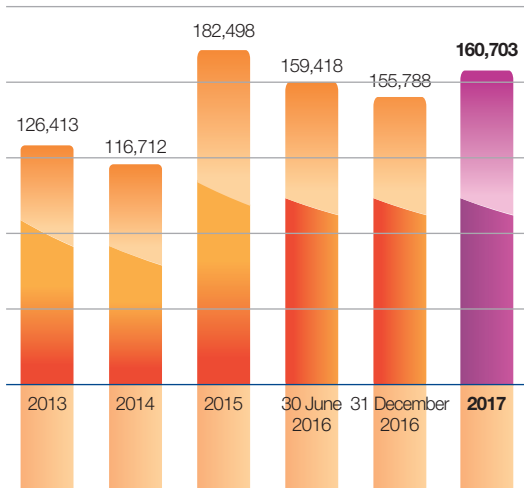
REVENUE (RMB'000)



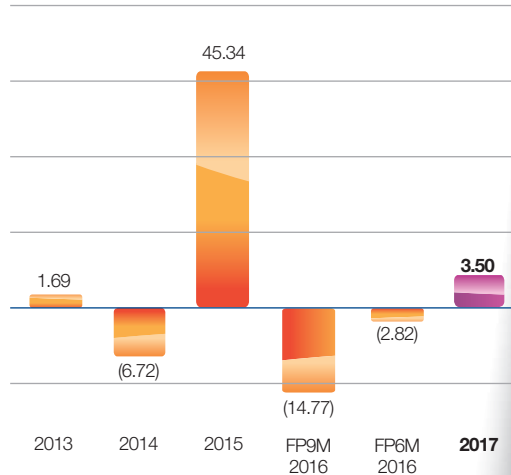
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



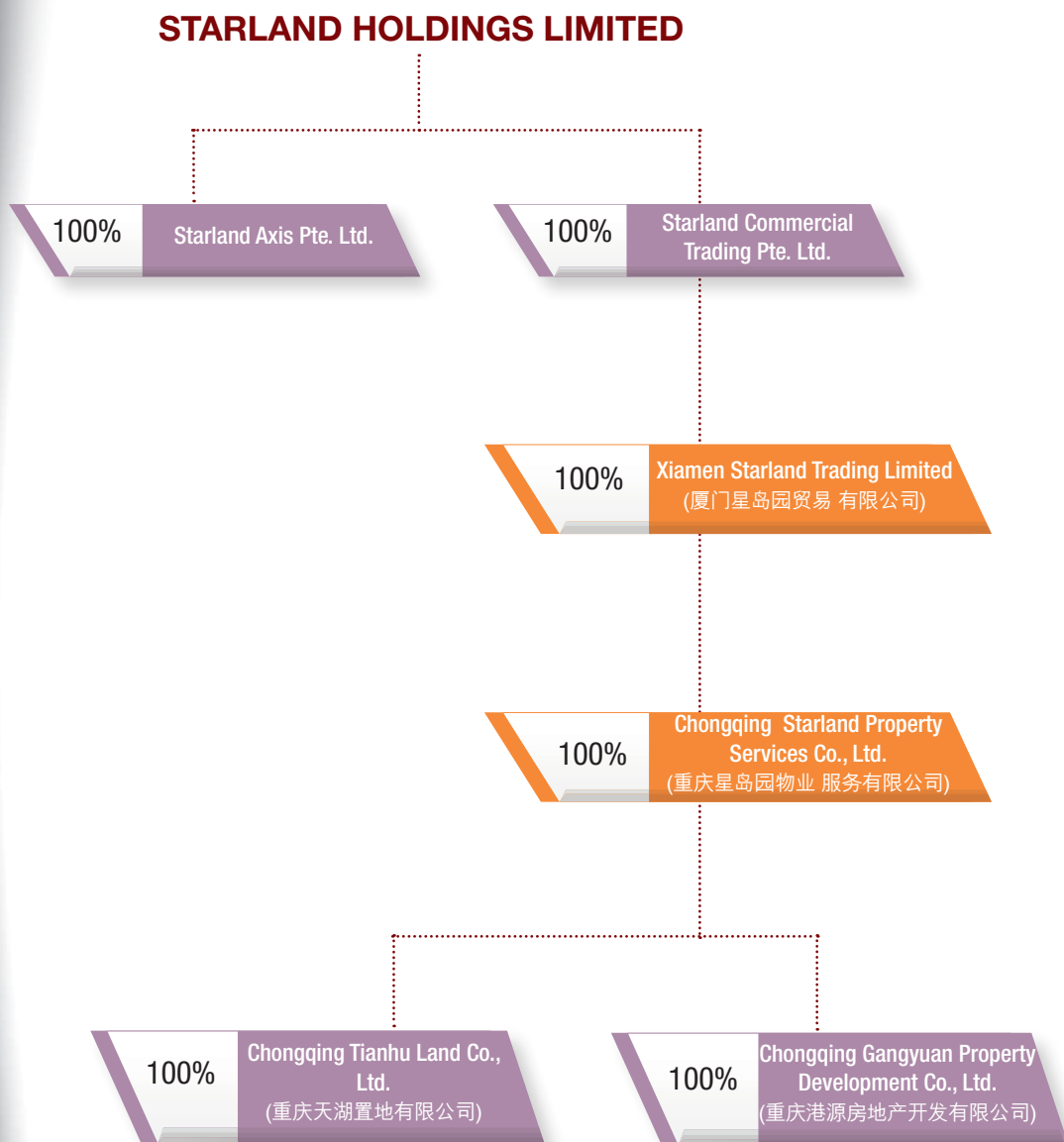
SHAREHOLDERS' EQUITY (RMB'000)



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
Director and 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 2017 to 31 December 2017 (“**FY2017**”), 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 Return, 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.

Guideline	Code and/or Guide Description	Company’s Compliance or Explanation
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code?</p> <p>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p>	<p>The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable.</p> <p>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide.</p>
	<p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code?</p>	<p>Not applicable. The Company did not adopt any alternative corporate governance practices in FY2017.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
BOARD MATTERS														
<u>The Board's Conduct of Affairs</u>														
1.1	What is the role of the Board?	<p>Currently, the Board has 5 members and comprises the following:</p> <table border="1"> <caption>Table 1.1 – Composition of the Board</caption> <thead> <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. 	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
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													
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.												

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																									
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" data-bbox="591 763 1201 1258"> <thead> <tr> <th></th> <th>AC</th> <th>NC</th> <th>RC</th> <th>RMC</th> </tr> </thead> <tbody> <tr> <td>Chairman</td> <td>Mr Foong Daw Ching</td> <td>Mr Low Wai Cheong</td> <td>Mr Tan Chade Phang</td> <td>Mr Low Wai Cheong</td> </tr> <tr> <td>Member</td> <td>Mr Low Wai Cheong</td> <td>Mr Foong Daw Ching</td> <td>Mr Foong Daw Ching</td> <td>Mr Foong Daw Ching</td> </tr> <tr> <td>Member</td> <td>Mr Tan Chade Phang</td> <td>Mr Tan Chade Phang</td> <td>Mr Low Wai Cheong</td> <td>Mr Tan Chade Phang</td> </tr> <tr> <td>Member</td> <td>–</td> <td>Mr Kwan Chee Seng</td> <td>–</td> <td>–</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 FY2017, 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="591 569 1204 1142"> <thead> <tr> <th colspan="5" data-bbox="591 569 1204 611">Table 1.4 – Board and Board Committees Meeting in FY2017</th> </tr> <tr> <th data-bbox="591 611 742 680">Name</th> <th data-bbox="742 611 820 680">Board</th> <th data-bbox="820 611 938 680">Audit Committee</th> <th data-bbox="938 611 1056 680">Nominating Committee</th> <th data-bbox="1056 611 1204 680">Remuneration Committee</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 680 742 748">Number of meetings held</td> <td data-bbox="742 680 820 748">3</td> <td data-bbox="820 680 938 748">3</td> <td data-bbox="938 680 1056 748">1</td> <td data-bbox="1056 680 1204 748">1</td> </tr> <tr> <td data-bbox="591 748 742 790">Directors</td> <td colspan="4" data-bbox="742 748 1204 790">No. of Meetings Attended</td> </tr> <tr> <td data-bbox="591 790 742 859">Mr Kwan Chee Seng</td> <td data-bbox="742 790 820 859">3</td> <td data-bbox="820 790 938 859">NA</td> <td data-bbox="938 790 1056 859">1</td> <td data-bbox="1056 790 1204 859">NA</td> </tr> <tr> <td data-bbox="591 859 742 927">Ms Peng Peck Yen</td> <td data-bbox="742 859 820 927">3</td> <td data-bbox="820 859 938 927">NA</td> <td data-bbox="938 859 1056 927">NA</td> <td data-bbox="1056 859 1204 927">NA</td> </tr> <tr> <td data-bbox="591 927 742 996">Mr Foong Daw Ching</td> <td data-bbox="742 927 820 996">3</td> <td data-bbox="820 927 938 996">3</td> <td data-bbox="938 927 1056 996">1</td> <td data-bbox="1056 927 1204 996">1</td> </tr> <tr> <td data-bbox="591 996 742 1064">Mr Low Wai Cheong</td> <td data-bbox="742 996 820 1064">2</td> <td data-bbox="820 996 938 1064">3</td> <td data-bbox="938 996 1056 1064">1</td> <td data-bbox="1056 996 1204 1064">1</td> </tr> <tr> <td data-bbox="591 1064 742 1132">Mr Tan Chade Phang</td> <td data-bbox="742 1064 820 1132">3</td> <td data-bbox="820 1064 938 1132">2</td> <td data-bbox="938 1064 1056 1132">1</td> <td data-bbox="1056 1064 1204 1132">1</td> </tr> </tbody> </table> <p>The Company's Constitution (the "Constitution") allow for teleconferencing and videoconferencing meetings.</p>	Table 1.4 – Board and Board Committees Meeting in FY2017					Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Number of meetings held	3	3	1	1	Directors	No. of Meetings Attended				Mr Kwan Chee Seng	3	NA	1	NA	Ms Peng Peck Yen	3	NA	NA	NA	Mr Foong Daw Ching	3	3	1	1	Mr Low Wai Cheong	2	3	1	1	Mr Tan Chade Phang	3	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.
1.6	(a) Are new Directors given formal training? If not, please explain why.	<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 Catalyst 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>

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	(b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date?	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.
1.7	Upon appointment of each director, has the Company provided 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.
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 NC meeting held on 8 February 2018.

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	<p>(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.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.</p>
2.4	<p>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.</p>	<p>None of the Independent Directors on the Board serves for a period exceeding nine years from the date of his first appointment.</p>
2.5	<p>Has the Board examine its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?</p>	<p>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.</p>
2.6	<p>(a) What is the Board's policy with regard to diversity in identifying Director nominees?</p>	<p>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.</p>

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	<p>(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>	<p>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:</p> <table border="1" data-bbox="591 476 1204 1092"> <thead> <tr> <th colspan="3" data-bbox="591 476 1204 513"><i>Table 2.6 – Balance and Diversity of the Board</i></th> </tr> <tr> <th data-bbox="591 513 957 615"></th> <th data-bbox="957 513 1081 615">Number of Directors</th> <th data-bbox="1081 513 1204 615">Proportion of Board (%)</th> </tr> </thead> <tbody> <tr> <td colspan="3" data-bbox="591 615 1204 652">Core Competencies</td> </tr> <tr> <td data-bbox="591 652 957 698">– Accounting or finance</td> <td data-bbox="957 652 1081 698">4</td> <td data-bbox="1081 652 1204 698">80</td> </tr> <tr> <td data-bbox="591 698 957 744">– Business management</td> <td data-bbox="957 698 1081 744">5</td> <td data-bbox="1081 698 1204 744">100</td> </tr> <tr> <td data-bbox="591 744 957 790">– Legal or corporate governance</td> <td data-bbox="957 744 1081 790">5</td> <td data-bbox="1081 744 1204 790">100</td> </tr> <tr> <td data-bbox="591 790 957 855">– Relevant industry knowledge or experience</td> <td data-bbox="957 790 1081 855">2</td> <td data-bbox="1081 790 1204 855">40</td> </tr> <tr> <td data-bbox="591 855 957 901">– Strategic planning experience</td> <td data-bbox="957 855 1081 901">5</td> <td data-bbox="1081 855 1204 901">100</td> </tr> <tr> <td data-bbox="591 901 957 966">– Customer based experience or knowledge</td> <td data-bbox="957 901 1081 966">4</td> <td data-bbox="1081 901 1204 966">80</td> </tr> <tr> <td colspan="3" data-bbox="591 966 1204 1003">Gender</td> </tr> <tr> <td data-bbox="591 1003 957 1049">– Male</td> <td data-bbox="957 1003 1081 1049">4</td> <td data-bbox="1081 1003 1204 1049">80</td> </tr> <tr> <td data-bbox="591 1049 957 1092">– Female</td> <td data-bbox="957 1049 1081 1092">1</td> <td data-bbox="1081 1049 1204 1092">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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	<p>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p>	<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, who 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 (including 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 Directors.</p> <p>The Independent Directors have met at least once without the presence of management in FY2017.</p>
<p>Chairman and Chief Executive Officer</p>		
3.1 3.2	<p>Are the duties between Chairman of the Board and CEO segregated?</p>	<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>

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		<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 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>
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> <ul style="list-style-type: none"> (a) review of board succession plans for directors; (b) development of a process for evaluation of the performance of the Board, the Board Committees and individual Director; (c) review of training and professional development programs for the Board; (d) review and approve any new employment of related persons and proposed terms of their employment; (e) decide whether or not a Director is able to and has been adequately carrying out his duties as a director; and

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		<p>(f) Board appointment and re-nominations of existing Directors for re-election in accordance with the Company's 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 should submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.</p> <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>

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		<p>(7) To carry out a process for assessing:</p> <p>(a) the effectiveness of the Board as a whole and its Board Committees; and</p> <p>(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>
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 had discharged their duties adequately for FY2017.

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4.5	Are there alternate Directors?	The Company does not have any alternate directors.												
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 data-bbox="600 482 1204 532">Table 4.6(a) – Process for the Selection and Appointment of New Directors</p> <table border="1" data-bbox="591 543 1210 1271"> <tbody> <tr> <td data-bbox="591 543 636 772">1.</td> <td data-bbox="636 543 828 772">Determination of selection criteria</td> <td data-bbox="828 543 1210 772"> <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 data-bbox="591 772 636 946">2.</td> <td data-bbox="636 772 828 946">Search for suitable candidates</td> <td data-bbox="828 772 1210 946"> <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 data-bbox="591 946 636 1175">3.</td> <td data-bbox="636 946 828 1175">Assessment of shortlisted candidates</td> <td data-bbox="828 946 1210 1175"> <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 data-bbox="591 1175 636 1271">4.</td> <td data-bbox="636 1175 828 1271">Appointment of director</td> <td data-bbox="828 1175 1210 1271"> <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="600 402 1201 426">Table 4.6(b) – Process for the Re-electing Incumbent Directors</p> <table border="1" data-bbox="591 436 1208 1373"> <tr> <td data-bbox="591 436 636 717">1.</td> <td data-bbox="636 436 828 717">Assessment of director</td> <td data-bbox="828 436 1208 717"> <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="591 717 636 1373">2.</td> <td data-bbox="636 717 828 1373">Re-appointment of director</td> <td data-bbox="828 717 1208 1373"> <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 Foong Daw Ching and Ms Peng Peck Yen 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> </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 Foong Daw Ching and Ms Peng Peck Yen 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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			<p>In making the recommendations, the NC had considered the directors' overall contribution and performance.</p> <p>Mr Foong Daw Ching will, upon re-election as a Director, remain as the Chairman of AC and a member of the NC, RC and RMC. Ms Peng Peck Yen will, upon re-election as a Director, continue to hold office as the Executive Director of the Company.</p>																																						
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="591 787 1208 1609"> <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 (2) Variscan Mines Limited</td> <td>NA</td> </tr> <tr> <td>Peng Peck Yen</td> <td>Executive Director</td> <td>18 February 2016</td> <td>25 October 2016</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>25 October 2016</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) Dapai International Holdings Co. Ltd. (2) OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd)</td> <td>1) Transcorp Holdings Limited</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 (2) Variscan Mines Limited	NA	Peng Peck Yen	Executive Director	18 February 2016	25 October 2016	NA	NA	Foong Daw Ching	Non-Executive Independent Chairman	26 March 2012	25 October 2016	(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) Dapai International Holdings Co. Ltd. (2) OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd)	1) Transcorp Holdings Limited
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REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation												
		<p>The shareholdings of the individual Directors of the Company are set out on page 77. 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 10 and 11.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held on 26 April 2018 are stated in the Notice of AGM set out on pages 145 to 149 of this Annual Report.</p>												
Board Performance														
<p>5.1 5.2 5.3</p>	<p>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>	<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="591 916 1208 1434"> <thead> <tr> <th colspan="3" data-bbox="591 916 1208 959">Table 5</th> </tr> <tr> <th data-bbox="591 959 751 1027">Performance Criteria</th> <th data-bbox="751 959 979 1027">Board and Board Committees</th> <th data-bbox="979 959 1208 1027">Individual Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 1027 751 1286">Qualitative</td> <td data-bbox="751 1027 979 1286"> <ol style="list-style-type: none"> 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="979 1027 1208 1286"> <ol style="list-style-type: none"> 1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness </td> </tr> <tr> <td data-bbox="591 1286 751 1434">Quantitative</td> <td data-bbox="751 1286 979 1434"> <ol style="list-style-type: none"> 1. Measuring and monitoring performance 2. Financial Reporting </td> <td data-bbox="979 1286 1208 1434"> <ol style="list-style-type: none"> 1. Attendance at Board and Board Committee meetings </td> </tr> </tbody> </table>	Table 5			Performance Criteria	Board and Board Committees	Individual Directors	Qualitative	<ol style="list-style-type: none"> 1. Size and composition 2. Information to the Board 3. Board procedures 4. Strategic planning and accountability 5. Attendance record at meetings 	<ol style="list-style-type: none"> 1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness 	Quantitative	<ol style="list-style-type: none"> 1. Measuring and monitoring performance 2. Financial Reporting 	<ol style="list-style-type: none"> 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 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. 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?	<p>Table 6 – Types of information provided by key management personnel to Independent Directors</p> <table border="1"> <thead> <tr> <th></th> <th>Information</th> <th>Frequency</th> </tr> </thead> <tbody> <tr> <td>1.</td> <td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td> <td>Half-yearly</td> </tr> <tr> <td>2.</td> <td>Updates to the Group's operations and the markets in which the Group operates in</td> <td>As and when relevant</td> </tr> <tr> <td>3.</td> <td>Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and external auditors' ("EA") report(s)</td> <td>Half-yearly</td> </tr> <tr> <td>4.</td> <td>Reports on on-going or planned corporate actions</td> <td>As and when relevant</td> </tr> <tr> <td>5.</td> <td>Enterprise risk framework and internal auditors' ("IA") report(s)</td> <td>Yearly</td> </tr> <tr> <td>6.</td> <td>Shareholding statistics</td> <td>Yearly</td> </tr> </tbody> </table> <p>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>		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' ("EA") 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"> • assist the Chairman and the Chairman of each Board Committee in the development of the agendas for the various Board and Board Committees' meetings; • administers and attends all Board and Board Committees' meetings and prepares 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 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 the (i) Directors to provide good stewardship of the Company; and (ii) key management personnel to successfully manage the Company;

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<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.
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>

REPORT ON CORPORATE GOVERNANCE

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 2017. 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>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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>
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 Directors and the key management personnel, which are moderate, 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 Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.</p>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																																										
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 are 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 FY2017 is as follows:</p> <table border="1"> <caption>Table 9 – Directors' Remuneration</caption> <thead> <tr> <th>Name</th> <th>Remuneration (SGD)</th> <th>Salary (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Directors Fees (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td>Kwan Chee Seng</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Peng Peck Yen</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Foong Daw Ching</td> <td>41,746</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Low Wai Cheong</td> <td>41,746</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Tan Chade Phang</td> <td>36,508</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> </tbody> </table>	Name	Remuneration (SGD)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Total (%)	Kwan Chee Seng	-	-	-	-	-	-	Peng Peck Yen	-	-	-	-	-	-	Foong Daw Ching	41,746	-	-	-	100	100	Low Wai Cheong	41,746	-	-	-	100	100	Tan Chade Phang	36,508	-	-	-	100	100
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REPORT ON CORPORATE GOVERNANCE

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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 FY2017 is as follows:</p> <table border="1" data-bbox="591 506 1210 968"> <caption data-bbox="591 506 1210 550">Table 9.3 – Remuneration of Key Executive Officers</caption> <thead> <tr> <th data-bbox="591 550 820 667">Name</th> <th data-bbox="820 550 911 667">Salary⁽¹⁾ (%)</th> <th data-bbox="911 550 1001 667">Bonus (%)</th> <th data-bbox="1001 550 1116 667">Benefits-in-kind (%)</th> <th data-bbox="1116 550 1210 667">Total (%)</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 667 820 717">Below S\$250,000</td> <td data-bbox="820 667 911 717"></td> <td data-bbox="911 667 1001 717"></td> <td data-bbox="1001 667 1116 717"></td> <td data-bbox="1116 667 1210 717"></td> </tr> <tr> <td data-bbox="591 717 820 796">Kantilal s/o Champaklal Ramdas</td> <td data-bbox="820 717 911 796">–</td> <td data-bbox="911 717 1001 796">–</td> <td data-bbox="1001 717 1116 796">–</td> <td data-bbox="1116 717 1210 796">–</td> </tr> <tr> <td data-bbox="591 796 820 846">Kelvin Kwan Chee Hong</td> <td data-bbox="820 796 911 846">54</td> <td data-bbox="911 796 1001 846">18</td> <td data-bbox="1001 796 1116 846">28</td> <td data-bbox="1116 796 1210 846">100</td> </tr> <tr> <td data-bbox="591 846 820 925">Kwok Chung Chieh Lincoln</td> <td data-bbox="820 846 911 925">76</td> <td data-bbox="911 846 1001 925">19</td> <td data-bbox="1001 846 1116 925">4</td> <td data-bbox="1116 846 1210 925">100</td> </tr> <tr> <td data-bbox="591 925 820 968">Luo Deng Xiao</td> <td data-bbox="820 925 911 968">100</td> <td data-bbox="911 925 1001 968">–</td> <td data-bbox="1001 925 1116 968">–</td> <td data-bbox="1116 925 1210 968">100</td> </tr> </tbody> </table> <p data-bbox="591 999 1210 1068">Note: (1) The salary amounts shown are inclusive of Central Provident Fund contributions.</p> <p data-bbox="591 1110 1210 1197">There were no termination, retirement and post-employment benefits granted to Directors and the top 4 key management personnel in FY2017.</p> <p data-bbox="591 1240 1210 1295">The Company only has 4 key management personnel in FY2017 as at the date of this Annual Report.</p> <p data-bbox="591 1337 1210 1489">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>	Name	Salary ⁽¹⁾ (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	Below S\$250,000					Kantilal s/o Champaklal Ramdas	–	–	–	–	Kelvin Kwan Chee Hong	54	18	28	100	Kwok Chung Chieh Lincoln	76	19	4	100	Luo Deng Xiao	100	–	–	100
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	(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 top 4 key management personnel for FY2017 was S\$368,310.
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.	<p>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 FY2017.</p> <p>Mr Kelvin 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\$150,000 to S\$200,000 in FY2017.</p>
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 Directors 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 FY2017. 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 Directors and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1" data-bbox="591 541 1210 1049"> <thead> <tr> <th colspan="3" data-bbox="591 541 1210 587">Table 9.6(b)</th> </tr> <tr> <th data-bbox="591 587 751 731">Performance Conditions</th> <th data-bbox="751 587 979 731">Short-term Incentives (such as performance bonus)</th> <th data-bbox="979 587 1210 731">Long-term Incentives (such as the Starland PSP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 731 751 907">Qualitative</td> <td data-bbox="751 731 979 907"> <ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> <td data-bbox="979 731 1210 907"> <ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment Teamwork </td> </tr> <tr> <td data-bbox="591 907 751 1049">Quantitative</td> <td data-bbox="751 907 979 1049">1. Relative financial performance of the Group to its industry peers.</td> <td data-bbox="979 907 1210 1049">1. Relative financial performance of the Group to its industry peers.</td> </tr> </tbody> </table>	Table 9.6(b)			Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the Starland PSP)	Qualitative	<ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork 	<ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment Teamwork 	Quantitative	1. Relative financial performance of the Group to its industry peers.	1. Relative financial performance of the Group to its industry peers.
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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 FY2017.												

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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 Catalist (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 Financial Controller ("FC") that the financial records have been properly maintained and the financial statements for FY2017 give a true and fair view of the Group's operations and finances and the Group'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 control established and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FC, 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 FY2017.
	(b) In respect of the past 12 months, has the Board received assurance from the CEO and the Chief Financial Officer 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 FC in respect of FY2017. 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 FY2017.

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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 Company's 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 sight 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>

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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 an 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 statue 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 FC (or its equivalent rank) does have the competence, character and integrity expected of a FC (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/FC 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>

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation																					
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.																					
12.5	Has the AC met with the auditors in the absence of key management personnel?	Yes, the AC met with the IA and the EA in the absence of key management personnel on 8 February 2018.																					
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.	<table border="1"> <thead> <tr> <th colspan="3">Table 12.6(a) - Fees Paid/Payable to the EA, Ernst & Young LLP for FY2017</th> </tr> <tr> <th></th> <th>S\$</th> <th>% of total</th> </tr> </thead> <tbody> <tr> <td>Audit fees</td> <td>142,000</td> <td>12.5</td> </tr> <tr> <td>Non-audit fees</td> <td></td> <td></td> </tr> <tr> <td>– Tax compliance</td> <td>3,000</td> <td>0.3</td> </tr> <tr> <td>– ayondo acquisition</td> <td>992,000</td> <td>87.2</td> </tr> <tr> <td>Total</td> <td>1,137,000</td> <td>100</td> </tr> </tbody> </table>	Table 12.6(a) - Fees Paid/Payable to the EA, Ernst & Young LLP for FY2017				S\$	% of total	Audit fees	142,000	12.5	Non-audit fees			– Tax compliance	3,000	0.3	– ayondo acquisition	992,000	87.2	Total	1,137,000	100
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Total	1,137,000	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. Notwithstanding the substantial volume of non-audit services rendered to the Company, 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.																					

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation				
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" data-bbox="591 569 1207 667"> <thead> <tr> <th data-bbox="591 569 897 620">Name</th> <th data-bbox="897 569 1207 620">Email Address</th> </tr> </thead> <tbody> <tr> <td data-bbox="591 620 897 667">Foong Daw Ching</td> <td data-bbox="897 620 1207 667">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					
12.8	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>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 and settlement agreements with ayondo. 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 properties held for sale.</p> <p>For the development property in 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. For development property in Singapore, management has engaged independent external real estate valuation expert to determine the open market value of the freehold land.</p>				

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
		<p>The AC reviewed management's judgement of not recognising any income or assets as at 31 December 2017 in relation to both the settlement agreements based on management's assessment of ayondo's ability to repay the RCL after taking into consideration its latest known financial and liquidity information, and the probability of ayondo completing its planned IPO and raise the required proceeds. The AC has also reviewed the EA's approach in identifying this as a key audit matter as significant management judgement involved in determining whether it is probably that future economic benefit associated with the RCL Settlement agreement will flow to the Group, and in the case of the Conversion Settlement agreement whether such inflow of economic benefit is virtually certain as at the year end.</p> <p>The AC and the EA discussed these three 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>
12.9	Are any of the members of the AC (i) 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.

REPORT ON CORPORATE GOVERNANCE

Guideline	Code and/or Guide Description	Company's Compliance or Explanation
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 FY2017. 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	<p>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>	<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 announcements of 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	<p>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.</p>	<p>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.</p>

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. The Articles also allow for voting 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 a formalised 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	<p>Does the Company have a dividend policy?</p> <p>Is the Company paying dividends for the financial year? If not, please explain why.</p>	<p>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).</p> <p>The Company is recommending a proposed final tax exempt (1-tier) dividend of S\$0.005 per ordinary share for FY2017. The dividend payment which amounts to S\$0.7 million (FP6M2016: Nil) is subject to shareholder's approval at the Annual General Meeting.</p>

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 allow for voting on 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 requested 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 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 FY2017 or if not then subsisting, entered into since the end of the previous financial year.

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COMPLIANCE WITH APPLICABLE CATALIST RULES								
Catalist Rule	Rule Description	Company's Compliance or Explanation						
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 FC, 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 FY2017.						
1204(17)	Interested persons transaction ("IPT")	<p>The AC is satisfied that the review procedures for IPTs and the reviews to be made by 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 FY2017 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 (RMB2,059,000)</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 (RMB2,059,000)	-
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 (RMB2,059,000)	-						

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 FY2017.
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 the inaugural Sustainability Report of Starland Holdings Limited (“Starland” or “Company”). However, we are not new to sustainability.

We are in the property business and our key focus has been ensuring that we delivery quality products to our customers at all times. We are committed to delivering value through sustaining growth in all areas of its business, empowering the lives of our people and nurturing communities whenever we operate. In addition, we believe in upholding high standards of corporate governance to safeguard shareholders’ interests. We have a proactive approach towards environmental, health and safety management. Policies and guidelines are put in place to ensure the efficient use of energy, water and other resources.

In formulating its business strategies, the Board has considered sustainability issues and together with the management team, has determined the material environmental, social and governance (“ESG”) factors for Starland. The Board is also in charge in the oversight of the management and monitoring of the material ESG factors.

OUR APPROACH AND STRATEGY

Sustainability Commitment

This is part of Starland Holdings Limited’s (“Starland”) efforts in gearing towards the Singapore Exchange’s (“SGX”) mandated requirement for all listed entities to report their sustainability performance.

During the year, Starland has adopted a more formalised reporting approach by applying the Global Reporting Initiative (“GRI”) Standards as much as possible and align those requirements in preparing our first sustainability report.

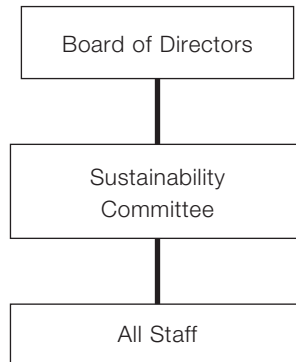
This report covers data and information from 1 January 2017 to 31 December 2017 and discusses the Group’s achievements and performance towards ESG issues. This report has been prepared in accordance to the GRI Standards: Core Option.

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

Management and Staff involvement in implementing sustainability strategy

The Sustainability Committee, comprising the Executive Director, General Manager and Financial Controller, leads the Company’s sustainability efforts and is responsible for on-going communication with the Board in considering sustainability issues in its business decisions. Accordingly, sustainability and risk management are emphasised in the evaluation of any project or investment opportunities.

SUSTAINABILITY REPORT



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

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

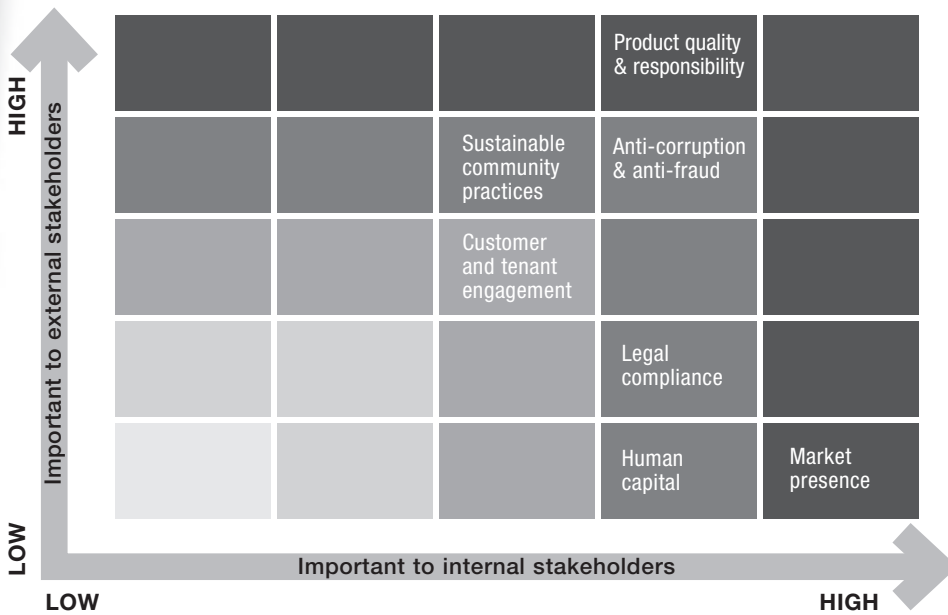
The Sustainability Committee identified the specific ESG factors which are material to the Group based on their knowledge of their respective business areas, the challenges faced by the industry and the corresponding implications for the business and operations.

The committee members also considered the insights they gained from their day-to-day engagement with various stakeholders to establish the direction for 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 interest of the stakeholders.

SUSTAINABILITY REPORT

The following materiality matrix presents the identified material ESG factors. Our sustainability efforts and reporting are focused on these factors. The materiality assessment is endorsed by the Board and these priorities are reviewed on a yearly basis.



Our findings and assessment are based on the period from 1 January 2017 to 31 December 2017.

Engaging Stakeholders

While we work on our sustainability objectives, we also aim to align our business interests with that of our stakeholders, which comprise those who are impacted by our businesses and operations. By assessing the significance and impact of their interest on our business, we have singled out 6 key stakeholder groups.

We believe that regular communication is the key to healthy stakeholder relations. Over the years, we have been engaging our stakeholders regularly to ensure we address the key material issues raised by providing continual information updates through various engagement platforms.

SUSTAINABILITY REPORT

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 supplier visit/meeting 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 staff dialogue sessions • 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 • Shareholders' meetings
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 FOCUS, COMMITMENTS AND TARGETS

FOCUS	IMPACT TO STAKEHOLDERS	2017 PERFORMANCE	COMMITMENTS AND TARGETS
Supply Chain Management <ul style="list-style-type: none"> Engaging our suppliers Customer satisfaction 	Property purchase is a significant investment for most individuals. Being a significant investment, quality of the property is of ultimate importance for 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 11 August 2017 (First Half FY2017) and 8 February 2018 (Full Year FY2017)	Ensure compliance of all legislation and corporate governance requirement at all time.

SUPPLY CHAIN MANAGEMENT

Product quality and assurance

Currently, we have no ongoing construction project. The Group is currently focusing on managing and selling its completed mixed development projects in Fuling, Chongqing PRC.

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

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

Customer and tenant engagement

In the Singapore Garden development ("SG Garden"), the general manager and his team ("Fuling management team") are in constant engagement with the tenants and residents of SG Garden. During the period in review, the management team, tenants and residents had come together to resolve issues like illegal parking and noise pollution.

The Fuling management team in the SG Garden project has provided reasonable assurance to the residents on the communal living standards surrounding the area.

SUSTAINABILITY REPORT

Market presence

Property purchase is a significant investment for most individuals. Being a significant investment, quality of the property is of ultimate importance for 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 responded to feedback from residents and tenants on product quality with regards to the SG Garden Project.

ENVIRONMENTAL INITIATIVES

Sustainable community practices

The Fuling management team has provided sustainable community practices in the SG Garden Project. The team has been focusing on ensuring that renovation waste materials are properly disposed 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 give 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. We believe in the benefits of re-employing older workers to retain and tap their wealth of experience.

Anti-corruption and anti-fraud

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 AC 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 Group. Our stakeholders can reach our AC Chairman Mr Foong Daw Ching, via his email at dawching23@gmail.com.

Legal Compliance

The Group 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 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.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Organisation Profile		
102-1	Name of Organisation	Page 15
102-2	Activities, brands, products, and services	Page 1
102-3	Location of headquarters	Page 15
102-4	Location of operations	Page 87
102-5	Ownership and legal form	Page 87
102-6	Markets served	Page 1
102-7	Scale of the organisation	Page 1
102-8	Information on employees and other workers	Page 65
102-9	Supply chain	Page 64
102-10	Significant changes to the organisation and its supply chain	N.A.
102-11	Precautionary principle or approach	N.A.
102-12	External initiatives	Starland has not adopted any external initiatives.
102-13	Membership of associations	N.A.
Strategy		
102-14	Statement from senior decision-maker	Page 60
102-15	Key impacts, risks, and opportunities	Page 61
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Page 60
102-17	Mechanisms for advice and concerns about ethics	Page 65
Governance		
102-18	Governance structure	Page 16-59
102-19	Delegating authority	Page 61

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
102-20	Executive-level responsibility for economic, environmental	Page 61
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 62
102-22	Composition of the highest governance body and its committees	Page 18
102-23	Chair of the highest governance body	Page 17
102-24	Nominating and selecting the highest governance body	Page 18
102-25	Conflicts of interest	N.A
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 18
102-27	Collective knowledge of highest governance body	Page 23
102-28	Evaluating the highest governance body's performance	Page 27
102-29	Identifying and managing economic, environmental, and social impacts	Page 60
102-30	Effectiveness of risk management processes	Page 43
102-31	Review of economic, environmental, and social topics	Page 60-70
102-32	Highest governance body's role in sustainability reporting	page 60
102-33	Communicating critical concerns	N.A
102-34	Nature and total number of critical concerns	N.A
102-35	Remuneration policies	Page 38-40
102-36	Process for determining remuneration	Page 38
102-37	Stakeholders' involvement in remuneration	N.A
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 63. 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 62
102-43	Approach to stakeholder engagement	Page 62
102-44	Key topics and concerns raised	Page 63
102-45	Entities included in the consolidated financial statements	Page 14
102-46	Defining report content and topic boundaries	Page 62
102-47	List of material topics	Page 62
102-48	Restatements of information	N.A. This is Starland's first sustainability report
102-49	Changes in reporting	N.A. This is Starland's first sustainability report
102-50	Reporting period	Page 60
102-51	Date of most recent report	Page 60
102-52	Reporting cycle	Page 62
102-53	Contact point for questions	Page 15
102-54	Claims for reporting in accordance with the GRI standards	Page 60
102-55	GRI content index	Page 66-74
102-56	External assurance	N.A
Management approach		
103-1	Explanation of the material topic and its boundary	Page 61-62
103-2	The management approach and its components	Page 60
103-3	Evaluation of the management approach	Page 60

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Specific Standard Disclosures		
Category: Economic		
Topic: Economic Performance		
201-1	Direct economic value generated and distributed	N.A
201-2	Financial implications and other risks and opportunities due to climate change	N.A
201-3	Defined benefit plan obligations and other retirement plans	Page 101, 133
201-4	Financial assistance received from government	N.A
Topic: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	N.A
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	N.A
203-2	Significant indirect economic impacts	N.A
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 SG Garden project.
Topic: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Page 65
205-2	Communication and training about anti-corruption policies and procedures.	Page 65
205-3	Confirmed incidents of corruption and actions taken	N.A

SUSTAINABILITY REPORT

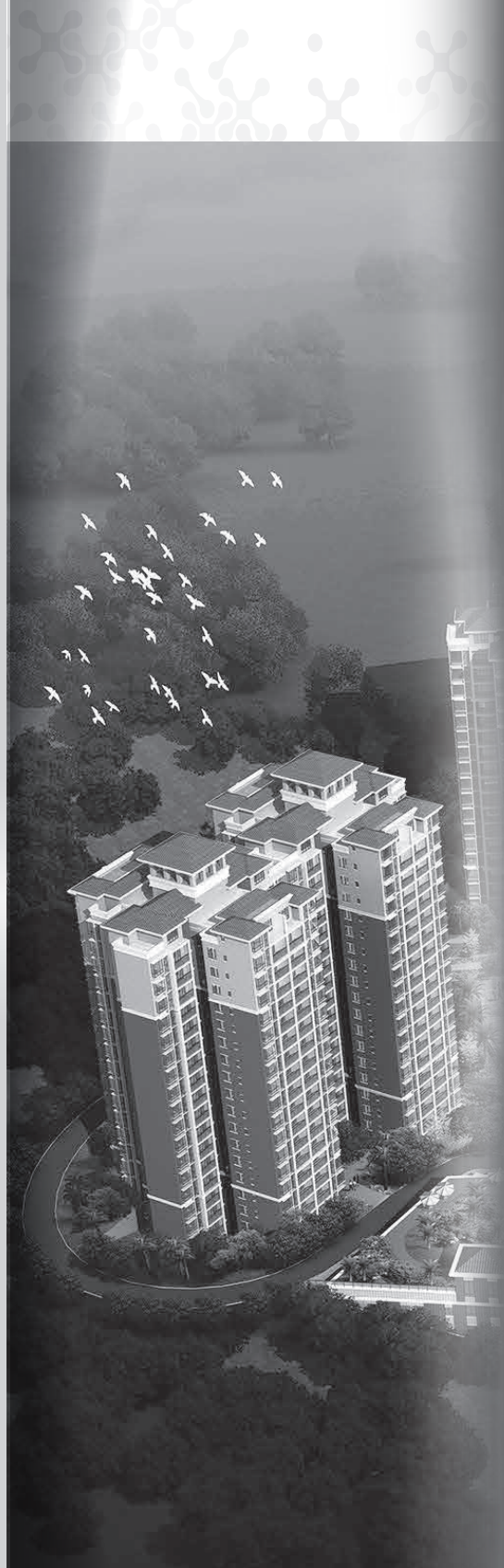
General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Topic: Anti-competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	N.A
Topic: Effluents and Waste		
306-2	Waste by type and disposal method	Page 65
Topic: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Page 64
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 GRI indicators and will review the relevance of indicators marked "N/A" to its operations annually.

FINANCIAL CONTENTS

- 72** DIRECTORS' STATEMENT
- 77** INDEPENDENT AUDITOR'S REPORT
- 82** BALANCE SHEETS
- 83** CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 84** STATEMENTS OF CHANGES IN EQUITY
- 86** CONSOLIDATED CASH FLOWS STATEMENT
- 87** NOTES TO THE FINANCIAL STATEMENTS



DIRECTORS' STATEMENT

The directors 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 2017.

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 2017 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, Foong Daw Ching and Peng Peck Yen 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' STATEMENT

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 (the "Act"), 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⁾	61,073,940	62,294,640	–	–
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	–	–
	Number of Warrants			
	Direct interest		Deemed interest	
	At the beginning of financial period	At the end of financial period	At the beginning of financial period	At the end of financial period
<u>Ultimate Holding Company</u>				
GRP Limited				
Kwan Chee Seng	20,357,980	–	–	–
Peng Peck Yen	6,000	–	–	–

(1) Mr Kwan Chee Seng has a shareholding interest of 32.52% 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.

DIRECTORS' STATEMENT

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2018, except for Mr Kwan Chee Seng who has increased the direct interest in number of ordinary shares of Ultimate Holding Company from 62,294,640 to 62,994,640.

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.

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 IA and EA of the Group and the Company, and reviewed the IA'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 EA and IA.

DIRECTORS' STATEMENT

- 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 IA.
- Met with the EA, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC.
- 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 EA.
- Reviewed the nature and extent of non-audit services provided by the EA.
- Recommended to the board of directors the EA to be nominated, approved the compensation of the EA, 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 EA to the Group, is satisfied that the nature and extent of such services would not affect the independence of the EA. The AC has also conducted a review of interested person transactions.

The AC has also met with IA and EA, 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.

DIRECTORS' STATEMENT

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 2018

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2017

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 2017, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flows 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 Financial Reporting Standards in Singapore (FRSs) 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 2017 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 2017

Independent Auditor's Report to the Members of Starland Holdings Limited

Valuation of properties held for sale

The Group has significant completed properties held for sale in Chongqing, People's Republic of China ("PRC"). As at 31 December 2017, the Group's properties held for sale amounted to RMB65,200,000, which represented 26% of the Group's current assets. Properties held for sale are stated at the lower of their cost and their net realisable values. The estimated net realisable value of these completed properties is dependent upon the Group's expectation of future selling prices. A slowdown in economic activity in the PRC might exert downward pressure on transaction volumes as well as residential and commercial property prices. This could lead to future trends in the market departing from known trends based on past experience. There is a risk that the current carrying value of the properties held for sale may be lower than future actual selling prices, resulting in losses when the properties are sold. Accordingly, we identified this to be a key audit matter.

We assessed the reasonableness of the Group's estimated net realisable value of the properties 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. Further, we assessed the adequacy of the disclosures related to properties held for sale in Note 8 to the financial statements.

Valuation of development properties

As at 31 December 2017, the Group's development properties amounted to RMB37,337,000, which represented 15% of the Group's current assets. These development properties relate to a freehold land in Singapore and a leasehold land in Chongqing, PRC. These lands were acquired for proposed development of high-end residential projects. The development properties are stated at the lower of cost and net realisable values. We identified this as a key audit matter as the estimation of the net realisable value of the development properties is dependent on the performance of the Singapore's and PRC's property markets and the Group's business plans. There is therefore a risk that the estimated net realisable values are lower than the carrying values of the development properties, resulting in a decline in the carrying values.

We inquired with management on the business plans for these development properties. For the development property in PRC, we compared 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. For the development property in Singapore, management engaged an independent external real estate valuation expert to determine the open market value of the freehold land. We compared the carrying value of the development property to the open market value estimated by the external valuation expert. We considered the competence, capabilities and objectivity of the external valuation expert. We also assessed the appropriateness of the valuation model and property related data used by the external valuation expert. Further, we assessed the adequacy of the disclosures related to development properties in Note 9 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Starland Holdings Limited

Settlement agreements with ayondo Holding AG ("ayondo")

The Group entered into two settlement agreements with ayondo during the year as disclosed in Note 1 to the financial statements. The Group did not recognise any income or assets as at 31 December 2017 in relation to both the settlement agreements based on management's assessment of ayondo's ability to repay the RCL after taking into consideration its latest known financial and liquidity information, and the probability of ayondo completing its planned IPO and raise the required proceeds.

We identified this as a key audit matter as significant management judgement is involved in determining whether it is probable that future economic benefit associated with the RCL Settlement agreement will flow to the Group, and in the case of the Conversion Settlement agreement whether such inflow of economic benefit is virtually certain as at the year end.

We read the terms in the RCL Settlement and Conversion Settlement agreements. We considered the reasonableness of management's assessment in determining whether any income and corresponding asset should be recognised as at year end pursuant to these agreements based on facts and circumstances available at year end. We also read ayondo's latest available financial information and took into consideration the status of ayondo's IPO filing as at the year end and its past track record in evaluating management's assessment. Pursuant to the successful IPO of ayondo subsequent to the year end as disclosed in Note 27 to the financial statements, we also considered whether relevant conditions had existed as at the year end to render it as an adjusting event.

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.

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 FRSs, 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Starland Holdings Limited

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.
- 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2017

Independent Auditor's Report to the Members of Starland Holdings Limited

- 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.

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 2018

BALANCE SHEETS

As at 31 December 2017

	Note	Group		Company	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
ASSETS					
Current assets					
Cash and bank balances	6	139,134	100,711	291	322
Trade and other receivables and deposits	7	7,610	3,974	15,211	15,286
Properties held for sale	8	65,200	134,159	–	–
Development properties	9	37,337	37,174	–	–
Total current assets		249,281	276,018	15,502	15,608
Non-current assets					
Equipment	10	138	274	13	17
Investment in subsidiaries	11	–	–	9,773	9,773
Deferred tax assets	12	846	891	–	–
Total non-current assets		984	1,165	9,786	9,790
Total assets		250,265	277,183	25,288	25,398
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	13	36,326	26,692	57,262	32,043
Income tax payable		22,989	48,201	–	–
Loans and borrowings	14	20,749	38,206	–	13,422
Total current liabilities		80,064	113,099	57,262	45,465
Non-current liabilities					
Deferred tax liabilities	12	9,498	8,296	–	–
Total non-current liabilities		9,498	8,296	–	–
Capital and reserves					
Share capital	15	24,471	24,471	24,471	24,471
Other reserves	16	106,498	106,454	433	444
Retained earnings/ (accumulated losses)		29,734	24,863	(56,878)	(44,982)
Total equity		160,703	155,788	(31,974)	(20,067)
Total liabilities and equity		250,265	277,183	25,288	25,398

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2017

	Note	Group	
		Period from 1 July 2016 to 31 December 2016	
		2017 RMB'000	2016 RMB'000
Revenue	17	101,071	24,776
Cost of sales		(69,834)	(15,839)
Gross profit		31,237	8,937
Other operating income		376	64
Interest income	18	1,514	377
Other expenses	19	(6,422)	(6,317)
Finance costs	20	(1,192)	(519)
Selling expenses		(819)	(410)
Administrative expenses		(11,477)	(7,343)
Profit/(loss) before tax	21	13,217	(5,211)
Income tax (expense)/credit	22	(8,158)	1,132
Profit/(loss) for the year/period attributable to owners of the Company		5,059	(4,079)
Other comprehensive income:			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation		(144)	449
Total comprehensive income for the year/period attributable to owners of the Company		4,915	(3,630)
Basic and diluted earnings/(loss) per share (RMB cents)	23	3.50	(2.82)

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 2017

Group	Share capital RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
At 30 June 2016	24,471	99,027	628	7,605	(1,392)	29,079	159,418
Loss for the period	-	-	-	-	-	(4,079)	(4,079)
Other comprehensive income	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	449	-	449
Total comprehensive income for the period	-	-	-	-	449	(4,079)	(3,630)
Others	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	137	-	(137)	-
At 31 December 2016	24,471	99,027	628	7,742	(943)	24,863	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	(1,087)	29,734	160,703

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2017

Company	Share capital RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 30 June 2016	24,471	628	(282)	(35,014)	(10,197)
Loss for the period	-	-	-	(9,968)	(9,968)
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	98	-	98
Total comprehensive income for the period	-	-	98	(9,968)	(9,870)
At 31 December 2016	24,471	628	(184)	(44,982)	(20,067)
Loss for the year	-	-	-	(11,896)	(11,896)
<u>Other comprehensive income</u>					
Foreign currency translation	-	-	(11)	-	(11)
Total comprehensive income for the year	-	-	(11)	(11,896)	(11,907)
At 31 December 2017	24,471	628	(195)	(56,878)	(31,974)

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

CONSOLIDATED CASH FLOWS STATEMENT

For the financial year ended 31 December 2017

	Note	Group	
		2017 RMB'000	Period from 1 July 2016 to 31 December 2016 RMB'000
Operating activities			
Profit/(loss) before tax		13,217	(5,211)
Adjustments for:			
Depreciation	10	136	172
Amortisation of land use right	21	305	147
Properties held for sale written down	21	117	–
Interest income	18	(1,514)	(377)
Interest expense	20	1,192	519
Unrealised foreign exchange differences		168	(162)
Operating cash flows before changes in working capital			
		13,621	(4,912)
Decrease in properties held for sale		68,842	15,455
Increase in development properties		(76)	–
(Increase)/decrease in trade and other receivables and deposits		(3,195)	719
Decrease in trade and other payables		(6,562)	(1,102)
Cash flows generated from operations			
		72,630	10,160
Interest received		1,073	377
Interest paid		(1,192)	(519)
Income tax paid		(32,123)	(870)
Net cash flows generated from operating activities			
		40,388	9,148
Investing activities			
Purchase of equipment	10	–	(8)
Net cash flows used in investing activities			
		–	(8)
Financing activities			
Decrease/(increase) in bank deposits pledged		25,074	(25,826)
Proceeds from drawdown of loans and borrowings		10,144	13,653
Due to ultimate holding company		16,134	1,069
Repayment of loans and borrowings		(28,305)	(9,508)
Net cash flows generated from/(used in) financing activities			
		23,047	(20,612)
Net increase/(decrease) in cash and cash equivalents		63,435	(11,472)
Effect of foreign exchange rate changes		62	140
Cash and cash equivalents at beginning of financial year/period		61,000	72,332
Cash and cash equivalents at end of financial year/period			
		124,497	61,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 Catalist, 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 2017, 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 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 2017

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 has not recognised any financial assets arising from the settlement agreements due to uncertainty in their recoverability. In the event that the IPO of ayondo is achieved, the Company will recognise the assets accordingly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1. *Fundamental accounting concept*

As at 31 December 2017, the Company's current liabilities exceeded its current assets by RMB41,760,000 (2016: RMB29,857,000) and total liabilities exceeded its total assets by RMB31,974,000 (2016: RMB20,067,000). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as going concern.

The directors are of the view that it is appropriate to prepare the Company's financial statements on the going concern basis after considering the following factors:

- Its subsidiary, Chongqing Tianhu Land Co., Ltd. has given an undertaking not to recall for repayment of the amount due from the Company amounting to RMB19,668,000 (2016: RMB19,668,000).
- Dividends amounting to RMB126,087,000 (2016: RMB101,594,000) from its subsidiaries, Chongqing Tianhu Land Co., Ltd. and Chongqing Gangyuan Property Development Co., Ltd. can be distributed to the Company.

In view of the above, management is confident that there is no issue of going concern and the financial statements of the Company have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 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 ("FRS").

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.

2.3 Change in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual periods beginning on 1 January 2017. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.4 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
<i>FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
<i>FRS 109 Financial Instruments</i>	1 January 2018
<i>Amendments to FRS 102: Classification and Measurement of Share-based Payment transactions</i>	1 January 2018
<i>INT FRS 122: Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
<i>FRS 116 Leases</i>	1 January 2019

Except for FRS 115, FRS 109 and FRS 116, 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 FRS 115, FRS 109 and FRS 116 are described below.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

The Group has completed its qualitative assessment of the impact on the financial statements arising from the adoption of FRS 115. Based on its assessment, the Group does not expect significant changes to the basis of revenue recognition for its completed properties held for sale in PRC. The Group is expected to continue to recognise revenue on the sale of these properties upon physical handover of the property units to the buyers.

The Group has assessed that there are no material impact to the financial statements and has adopted the new standard on the required effective date using the modified retrospective approach.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group has completed its qualitative assessment of the impact on the financial statements arising from the adoption of FRS 109. Based on its assessment, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Both held-to-maturity financial assets in relation to fixed deposits and loans and receivables in relation to trade and other receivables and deposits, and cash and cash equivalents will continue to be accounted for using amortised cost model under FRS 109.

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance. The Group has adopted the new standard on the required effective date without restating prior periods' information.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of ‘low value’ assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

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.

2.5 *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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 *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 FRS 39 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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 *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 FRS.

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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 *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.

2.8 *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.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 *Development properties (Continued)*

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.

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.

2.9 *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.

2.10 *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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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 is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 *Financial instruments (Continued)*

(a) *Financial assets (Continued)*

Regular way of purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(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

The measurement of financial liabilities depends on their classification.

Financial liabilities at amortised cost

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. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 *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.

2.13 *Impairment of financial assets*

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 *Impairment of financial assets (Continued)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.14 *Cash and cash equivalents*

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

2.15 *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.

2.16 *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.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 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.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment excluding taxes or duty.

(a) *Sale of development properties*

Revenue from properties developed for sale is recognised when the risks and rewards of ownership of units have been transferred to the buyer either upon the issue of completion certificate or handing over of keys to the buyers, whichever is later. Payments received from buyers prior to this stage are recorded as advances from customers for sales of properties.

NOTES TO THE **FINANCIAL STATEMENTS**

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue (Continued)

(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.

2.22 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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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.

2.23 *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.

2.24 *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 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 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.

2.25 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.
- (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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 *Related parties (Continued)*

- (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 Group's consolidated 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.

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 consolidated financial statements:

(a) *Accounting for the settlement agreements with ayondo*

On 27 October 2017, the Company entered into two settlement agreements with ayondo as disclosed in Note 1 to the financial statements. The Group did not recognise any income or assets as at 31 December 2017 in relation to both the settlement agreements based on management's assessment of ayondo's ability to repay the RCL taking into consideration its latest known financial and liquidity information, and the probability of ayondo completing its planned IPO and raise the required proceeds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.1 *Judgements made in applying accounting policies (Continued)*

(b) *Determination of functional currency*

FRS 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 it operates i.e. the one in which it primarily generates and expends cash. The Company and the entities in the Group may also consider 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.

(a) *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 Note 2.8 and 2.9.

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 net realisable value as at 31 December 2017 were RMB37,337,000 (2016: RMB37,174,000) and RMB65,200,000 (2016: RMB134,159,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(b) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognised for all unused tax losses and land appreciation tax to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

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	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Loans and receivables (including cash and bank balances)	146,642	103,840	15,502	14,865
Financial liabilities				
Financial liabilities carried at amortised cost	45,773	51,203	57,262	45,465

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

(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 risk.

(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.

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

	Assets		Liabilities	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Group				
HKD	-	-	-	61
CHF	-	-	-	308
EUR	-	-	-	78
GBP	-	-	-	21
USD	371	371	-	-
Company				
HKD	-	-	-	61
CHF	-	-	-	308
EUR	-	-	-	78
GBP	-	-	-	21
RMB	-	-	-	2,227

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

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

(i) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/loss before tax to a reasonably possible change in the HKD, CHF, GBP, USD and EUR.

		2017 RMB'000 Profit before tax	2016 RMB'000 Loss before tax
RMB/HKD	– strengthened 10%	–	6
	– weakened 10%	–	(6)
RMB/CHF	– strengthened 10%	–	31
	– weakened 10%	–	(31)
RMB/EUR	– strengthened 10%	–	8
	– weakened 10%	–	(8)
RMB/GBP	– strengthened 10%	–	2
	– weakened 10%	–	(2)
RMB/USD	– strengthened 10%	(37)	(37)
	– weakened 10%	37	37

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, 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 2017

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 decrease the Group's profit before tax by approximately RMB61,000 (2016: an increase in 100 basis point in interest rate at the reporting date would increase the Group's loss before tax by approximately RMB15,000).

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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

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

(iii) Credit risk (Continued)

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.

(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 2017, the Group has committed borrowing facilities of S\$5,928,000 (approximately RMB28,874,000) (2016: 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% (2016: 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. 100% of the Company's loans and borrowings has matured during the financial year (2016: 100% of the Company's loans and borrowings will mature in less than one year).

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 2017

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 2017			Total RMB'000
	One year or less RMB'000	One 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	25,014	–	–	25,014
Loans and borrowings	21,113	–	–	21,113
Total undiscounted financial liabilities	46,137	–	–	46,137
Total net undiscounted financial assets	100,610	–	–	100,610

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 (Continued)

Group	31 December 2016			Total RMB'000
	One year or less RMB'000	One 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	12,993	–	–	12,993
Loans and borrowings	38,954	–	–	38,954
Total undiscounted financial liabilities	51,951	–	–	51,951
Total net undiscounted financial assets	52,233	–	–	52,233

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 (Continued)

Company	31 December 2017			Total RMB'000
	One year or less RMB'000	One 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 2017

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 (Continued)

Company	31 December 2016			Total RMB'000
	One year or less RMB'000	One 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) Fair value of financial assets and financial liabilities

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 on or near the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 cash equivalents. Capital includes equity attributable to owners of the Company less the above-mentioned restricted statutory reserve fund.

	Group	
	2017	2016
	RMB'000	RMB'000
Loans and borrowings (Note 14)	20,749	38,206
Trade payables (Note 13)	10	4
Other payables and accruals (Note 13)	36,316	26,688
Less: Cash and bank balances (Note 6)	(139,134)	(100,711)
	<u>(82,059)</u>	<u>(35,813)</u>
Equity attributable to owners of the Company	160,703	155,788
Less: Statutory reserve fund	(7,930)	(7,742)
Total capital	<u>152,773</u>	<u>148,046</u>
Capital and net debt	<u>70,714</u>	<u>112,233</u>
Gearing ratio	N/A	N/A

The Group reviews the capital structure on an annual basis. As a 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 2017

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/period:

	Group	
	2017 RMB'000	Period from 1 July 2016 to 31 December 2016 RMB'000
Rental income received from a fellow subsidiary	108	27
Management fee expenses paid to the ultimate holding company	2,059	1,024
Compensation of key management personnel		
Short-term benefits	2,271	1,294
Defined contribution plans	123	78
	2,394	1,372
<i>Comprise amounts paid to:</i>		
Directors of the Company	589	289
Other key management personnel	1,805	1,083
	2,394	1,372

6. CASH AND BANK BALANCES

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Cash on hand	29	20	–	1
Cash at bank	124,468	60,980	291	321
Deposits pledged	14,637	39,711	–	–
Cash and bank balances	139,134	100,711	291	322

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

6. CASH AND BANK BALANCES (CONTINUED)

Fixed deposit of S\$3,005,000 (approximately RMB14,637,000) (2016: S\$8,268,000, approximately RMB39,711,000) is pledged with the bank to secure loans and borrowings as disclosed in Note 14.

RMB67,100 (2016: RMB67,100) is pledged with a bank in the PRC to secure bank guarantees.

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

	Group	
	2017	2016
	RMB'000	RMB'000
Cash and bank balances	139,134	100,711
Less: Deposits pledged	(14,637)	(39,711)
Cash and cash equivalents	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	
	2017	2016	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000
United States dollars	371	371	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

7. TRADE RECEIVABLES, OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade receivables	4,964	–	–	–
Other receivable from third parties	1,931	2,979	–	–
Other receivable from subsidiaries	–	–	15,186	14,543
Deposits	32	10	25	–
Interest receivable from fixed deposit	581	140	–	–
Financial assets measured at amortised cost	7,508	3,129	15,211	14,543
Advances to suppliers	94	94	–	–
Prepayments	8	751	–	743
Other current assets	102	845	–	743
Total trade receivables, other receivables and deposits	7,610	3,974	15,211	15,286

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

8. PROPERTIES HELD FOR SALE

	Group	
	2017 RMB'000	2016 RMB'000
At cost or net realisable value	65,200	134,159

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

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

Properties held for sale as at 31 December 2016 are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

9. DEVELOPMENT PROPERTIES

	Group	
	2017 RMB'000	2016 RMB'000
Land cost	47,238	48,192
Development cost	3,076	3,049
Impairment of a development property	(11,433)	(11,433)
Amortisation of land use rights	(1,274)	(969)
Exchange differences	(270)	(1,665)
	37,337	37,174
	37,337	37,174

The development properties are located at Fuling District, Chongqing Municipality in PRC and Jalan Nipah in Singapore.

Development property amounting to S\$5,800,000 (approximately RMB28,250,000) (2016: S\$5,800,000, approximately RMB27,858,000) was mortgaged to a bank as security for borrowings as referred to in Note 14. As at 31 December 2017, the development property is jointly developed by the Group and a third party developer.

10. EQUIPMENT

Group	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost			
At 30 June 2016	1,593	374	1,967
Additions	–	8	8
At 31 December 2016 and 2017	1,593	382	1,975
Accumulated depreciation			
At 30 June 2016	1,189	340	1,529
Depreciation for the period	161	11	172
At 31 December 2016	1,350	351	1,701
Depreciation for the year	131	5	136
At 31 December 2017	1,481	356	1,837
Carrying amount			
At 31 December 2016	243	31	274
At 31 December 2017	112	26	138

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

10. EQUIPMENT (CONTINUED)

Company	Furniture, fixtures and equipment RMB'000
Cost	
At 30 June 2016, 31 December 2016 and 31 December 2017	20
Accumulated depreciation	
At 30 June 2016	1
Depreciation for the period	2
At 31 December 2016	3
Depreciation for the year	4
At 31 December 2017	7
Carrying amount	
At 31 December 2016	17
At 31 December 2017	13

11. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	2016
	RMB'000	RMB'000
Unquoted equity shares, at cost	9,773	9,773

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

11. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activity	Attributable equity interest of the Group	
			2017 %	2016 %
Starland Axis Pte. Ltd. ⁽¹⁾	Singapore	Property development	100	100
Starland Commercial Trading Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100
<u>Subsidiary of Starland Commercial Trading Pte. Ltd.</u>				
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
<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
<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
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

(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 2017

12. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017 RMB'000	2016 RMB'000
Deferred tax assets	846	891
Deferred tax liabilities	(9,498)	(8,296)

The following are the deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods:

	Deferred tax liabilities			Deferred tax assets		
	Undistributed retained profits RMB'000	Pre-levied Land Appreciation Tax ("LAT") RMB'000	Subtotal RMB'000	Tax credits RMB'000	Subtotal RMB'000	Total RMB'000
At 30 June 2016	(9,726)	(1,738)	(11,464)	704	704	(10,760)
Credited/(charged) to profit or loss for the period	3,230	(62)	3,168	187	187	3,355
At 31 December 2016	(6,496)	(1,800)	(8,296)	891	891	(7,405)
Credited/(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)

Temporary differences relating to investment in subsidiaries

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from 1 January 2008, 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 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. The Group has obtained the relevant reporting forms from the PRC tax authority to enjoy the reduced tax rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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 Local tax bureau, LAT pre-levying rate for ordinary residential properties is 2% while non-ordinary residential properties is 3.5%.

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Trade payables	10	4	-	-
Deposits from contractors	2,611	2,523	-	-
Deposits from tenants	947	729	-	-
Other payables due to third parties	767	5,406	624	4,122
Accrued expenses	1,913	1,755	1,252	1,073
Other payables due to subsidiaries	-	-	36,610	24,268
Other payables due to ultimate holding company	18,776	2,580	18,776	2,580
Other payables and accruals	25,014	12,993	57,262	32,043
Financial liabilities measured at amortised cost	25,024	12,997	57,262	32,043
Advance rental	113	192	-	-
Advance receipt from the sale of properties	11,189	13,503	-	-
Other current liabilities	11,302	13,695	-	-
Total trade and other payables	36,326	26,692	57,262	32,043

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

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.

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	
	2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Renminbi	–	–	2,227	2,227
Swiss Francs ("CHF")	–	308	–	308
Hong Kong Dollar ("HKD")	–	61	–	61
British Pound ("GBP")	–	21	–	21
EURO	–	78	–	78

14. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2017 RMB'000	2016 RMB'000	2017 RMB'000	2016 RMB'000
Current					
Bank loan					
– financing facility	May 2018	16,365	16,138	–	–
– revolving credit facility		–	13,422	–	13,422
– money market loan	2018	4,384	8,646	–	–
		20,749	38,206	–	13,422
Total loans and borrowings		20,749	38,206	–	13,422

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

14. LOANS AND BORROWINGS (CONTINUED)

Financing facility

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 is extended and renewed to a land loan facility (“Land Loan Facility”) of S\$4,128,000 (RMB:20,106,000) upon expiry. As at 31 December 2017, the Group has an outstanding land loan of S\$3,360,000 (RMB16,365,000).

The Land Loan Facility shall be fully repaid in one lump sum on 31 May 2018.

The facility is secured and guaranteed by the following:

- (a) First legal mortgage over the acquired property in Singapore and the proposed development to be erected thereon;
- (b) Fixed deposit of S\$778,000 (approximately RMB3,798,000) (2016: S\$778,000, approximately RMB3,737,000) pledged with the bank;
- (c) Existing legal assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the proposed development; and
- (d) A corporate guarantee for S\$4,128,000 (approximately RMB20,106,000) (2016: S\$4,128,000, approximately RMB19,827,000) by the Company.

Money market loan

The Group has also obtained a Money Market Loan (the “MML”) for general working capital purposes. The Group has an outstanding balance of S\$900,000 (RMB4,384,000) as at 31 December 2017.

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 2017

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 RMB10,839,000 (2016: RMB10,974,000) pledged with the bank; and
- (c) A corporate guarantee for S\$1,800,000 (approximately RMB8,767,000) (2016: S\$1,800,000, approximately RMB8,646,000) by the Company.

15. SHARE CAPITAL

	Group and Company			
	2017		2016	
	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/period	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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

16. OTHER RESERVES (CONTINUED)

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

	Group	
	2017	Period from
	RMB'000	1 July 2016 to
		31 December
		2016
		RMB'000
Income from sale of properties	97,827	23,397
Property management income	1,486	761
Rental income	1,758	618
	<u>101,071</u>	<u>24,776</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

18. INTEREST INCOME

	Group	
	2017	Period from 1 July 2016 to 31 December 2016
	RMB'000	RMB'000
Interest income from fixed deposit	1,514	377

19. OTHER EXPENSES

	Group	
	2017	Period from 1 July 2016 to 31 December 2016
	RMB'000	RMB'000
Expenses relating to the ayondo acquisition	6,277	6,153
Others	145	164
	6,422	6,317

20. FINANCE COSTS

	Group	
	2017	Period from 1 July 2016 to 31 December 2016
	RMB'000	RMB'000
Interest expense on bank loans	1,192	519

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

21. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging:

	Group	
	Period from 1 July 2016 to 31 December	
	2017 RMB'000	2016 RMB'000
Depreciation of equipment	136	172
Amortisation of land use right	305	147
Net foreign exchange loss	212	479
Employee benefits expense (including directors' remuneration):		
Defined contribution plans	584	323
Salaries and other short-term benefits	3,574	1,912
Total employee benefits expense	4,158	2,235
Audit fees:		
– auditors of the Company	303	263
– affiliates of auditors of the Company	400	205
– other auditors	–	99
Non-audit fees:		
– other auditors	91	59
– auditors of the Company	12	5
Cost of completed properties for sale recognised as expenses	69,717	15,839
Completed properties held for sale written down	117	–

22. INCOME TAX EXPENSE/(CREDIT)

	Group	
	Period from 1 July 2016 to 31 December	
	2017 RMB'000	2016 RMB'000
Current tax:		
PRC enterprise income tax	6,242	1,884
PRC land appreciation tax	669	339
	6,911	2,223
Deferred tax:		
Origination of temporary differences	1,247	(3,355)
Total income tax expense/(credit)	8,158	(1,132)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

22. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

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% (2016: 17%) of the estimated assessable profit for the period. No provision for Singapore income tax has been made as the Group did not derive any taxable income in Singapore during the financial year.

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% (2016: 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.

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 period ended 31 December 2017 and 2016 is as follows:

	Group	
	Period from	
	1 July 2016 to	
	31 December	
	2017	2016
	RMB'000	RMB'000
Profit/(loss) before tax	13,217	(5,211)
Income tax expense at statutory rate of the respective entities	4,412	(405)
Non-deductible items	2,255	1,823
Effect of land appreciation tax	501	680
Provision/(reversal) of withholding tax on undistributed profits	990	(3,230)
Total income tax expense/(credit)	8,158	(1,132)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

23. EARNINGS/(LOSS) PER SHARE

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 year of 144,733,000 shares.

Loss per share for 31 December 2016 was calculated by dividing loss for the period attributable to owners of the Company of RMB4,079,000 by the weighted average number of ordinary shares outstanding during the period of 144,733,000 shares.

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

24. DIVIDENDS

The Directors have proposed a final cash tax exempt one-tier dividend of S\$0.005 per share, amounting to approximately S\$724,000 (RMB3,525,000) be paid in respect of the year ended 31 December 2017. The dividend will be recorded as a liability in the balance sheets of the Company and Group upon approval by the shareholders at the Annual General Meeting of the Company.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements.

25. 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 FRS 108 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

25. SEGMENT INFORMATION (CONTINUED)

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

Segment revenues and results

	Revenue		Profit/(loss)	
	2017	Period from	2017	Period from
	RMB'000	1 July 2016 to	RMB'000	1 July 2016 to
		31 December		31 December
		2016		2016
	RMB'000	RMB'000	RMB'000	RMB'000
Property development	97,827	23,397	28,698	7,942
Property management	1,486	761	1,486	455
Rental income	1,758	618	1,053	540
Revenue/Gross Profit	<u>101,071</u>	<u>24,776</u>	31,237	8,937
Unallocated expenses			(12,065)	(7,853)
Interest expense			(1,192)	(519)
Expenses relating to the ayondo acquisition			(6,277)	(6,153)
Interest income			1,514	377
Profit/(loss) before income tax			13,217	(5,211)
Income tax (expense)/ credit			(8,158)	1,132
Combined profit/(loss) after tax			<u>5,059</u>	<u>(4,079)</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (period ended 31 December 2016: 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

25. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

Geographical segment

Properties held for sale and development properties information based on the geographical location of assets respectively are as follows:

	Properties held for sale and development properties	
	2017	2016
	RMB'000	RMB'000
People's Republic of China	74,287	143,475
Singapore	28,250	27,858
	<u>102,537</u>	<u>171,333</u>

The Group's operations are mainly located in the PRC, hence no analysis by geographical area of operations is provided.

The Group has a large number of customers and does not have any significant revenue arising from sales of properties to any major customers which individually accounted for over 10% of the Group's total revenue.

26. COMMITMENTS AND CONTINGENCIES

Operating lease arrangements – as lessor

The Group rents out its properties held for sale in the PRC under operating leases. The leases are negotiated for terms between 1 to 5 years and rentals are fixed during the term of the lease. Property rental income earned during the year was RMB1,758,000 (2016: RMB618,000).

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

	Group	
	2017	Period from 1 July 2016 to 31 December 2016
	RMB'000	RMB'000
Within one year	1,482	1,242
In the second to fifth years inclusive	2,583	1,341
	<u>4,065</u>	<u>2,583</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2017

26. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Financial guarantees

The Company has provided a corporate guarantee of S\$5,928,000 (approximately RMB28,873,000) (2016: S\$5,928,000, approximately RMB28,473,000) to a bank for loans taken by a subsidiary as disclosed in Note 14. As at 31 December 2017, S\$4,260,000 (approximately RMB20,749,000) (2016: \$5,160,000 (approximately RMB24,784,000)) has been utilised by the subsidiary.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Pursuant to the settlement agreements entered by the Group with ayondo (Note 1), ayondo registered its offer document on 15 March 2018 and was listed on the Catalist board of the Singapore Exchange Securities Trading Limited on 26 March 2018.

The Group has, having considered its core operating business, elected not to convert the RCL into shares of ayondo. Accordingly, all the RCL amounts and all accrued and unpaid interest shall be repayable in cash by ayondo within 14 days from the date of admission of ayondo to the Catalist. Pursuant to the Conversion Settlement agreement, the Acquisition Expenses has been automatically converted into 6,547,324 new ayondo shares and issued to the Company in full settlement of the Acquisition Expenses.

Arising from the above events, management expects the Group to recognise the associated income and assets in the financial year ending 31 December 2018. This is estimated to positively contribute to the Group's profit or loss by approximately S\$2.73 million (RMB13.30 million) as of the date of initial recognition.

28. COMPARATIVE INFORMATION

On 13 March 2017, the Company announced the change of its financial year end from 30 June to 31 December. Consequently, the current period figures relate to the period from 1 January 2017 to 31 December 2017, while the comparatives relate to the period from 1 July 2016 to 31 December 2016. Accordingly, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated cash flows statement and related notes to the financial statements for the current period are not comparable to those for the comparative period.

29. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2017 were authorised for issue in accordance with a resolution of the Directors on 2 April 2018.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2018

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 2018

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	508	18.45	20,132	0.02
100 – 1,000	1,346	48.87	486,593	0.34
1,001 – 10,000	738	26.80	2,190,954	1.51
10,001 – 1,000,000	157	5.70	11,264,507	7.78
1,000,001 and above	5	0.18	130,770,814	90.35
	2,754	100.00	144,733,000	100.00

TOP TWENTY HOLDERS OF SHARES AS AT 12 MARCH 2018

	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	1,221,449	0.84
4	STF INVESTMENTS LTD	1,127,508	0.78
5	CHENG LIM KONG	1,123,989	0.78
6	KHASSAN MAKHMUD	952,000	0.66
7	ANG CHENG LAM	645,415	0.45
8	OCBC SECURITIES PRIVATE LTD	574,049	0.40
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	545,496	0.38
10	HL BANK NOMINEES (S) PTE LTD	500,752	0.35
11	PHILLIP SECURITIES PTE LTD	497,501	0.34
12	MAYBANK KIM ENG SECURITIES PTE LTD	434,061	0.30
13	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	367,200	0.25
14	VASHDEV DADLANI	300,000	0.21
15	LIM POH YAN (LIN BAOYAN)	286,300	0.20
16	RAFFLES NOMINEES (PTE) LTD	253,121	0.17
17	LIM SEE YONG	209,236	0.14
18	TAN KAY TOH OR YU HEA RYEONG	200,783	0.14
19	TAN KEE SIANG ROBERT	200,740	0.14
20	LAI CHONG MENG	196,000	0.14
	TOTAL:	136,933,468	94.62

Note: The percentages are computed based on 144,733,000 ordinary shares as at 12 March 2018.

STATISTICS OF SHAREHOLDINGS

As at 12 March 2018

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2018

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 32.52% 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 2018, approximately 12.02% of the issued shares of the Company was held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited ("Rules of Catalist"). 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 Singapore Recreation Club, Lounge 1883, Level 1, B Connaught Drive, Singapore 179682 on Thursday, 26 April 2018 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 2017 and the Auditors’ Report thereon. **(Resolution 1)**
2. To declare a final tax exempt (1-tier) dividend of S\$0.005 per share for the financial year ended 31 December 2017. **(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 Foong Daw Ching *[See Explanatory Note 1]* **(Resolution 3)**
 - b. Ms Peng Peck Yen *[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 2018 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 2018

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

1. Resolution 3

Mr Foong Daw Ching will, upon re-election as a Director, continue to hold office as Non-Executive Independent Chairman of the Company and remain as the Chairman of the Audit Committee; and member of the Nominating Committees and Remuneration Committee. The Board considers Mr Foong to be independent for the purpose of Rule 704(7) of the Catalist Rules.

2. Resolution 4

Ms Peng Peck Yen will, upon re-election as a Director, continue to hold office as Executive Director of the Company.

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 the issuance of Shares pursuant to the vesting of the awards granted 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 72 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 72 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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STARLAND HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 201131382E)

ANNUAL GENERAL MEETING

PROXY FORM

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 their appointment as 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 2018.

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 at the AGM to be held at Singapore Recreation Club, Lounge 1883, Level 1, B Connaught Drive, Singapore 179682 on Thursday, 26 April 2018 at 10.00 a.m. and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your entire 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.)

All resolutions put to vote at the AGM shall be decided by poll.

ORDINARY BUSINESS		For	Against
Resolution 1	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2017 and the Auditors' Report thereon		
Resolution 2	To declare a final tax exempt (1-tier) dividend of S\$0.005 per share for the financial year ended 31 December 2017.		
Resolution 3	To re-elect Mr Foong Daw Ching as a Director of the Company		
Resolution 4	To re-elect Ms Peng Peck Yen 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 2018 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 _____ 2018

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 AGM.
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 seventy-two (72) 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 72 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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