

星島置地



共建美丽家园

STARLAND HOLDINGS LIMITED

LAYING NEW
FOUNDATIONS

ANNUAL REPORT 2019



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The Directors (including any person who may have been 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.

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

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

CORPORATE **PROFILE**

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

The Group engages principally in the development of quality integrated residential and commercial properties in the People’s Republic of China (the “PRC”) and Singapore. With established expertise in key aspects of property development and management, the Group will continue to build a brand name for premium integrated residential and commercial properties development.

In addition, since 4 February 2020, with the acquisition of a 51% interest in Luminor Capital (Malaysia) Sdn. Bhd. (“**Luminor Malaysia**”), the Group has expanded its business activities to include financial solution businesses.



OUR BUSINESS

COMPLETED PROPERTY DEVELOPMENT

SINGAPORE GARDEN 新加坡花苑



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

UNIVERSITY TOWN 学府新城



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

OUR BUSINESS

JALAN NIPAH



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

PROPOSED PROPERTY DEVELOPMENT

ROYAL WATERHOUSE 江畔豪庭

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

OUR MILESTONES

APRIL 2011

- Successfully completed our first property development, the University Town Project of 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.

OUR MILESTONES

JANUARY 2016

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

JUNE 2016

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

SEPTEMBER 2017

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

JUNE 2018

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

OCTOBER 2019

- Shareholders’ approval of diversification into Financial Solutions Business.

FEBRUARY 2020

- Exercised option to convert S\$0.7 million of the total convertible loan for 51% interest in Luminor Capital (Malaysia) Sdn. Bhd. (“**Luminor Malaysia**”), a financial service holding company.

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 2019 (“**FY2019**”).

The Group had sold substantial portion of the property projects in Fuling District of Chongqing, People’s Republic of China (“**PRC**”). The Group is left with 18 residential units, 25 commercial units and 115 carpark lots in PRC and 1 residential unit in Singapore as at 31 December 2019.

REVIEW OF OPERATIONS

For the financial year under review, revenue was RMB29.6 million and this is RMB37.5 million lower than revenue of RMB67.1 million for financial year ended 31 December 2018 (“**FY2018**”). The lower revenue in FY2019 is a result of lesser units sold in

current year as compared to FY2018. The following table is a comparison of the units sold in FY2019 vis-à-vis FY2018:

Project	FY2019	FY2018
Jalan Nipah		
– Residential unit	–	1
Singapore Garden		
– Residential units	12	40
– Commercial units	1	4
– Carpark lots	43	51
University Town		
– Commercial units	1	1
– Carpark lots	3	2

With the sales in FY2019, the Group has following remaining unsold units:

Project	Residential units	Commercial units	Carpark lots
Jalan Nipah	1	–	–
Singapore Garden	18	23	83
University Town	–	2	32
Total	19	25	115

The Group registered a profit before tax of RMB7.5 million which is 45.5% lower than FY2018. This is a result of the lower revenue in FY2019 and absence of non-recurring gain of RMB13.3 million arising from the recovery of costs incurred and advances granted relating to the aborted acquisition of ayondo Holding AG (“**ayondo**”) recorded in FY2018.

CHAIRMAN'S MESSAGE

As at 31 December 2019, the Group had net cash and bank balances of RMB125.2 million; properties held for sale amounting to RMB45.9 million and development properties of RMB8.6 million. The properties held for sale are the unsold units of the Jalan Nipah project, the Singapore Garden project and the University Town project. Development properties pertained to one development property in Chongqing PRC. The Group had fully repaid its bank loans during FY2019.

The Group's earnings per share for FY2019 was 1.06 RMB cents compared with 6.33 RMB cents for FY2018. Having paid a dividend of RMB21.6 million (3 SGD cents per share) during the year ended 31 December 2019, our net asset value per share as at 31 December 2019 was RMB1.01, a decrease from RMB1.15 as at 31 December 2018.

LOOKING AHEAD

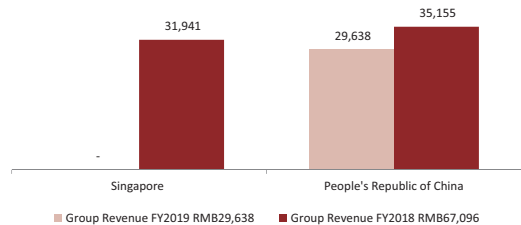
The Group will continue to sell the remaining units of the Jalan Nipah project, the Singapore Garden project and the University Town project.

The Group has always been on the lookout for new business and on 25 October 2019 an Extraordinary General Meeting was held for the Group to obtain shareholders' approval to diversify the business into Financial Solution Business.

With this mandate and having completed a satisfactory due diligence, the Group exercised the option under the convertible loan agreement with Luminor Capital (Malaysia) Sdn. Bhd. ("**Luminor Malaysia**") to convert S\$0.7 million (approximately RMB3.6 million) of the total convertible loan for 51% interest in Luminor Malaysia on 4 February 2020, as announced by the Company on 5 February 2020.

The COVID-19 is now spreading globally, with the World Health Organization characterising it as pandemic. The global economic growth will likely be hampered, although the full extent is still indeterminate.

GROUP REVENUE
BY GEOGRAPHICAL MARKETS (RMB'000)



The Group's immediate focus is being directed towards the safety and well-being of all our employees, customers, suppliers and business associates. This includes precautionary measures to have employees work from home.

DIVIDEND

To reward the Shareholders of the Company, the Board is recommending a final dividend of 3 SGD cents (FY2018: 3 SGD cents) per ordinary share. The dividend payment which amounts to S\$4.3 million (2018: S\$4.3 million) 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 FY2019, the Group recorded revenue of RMB29.6 million, a decrease of RMB37.5 million as compared to FY2018. Revenue was mainly derived from sale of residential, commercial and carpark lots of the Singapore Garden project and the University Town project in the PRC. In FY2019, 94.0% of revenue was derived from the Singapore Garden project and 6.0% by the University Town project.

The lower revenue in FY2019 is a result of lesser units sold in current year as compared to FY2018. The Group sold 12 residential units, 1 commercial unit and 43 carpark lots of the Singapore Garden project and 1 commercial unit, 3 carpark lots of the University Town project in the PRC and none of the Jalan Nipah project in Singapore in FY2019. In FY2018, the Group sold 40 residential units, 4 commercial units and 51 carpark lots of the Singapore Garden project, 1 commercial unit and 2 carpark lots of the University Town project in the PRC and 1 semi-detached house unit of the Jalan Nipah project in Singapore.

Rental income was derived from the rental of the unsold commercial units under the University Town project and the Singapore Garden project. Rental income amounted to RMB2.1 million and accounted for 7.0% of the total revenue in FY2019 as compared

to RMB2.3 million which accounted for 3.4% of total revenue in FY2018.

The Group recorded a profit before tax of RMB7.5 million in FY2019 as compared to profit before tax of RMB13.8 million in FY2018. The decrease was largely due to the absence of non-recurring settlement of RMB13.3 million received from ayondo in FY2018.

The Group posted a profit after tax of RMB1.5 million for FY2019, a decrease of RMB7.7 million as compared to the profit after tax of RMB9.2 million achieved in FY2018.

On a per share basis, basic and diluted earnings per share was 1.06 RMB cents for FY2019 and 6.33 RMB cents in FY2018. Net asset value per share as at FY2019 amounted to RMB1.01, a decrease from RMB1.15 as at 31 December 2018.

BUSINESS SEGMENT

The Group derives its revenue mainly from sale of properties and rental income. For FY2019 sale of properties accounted for 93.0% (FY2018: 96.6%) of total revenue and rental income accounted for 7.0% (FY2018: 3.4%) of total revenue.

BOARD OF DIRECTORS



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

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

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



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

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

BOARD OF DIRECTORS



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

Mr Tan is an Independent Director of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd) and TIH Limited. He is also an Independent Director of TBK & Sons Holdings Limited, a company listed on the Hong Kong Exchange.

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



MR LIM SEE YONG is our **Independent Director** and was appointed to the Board of our Company on 1 July 2019. He was the Managing Director of Xin Sheng International Pte Ltd from 2006 to 2018. Mr Lim was also the Independent Director of Western Plains Resources Limited from 2007 to 2019.

Mr Lim graduated from the National University of Singapore with a Bachelor of Business Administration (Major in Finance).



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

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

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

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

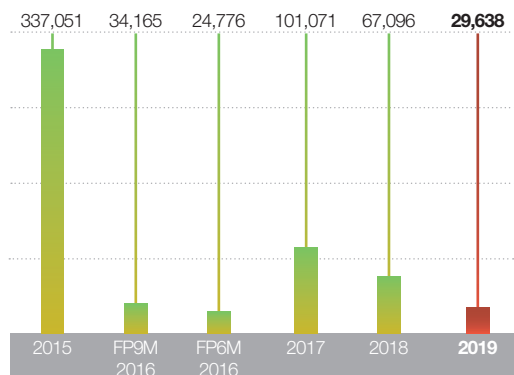
Ms Xiong holds a degree in Bachelor of Science in Applied Accounting (2nd Upper Honours) from Oxford Brookes University, UK. She is a member of the Institute of Singapore Chartered Accountants and an affiliate of The Association of Chartered Certified Accountants.

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

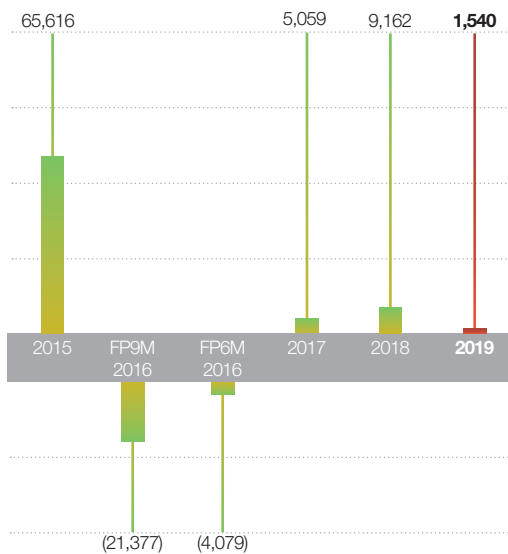
Mr Luo graduated with a Diploma in Economic Management from the Party School of the Central Committee of the Communist Party of China (中共中央党校) in June 2000.

FINANCIAL HIGHLIGHTS

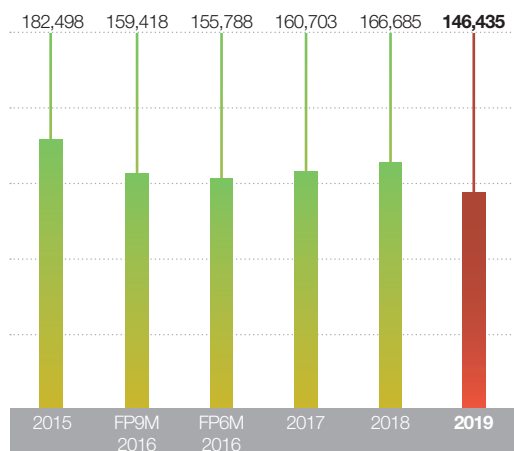
REVENUE (RMB'000)



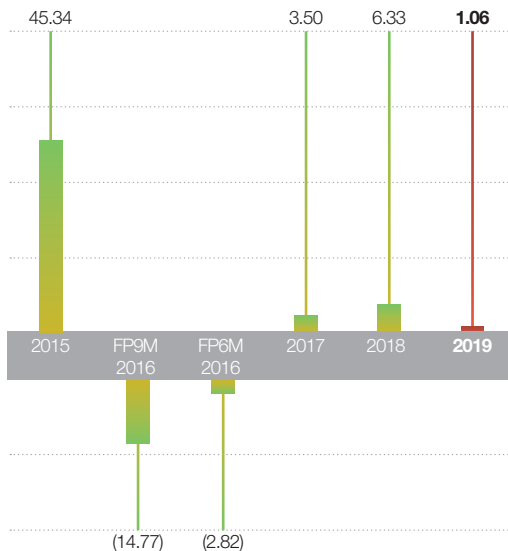
NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



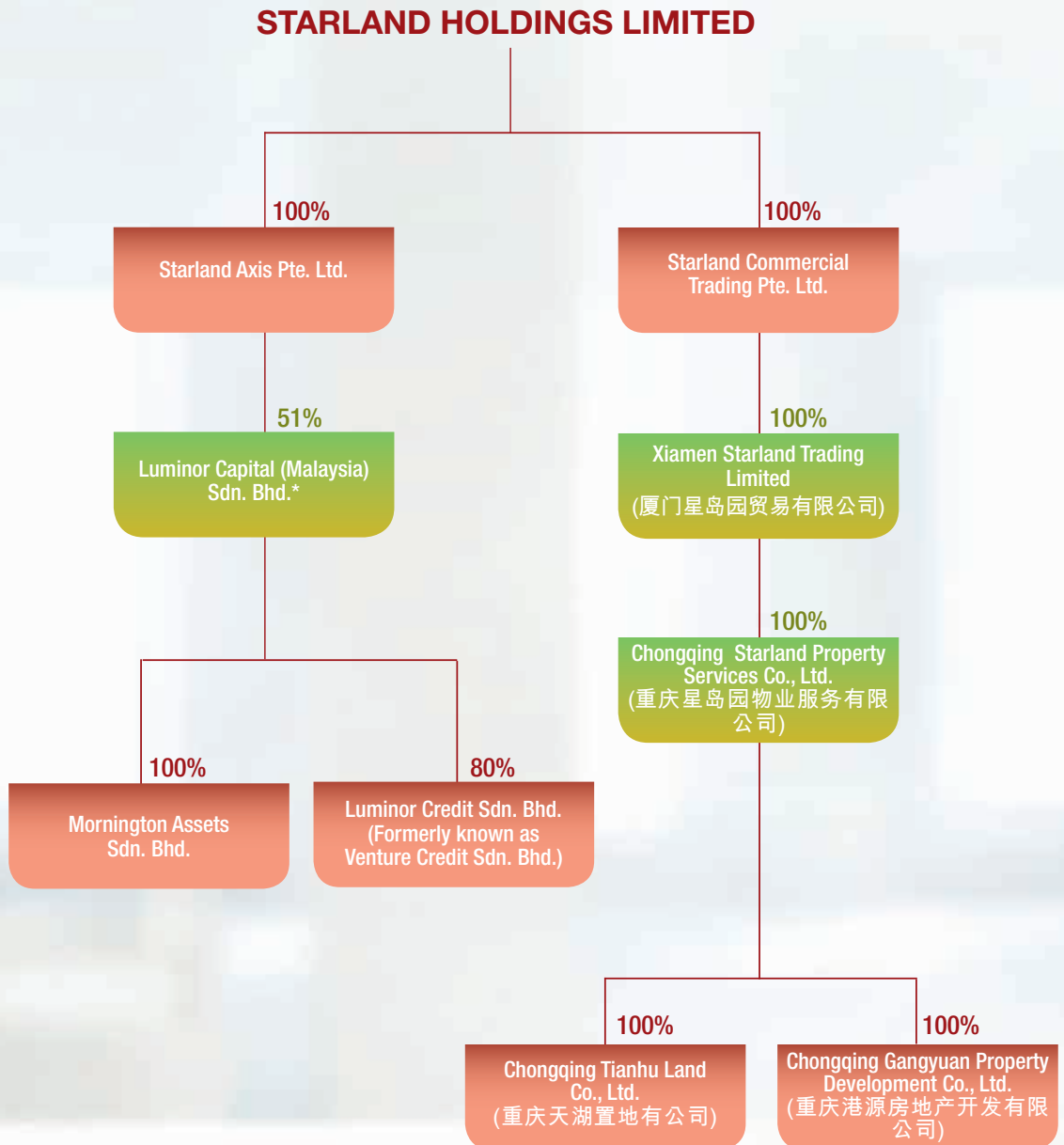
SHAREHOLDERS' EQUITY (RMB'000)



EARNINGS/(LOSS) PER SHARE (RMB CENTS)



CORPORATE STRUCTURE



- * (1) Following the conversion of a portion of Starland Axis Pte. Ltd.'s convertible loan's in Luminor Malaysia, Luminor Malaysia became a 51% owned subsidiary of the Group on 4 February 2020.
- (2) Luminor Malaysia has an agreement to acquire 49% interest in Fiscalab Capital Markets Sdn. Bhd. and subsequently to acquire another 31% interest.

CORPORATE INFORMATION

FULL NAME OF COMPANY

Starland Holdings Limited

(Company registration number: 201131382E)

BOARD OF DIRECTORS

Foong Daw Ching

(Non-Executive Independent Chairman)

Kwan Chee Seng

(Non-Executive Director)

Tan Chade Phang

(Independent Director)

Lim See Yong

(Independent Director)

Peng Peck Yen

(Executive Director)

COMPANY SECRETARY

Lim Sim Ving

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 2018 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 year ended 31 December 2019 (“**FY2019**”), with specific reference made to the principles and provision of the Code of Corporate Governance 2018 (the “**Code**”).

I. BOARD MATTERS																
The Board’s Conduct of Affairs																
Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.																
1.1	Principal Duties of the Board	<p>Currently, the Board has 5 members and comprises the following:</p> <table border="1"> <thead> <tr> <th colspan="2">Table 1.1 – Composition of the Board</th> </tr> <tr> <th>Name of Director</th> <th>Designation</th> </tr> </thead> <tbody> <tr> <td>Mr Kwan Chee Seng</td> <td>Non-Executive Director</td> </tr> <tr> <td>Ms Peng Peck Yen</td> <td>Executive Director</td> </tr> <tr> <td>Mr Foong Daw Ching</td> <td>Non-Executive Independent Chairman</td> </tr> <tr> <td>Mr Tan Chade Phang</td> <td>Independent Director</td> </tr> <tr> <td>Mr Lim See Yong</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 to assume responsibility for overall corporate governance of the Group and to ensure that the Group’s strategies are in the interests of the Group. 	Table 1.1 – Composition of the Board		Name of Director	Designation	Mr Kwan Chee Seng	Non-Executive Director	Ms Peng Peck Yen	Executive Director	Mr Foong Daw Ching	Non-Executive Independent Chairman	Mr Tan Chade Phang	Independent Director	Mr Lim See Yong	Independent Director
Table 1.1 – Composition of the Board																
Name of Director	Designation															
Mr Kwan Chee Seng	Non-Executive Director															
Ms Peng Peck Yen	Executive Director															
Mr Foong Daw Ching	Non-Executive Independent Chairman															
Mr Tan Chade Phang	Independent Director															
Mr Lim See Yong	Independent Director															
	Independent Judgement	All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to make objective decisions in the interest of the Group.														

REPORT ON CORPORATE GOVERNANCE

	Conflict of interest	Each Director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively make decisions in the interest of the Company. Any Director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict.
1.2	Directors' Orientation and Training	<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 ("SID"), to develop the requisite individual skills, such as knowledge on the Companies Act (Chapter 50) of Singapore and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.</p> <p>They will be given training appropriate to the level of their previous experience and will be provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The Directors will also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.</p> <p>Mr Lim See Yong was appointed as an Independent Director on 1 July 2019 to replace Mr Low Wai Cheong who retired on 26 April 2019. As Mr Lim See Yong has no prior experience as a Director of a public listed company in Singapore, he has attended and will continue to attend training conducted by SID to familiarise himself with the role and responsibilities of a Director of a Singapore listed company.</p> <p>A formal letter of appointment is provided to every new Director, setting out his/her duties and obligations.</p> <p>Seminar and training attended by the new Director in FY2019 is: Mr Lim See Yong attended the following course: LED 1 – Listed Entity Director Essentials organised by SID in FY2019</p> <p>All Directors are updated regularly on key accounting and regulatory changes. Where necessary, the Company will arrange for presentations by external professionals, consultants and advisers on topics that would have an impact on the regulations, accounting standards and the implications of certain regulatory changes that may affect the Group and responsibilities of the Directors.</p>

REPORT ON CORPORATE GOVERNANCE

1.3	Board Approval	<p>Matters that require the Board's approval include 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. 																														
1.4 4.2	Delegation by the Board	<p>Board committees, namely the Audit Committee (the "AC"), the Nominating Committee (the "NC"), the Remuneration Committee (the "RC"), 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 were revised in FY2019 for alignment with the Code.</p> <table border="1" data-bbox="568 1197 1208 1655"> <thead> <tr> <th colspan="5">Table 1.4 – The compositions of the Board Committees</th> </tr> <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 Tan Chade Phang</td> <td>Mr Tan Chade Phang</td> <td>Mr Lim See Yong</td> </tr> <tr> <td>Member</td> <td>Mr Tan Chade Phang</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 Lim See Yong</td> <td>Mr Lim See Yong</td> <td>Mr Lim See Yong</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>	Table 1.4 – The compositions of the Board Committees						AC	NC	RC	RMC	Chairman	Mr Foong Daw Ching	Mr Tan Chade Phang	Mr Tan Chade Phang	Mr Lim See Yong	Member	Mr Tan Chade Phang	Mr Foong Daw Ching	Mr Foong Daw Ching	Mr Foong Daw Ching	Member	Mr Lim See Yong	Mr Lim See Yong	Mr Lim See Yong	Mr Tan Chade Phang	Member	–	Mr Kwan Chee Seng	–	–
Table 1.4 – The compositions of the Board Committees																																
	AC	NC	RC	RMC																												
Chairman	Mr Foong Daw Ching	Mr Tan Chade Phang	Mr Tan Chade Phang	Mr Lim See Yong																												
Member	Mr Tan Chade Phang	Mr Foong Daw Ching	Mr Foong Daw Ching	Mr Foong Daw Ching																												
Member	Mr Lim See Yong	Mr Lim See Yong	Mr Lim See Yong	Mr Tan Chade Phang																												
Member	–	Mr Kwan Chee Seng	–	–																												

REPORT ON CORPORATE GOVERNANCE

1.5	Board Meetings and Attendance	<p>The Board meets at least twice yearly and additional meetings for particular matters are convened as and when they are deemed necessary. In FY2019, the number of Board and Board Committee meetings held and the attendance of each Board member are shown below:</p> <table border="1" data-bbox="568 458 1210 838"> <thead> <tr> <th colspan="5">Table 1.5 – Board and Board Committees Meeting in FY2019</th> </tr> <tr> <th>Name</th> <th>Board</th> <th>Audit Committee</th> <th>Nominating Committee</th> <th>Remuneration Committee</th> </tr> </thead> <tbody> <tr> <td>Number of meetings held</td> <td>2</td> <td>2</td> <td>2</td> <td>1</td> </tr> <tr> <td>Directors</td> <td colspan="4">No. of Meetings Attended</td> </tr> <tr> <td>Mr Kwan Chee Seng</td> <td>2</td> <td>NA</td> <td>2</td> <td>NA</td> </tr> <tr> <td>Ms Peng Peck Yen</td> <td>2</td> <td>NA</td> <td>NA</td> <td>NA</td> </tr> <tr> <td>Mr Foong Daw Ching</td> <td>2</td> <td>2</td> <td>2</td> <td>1</td> </tr> <tr> <td>Mr Low Wai Cheong⁽¹⁾</td> <td>NA</td> <td>NA</td> <td>1</td> <td>1</td> </tr> <tr> <td>Mr Tan Chade Phang</td> <td>2</td> <td>2</td> <td>2</td> <td>1</td> </tr> <tr> <td>Mr Lim See Yong⁽²⁾</td> <td>1</td> <td>1</td> <td>1</td> <td>NA</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) Mr Low Wai Cheong retired as an Independent Director on 26 April 2019</p> <p>(2) Mr Lim See Yong appointed as an Independent Director on 1 July 2019</p> <p>The Company's constitution (the "Constitution") allows for teleconferencing and videoconferencing meetings.</p>	Table 1.5 – Board and Board Committees Meeting in FY2019					Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Number of meetings held	2	2	2	1	Directors	No. of Meetings Attended				Mr Kwan Chee Seng	2	NA	2	NA	Ms Peng Peck Yen	2	NA	NA	NA	Mr Foong Daw Ching	2	2	2	1	Mr Low Wai Cheong ⁽¹⁾	NA	NA	1	1	Mr Tan Chade Phang	2	2	2	1	Mr Lim See Yong ⁽²⁾	1	1	1	NA
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1.6	Access to Information	<p>The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The management provides the Board with half-yearly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary.</p> <table border="1" data-bbox="568 1350 1201 1738"> <thead> <tr> <th colspan="3">Table 1.6 – Types of information provided by key management personnel to Directors</th> </tr> <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>	Table 1.6 – Types of information provided by key management personnel to Directors				Information	Frequency	1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Half-yearly	2.	Updates to the Group's operations and the markets in which the Group operates in	As and when relevant	3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditors' (" 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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		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.
1.7	Access to Management and Company Secretary	<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 functions effectively.</p> <p>The Board has separate and independent access to the Company Secretary and the Management at all times through emails, telephone and face-to-face meetings. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.</p> <p>The role of the Company Secretary 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 agenda 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 enhance 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>
	Independent Professional Advice	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.

REPORT ON CORPORATE GOVERNANCE

Board Composition and Guidance		
Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.		
2.1 2.2	Board Independence	<p>Currently, the Board consists of five Directors, of whom three are considered independent by the Board, which complies with the Code's provisions whereby Independent Directors to make up majority of the Board.</p> <p>The Board believes there is a strong element of independence in the Board as the Independent Directors constituted majority of the Board, and that no individual or small group of individuals dominates the Board's decision-making process. The Board exercises independent judgement on corporate affairs and provides Management with a diverse, professional and objective perspective on issues.</p> <p>The independence of each Director is assessed and reviewed annually by the NC.</p> <p>The Independent Directors, Mr Foong Daw Ching, Mr Tan Chade Phang and Mr Lim See Yong had confirmed their independence during the Company's Nominating Committee meeting held on 10 February 2020.</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> <p>None of the Independent Directors on the Board has served for a period exceeding nine years from the date of his first appointment.</p>
2.3	Proportion of Non-Executive Directors	The majority of the Board are Non-Executive Directors.
2.4	Board Composition	The profile of the Directors and key information are set out on pages 9 to 10 of this Annual Report.
	Board Diversity	The NC is responsible for examining the size and composition of the Board and Board Committees. 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.

REPORT ON CORPORATE GOVERNANCE

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.

The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Table 2.4 – Balance and Diversity of the Board

	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

The Board will take the following steps to maintain or enhance its balance and diversity:

- 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.

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.

REPORT ON CORPORATE GOVERNANCE

2.5	Meeting of Independent Directors without Management	<p>The Independent Directors discuss and/or meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Director.</p> <p>The Independent Directors have met without the presence of Management in FY2019 as required.</p>
Chairman and Chief Executive Officer		
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.		
3.1 3.2 3.3	Separation of the Role of Chairman and the CEO	<p>The Board recognises the Code's recommendation that the Chairman and the Chief Executive Officer ("CEO") should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.</p> <p>Though the Company does not have a CEO in place, the responsibilities of the Group's business are undertaken by a collaborative effort between the Executive Director, Ms Peng Peck Yen and the Management.</p> <p>The Non-Executive Independent Chairman of the Company, Mr Foong Daw Ching, bears the responsibility for the effective conduct of the Board. The Chairman is not related to the Executive Director or the Management.</p> <p>The Chairman schedules Board meetings as and when required and sets the agenda for the Board meetings. He sets guidelines and ensures the quality, quantity, completeness, adequacy, and timeliness of information flow between the Board and Management of the Company.</p> <p>The Chairman also builds constructive relations within the Board and between the Board and the Management, and facilitates the effective participation of Non-Executive Directors by promoting a culture of openness and debate at the Board. The Chairman further ensures effective communication with shareholders and promotes high standards of corporate governance.</p>

REPORT ON CORPORATE GOVERNANCE

Board Membership		
Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.		
4.1 4.2	NC Composition and Role	<p>The NC comprises four Directors, the majority of whom, including the Chairman of the NC are independent.</p> <p>Please refer to Provision 1.4 table above on the names of the members and the composition of the NC. 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 (f) Board appointment and re-nominations of existing Directors for re-election in accordance with the Constitution (including alternate Directors, if applicable) after having considered important issues, as part of the process for the selection, appointment and re-appointment of Directors, as to composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candour) including, if applicable, as an Independent Director. All Directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

REPORT ON CORPORATE GOVERNANCE

		<p>(2) To determine annually the independence of a Director;</p> <p>(3) To regularly review the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;</p> <p>(4) In respect of a Director who has multiple Board representations on various companies, if any, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple Boards and discharging his duties towards other principal commitments;</p> <p>(5) To recommend to the Board internal guidelines to address the competing time commitments faced by Directors who serve on multiple Boards;</p> <p>(6) To review and conclude that the person would similarly qualify as an Independent Director before his appointment as an alternate Director to an Independent Director;</p> <p>(7) To carry out a process for assessing:</p> <p style="padding-left: 40px;">(a) the effectiveness of the Board as a whole and its Board Committees; and</p> <p style="padding-left: 40px;">(b) the contribution by each Individual Director to the effectiveness of the Board; and</p> <p>(8) To decide how the Board's performance is to be evaluated and propose objective performance criteria, subject to the approval by the Board, which address how the Board has enhanced long term shareholders' value.</p>
4.1 4.3	Board Renewal & Succession Planning	The responsibilities of the NC are, among other things, to make recommendations to the Board on all Board appointments, re-appointments and oversee the Board and succession and leadership development plans to key management personnel (" KMP "). Succession planning is a crucial element to the Group's corporate governance process. The NC will seek to refresh the Board membership progressively and in an orderly manner, to avoid losing institutional memory.

REPORT ON CORPORATE GOVERNANCE

<p>Process for Selection and Appointment of New Directors</p>	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="568 321 1205 375">Table 4.1(a) – Process for the Selection and Appointment of New Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 375 614 519">1.</td> <td data-bbox="614 375 775 519">Determination of selection criteria</td> <td data-bbox="775 375 1205 519"> <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="568 519 614 643">2.</td> <td data-bbox="614 519 775 643">Search for suitable candidates</td> <td data-bbox="775 519 1205 643"> <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="568 643 614 809">3.</td> <td data-bbox="614 643 775 809">Assessment of shortlisted candidates</td> <td data-bbox="775 643 1205 809"> <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="568 809 614 883">4.</td> <td data-bbox="614 809 775 883">Appointment of Director</td> <td data-bbox="775 809 1205 883"> <ul style="list-style-type: none"> The NC would recommend the selected candidate to the Board for consideration and approval. </td> </tr> </tbody> </table> <p data-bbox="568 920 1205 966">The Board is also advised by the Sponsor on appointment of Directors as required under Catalist Rule 226(2)(d).</p>	Table 4.1(a) – Process for the Selection and Appointment of New Directors			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>Process for Re-appointment of Directors</p>	<table border="1"> <thead> <tr> <th colspan="3" data-bbox="568 999 1205 1023">Table 4.1(b) – Process for the Re-electing Incumbent Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 1023 614 1240">1.</td> <td data-bbox="614 1023 775 1240">Assessment of Director</td> <td data-bbox="775 1023 1205 1240"> <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="568 1240 614 1337">2.</td> <td data-bbox="614 1240 775 1337">Re-appointment of Director</td> <td data-bbox="775 1240 1205 1337"> <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. </td> </tr> </tbody> </table> <p data-bbox="568 1374 1205 1713">All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Regulation 91 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 (the "AGM"). In addition, Regulation 90 of the Company's Constitution stipulates that a Director newly appointed by the Board during the financial year must retire and submit himself for re-appointment at the next AGM following his appointment. Thereafter, he is subject to be re-appointed at least once every three years at the Company's AGM.</p>	Table 4.1(b) – Process for the Re-electing Incumbent Directors			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. 						
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REPORT ON CORPORATE GOVERNANCE

The key information of the Directors, including their appointment dates and directorships held in the past 3 years, are set out as below:

Name of Director	Appointment	Date of initial appointment	Date of last re-election/re-appointment	Directorships in other listed companies	
				Current	Past 3 Years
Kwan Chee Seng	Non-Executive Director	18 February 2016	26 April 2017	(1) GRP Limited	(1) Variscan Mines Limited
Peng Peck Yen	Executive Director	18 February 2016	26 April 2018	Not applicable	Not applicable
Foong Daw Ching	Non-Executive Independent Chairman	26 March 2012	26 April 2018	(1) Travelite Holdings Ltd. (2) Suntar Eco-City Limited (3) ayondo Ltd.	Not applicable
Tan Chade Phang	Independent Director	18 February 2016	26 April 2019	(1) OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd) (2) TIH Limited (3) TBK & Sons Holdings Limited	(1) Transcorp Holdings Limited (2) Dapai International Holdings Co. Ltd.
Lim See Yong	Independent Director	01 July 2019	Not applicable	Not applicable	Western Plains Resources Ltd

Mr Foong Daw Ching and Mr Kwan Chee Seng will retire and submit themselves for re-election at the forthcoming AGM pursuant to Regulation 90. Pursuant to Regulation 91, Mr Lim See Yong will retire and submit himself 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.

In making the recommendations, the NC had considered the Directors' overall contribution and performance.

Mr Foong Daw Ching will, upon re-election as a Director, remain as Chairman of AC and member of the NC, RC and RMC. Mr Kwan Chee Seng will, upon re-election as a Director, remain as member of the NC. Mr Lim See Yong will, upon re-election as a Director, remain as Chairman of RMC and member of the AC, NC and RC.

REPORT ON CORPORATE GOVERNANCE

		<p>The shareholdings of the individual Directors of the Company are set out on page 63. None of the Directors hold shares in the subsidiaries of the Company. Other information such as the experience and the professional qualifications of the Directors are set out on pages 9 and 10.</p> <p>Directors who are seeking re-appointment at the forthcoming AGM to be held by 29 June 2020 will be stated in the Notice of AGM to be despatched to shareholders at a later date.</p>
4.4	Continuous Review of Directors' Independence	<p>The NC is charged with determining the independence of the Directors as set out under Provision 2.1 above.</p> <p>The Board, after taking into consideration the views of the NC, is of the view that Mr Foong Daw Ching, Mr Tan Chade Phang and Mr Lim See Yong are independent and that, no individual or small group of individual dominates the Board's decision-making process.</p> <p>During FY2019, the Company does not have any alternate Directors.</p>
4.5	Directors' Time Commitments	<p>The NC ensures that new Directors are aware of their duties and obligations.</p> <p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2019.</p> <p>The NC has fixed a maximum limit of five (5) on the number of directorships a Director can hold in publicly listed companies.</p> <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.

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Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual Directors.

<p>5.1 5.2</p>	<p>Board Evaluation Process</p> <p>Chairman Evaluation</p> <p>Individual Director Evaluation</p>	<p>The NC implements annual assessment for the evaluation of the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director.</p> <p>During the financial year, all Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. To ensure confidentiality, the completed evaluation forms were submitted to the Company Secretary for collation. The consolidated responses were presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. Following the review in FY2019, the Board is of the view that the Board has met its performance objectives and the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.</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>												
	<p>Board Evaluation Criteria</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="568 1175 1212 1714"> <thead> <tr> <th colspan="3" data-bbox="568 1175 1212 1212">Table 5</th> </tr> <tr> <th data-bbox="568 1212 742 1276">Performance Criteria</th> <th data-bbox="742 1212 975 1276">Board and Board Committees</th> <th data-bbox="975 1212 1212 1276">Individual Directors</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 1276 742 1581">Qualitative</td> <td data-bbox="742 1276 975 1581"> <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="975 1276 1212 1581"> <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="568 1581 742 1714">Quantitative</td> <td data-bbox="742 1581 975 1714"> <ol style="list-style-type: none"> 1. Measuring and monitoring performance 2. Financial Reporting </td> <td data-bbox="975 1581 1212 1714"> <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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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 												

REPORT ON CORPORATE GOVERNANCE

II. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.

<p>6.1 6.2 6.3 6.4</p>	<p>RC Composition and Role</p>	<p>The RC comprises three Directors, all of whom including the Chairman of the RC, are independent.</p> <p>Please refer to Provision 1.4 table above on the names of the members and the composition of RC.</p> <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 (i) the Directors to provide good stewardship of the Company; and (ii) key management personnel to successfully manage the Company;
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REPORT ON CORPORATE GOVERNANCE

		<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> <p>The Board has not engaged any external remuneration consultant to advice on remuneration matters.</p>
<p>Level and Mix of Remuneration</p>		
<p>Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives of the Company.</p>		
<p>7.1 7.3</p>	<p>Remuneration of Executive Directors and KMPs</p>	<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> <p>Having reviewed and considered the variable components of the Executive Director 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 Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.</p>

REPORT ON CORPORATE GOVERNANCE

7.2	Remuneration of Non-Executive Directors	<p>The Board concurred with the RC that the proposed Non-Executive Directors' fees are appropriate and that the Non-Executive 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>Non-Executive Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.</p>												
<p>Disclosure on Remuneration</p>														
<p>Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.</p>														
8.1 8.2 8.3	Remuneration Criteria	<p>The Company's remuneration policy comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and individual.</p> <p>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 FY2019. 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.</p> <p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Director and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1" data-bbox="569 1210 1207 1609"> <thead> <tr> <th colspan="3" data-bbox="569 1210 1207 1247">Table 8.1</th> </tr> <tr> <th data-bbox="569 1247 734 1363">Performance Conditions</th> <th data-bbox="734 1247 971 1363">Short-term Incentives (such as performance bonus)</th> <th data-bbox="971 1247 1207 1363">Long-term Incentives (such as the Starland PSP)</th> </tr> </thead> <tbody> <tr> <td data-bbox="569 1363 734 1498">Qualitative</td> <td data-bbox="734 1363 971 1498"> <ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> <td data-bbox="971 1363 1207 1498"> <ol style="list-style-type: none"> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td> </tr> <tr> <td data-bbox="569 1498 734 1609">Quantitative</td> <td data-bbox="734 1498 971 1609">1. Relative financial performance of the Group to its industry peers.</td> <td data-bbox="971 1498 1207 1609">1. Relative financial performance of the Group to its industry peers.</td> </tr> </tbody> </table> <p>The RC has reviewed and is satisfied that the performance conditions were met in FY2019.</p>	Table 8.1			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 4. Teamwork 	Quantitative	1. Relative financial performance of the Group to its industry peers.	1. Relative financial performance of the Group to its industry peers.
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(a) Remuneration of Directors	<p>The breakdown for the remuneration of the Directors for FY2019 is as follows:</p> <table border="1" data-bbox="568 375 1210 796"> <thead> <tr> <th colspan="7">Table 8(a) – Directors' Remuneration</th> </tr> <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>45,727</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Low Wai Cheong⁽¹⁾</td> <td>34,241</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Tan Chade Phang</td> <td>40,032</td> <td>-</td> <td>-</td> <td>-</td> <td>100</td> <td>100</td> </tr> <tr> <td>Lim See Yong⁽²⁾</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table> <p>Notes: (1) Mr Low Wai Cheong retired on 26 April 2019 (2) Mr Lim See Yong appointed on 1 July 2019</p>	Table 8(a) – Directors' Remuneration							Name	Remuneration (SGD)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors Fees (%)	Total (%)	Kwan Chee Seng	-	-	-	-	-	-	Peng Peck Yen	-	-	-	-	-	-	Foong Daw Ching	45,727	-	-	-	100	100	Low Wai Cheong ⁽¹⁾	34,241	-	-	-	100	100	Tan Chade Phang	40,032	-	-	-	100	100	Lim See Yong ⁽²⁾	-	-	-	-	-	-
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(b) Remuneration of key management personnel	<p>The breakdown for the remuneration of the Company's key executive officers (who are not Directors or the CEO) for FY2019 is as follows:</p> <table border="1" data-bbox="568 999 1210 1304"> <thead> <tr> <th colspan="5">Table 8.3(b) – Remuneration of Key Executive Officers</th> </tr> <tr> <th>Name</th> <th>Salary⁽¹⁾ (%)</th> <th>Bonus (%)</th> <th>Benefits-in-kind (%)</th> <th>Total (%)</th> </tr> </thead> <tbody> <tr> <td colspan="5">Less than S\$250,000</td> </tr> <tr> <td>Kantilal s/o Champaklal Ramdas</td> <td>-</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td>Kelvin Kwan Chee Hong</td> <td>53</td> <td>21</td> <td>26</td> <td>100</td> </tr> <tr> <td>Annie Xiong Ying</td> <td>78</td> <td>21</td> <td>1</td> <td>100</td> </tr> <tr> <td>Luo Deng Xiao</td> <td>86</td> <td>14</td> <td>-</td> <td>100</td> </tr> </tbody> </table> <p>Note: (1) The salary amounts shown are inclusive of Central Provident Fund contributions.</p> <p>There were no termination, retirement and post-employment benefits granted to the top 4 key management personnel in FY2019.</p> <p>The Company only has 4 key management personnel in FY2019 as at the date of this Annual Report.</p> <p>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> <p>The total remuneration paid to the top 4 key management personnel for FY2019 was S\$360,044.</p>	Table 8.3(b) – Remuneration of Key Executive Officers					Name	Salary ⁽¹⁾ (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	Less than S\$250,000					Kantilal s/o Champaklal Ramdas	-	-	-	-	Kelvin Kwan Chee Hong	53	21	26	100	Annie Xiong Ying	78	21	1	100	Luo Deng Xiao	86	14	-	100																					
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	<p>(c) Remuneration of immediate family members of CEO and Executive Directors (remuneration amount exceed \$100,000 in FY2019)</p>	<p>Save as disclosed below said, there was no other employee of the Group who was an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2019.</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\$200,000 to S\$250,000 in FY2019.</p>
	<p>(d) Please provide details of the employee share scheme(s).</p>	<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 2019. 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 Lim See Yong. 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 have been awarded under the Starland PSP.</p>

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III. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders.

9.1	Risks management	<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, the Board sets and instils the right risk-focused culture throughout the Group for effective risk management.</p> <p>The RMC comprises three Directors, all of whom including the Chairman of the RMC, are independent. Please refer to Provision 1.4 table above on the names of the members and the composition of RMC.</p> <p>The RMC reviewed and assessed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and the Management.</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>
9.2	Assurance from the CEO, CFO and KMPs	<p>The Board has received assurance from the Executive Director and Finance Manager ("FM") that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are adequate and effective.</p> <p>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 FY2019.</p>

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Audit Committee

Principle 10: The Board has an Audit Committee (“AC”) which discharges its duties objectively.

<p>10.1 10.2 10.3</p>	<p>AC Composition and Role</p>	<p>The AC comprises three Non-Executive Directors, all of whom including the Chairman of the AC are independent.</p> <p>The AC has at least two members, including the AC Chairman, who have recent and relevant accounting and related financial management expertise and experience.</p> <p>In addition, the AC are continuously briefed and updated by the EA on the changes or amendments to the accounting standards which have a direct impact on the financial statements.</p> <p>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 two years and/or (ii) holds any financial interest in the auditing firm or auditing corporation.</p> <p>Please refer to Provision 1.4 above on the names of the members and the composition of AC.</p> <p>The duties and roles of the AC are 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 Catalyst 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;
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REPORT ON CORPORATE GOVERNANCE

		<p>(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;</p> <p>(e) to review with the IA their internal audit plan and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval and its assessment in relation to the adequacy of internal controls prior to the incorporation of such results in the Annual Report;</p> <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>
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REPORT ON CORPORATE GOVERNANCE

		<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> <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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REPORT ON CORPORATE GOVERNANCE

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

		<p>(bb) to assess whether the person to be appointed FM (or its equivalent rank) does have the competence, character and integrity expected of a FM (or its equivalent rank) of a listed issuer;</p> <p>(cc) to review the co-operation given by the management to the EA;</p> <p>(dd) to meet with the EA and IA without the presence of the Management at least once a year;</p> <p>(ee) to review the performance of Executive Director/FM on an annual basis to ensure satisfactory performance;</p> <p>(ff) to review filings with the SGX-ST or other regulatory bodies which contain the Group's financial statements and ensure proper disclosure; and</p> <p>(gg) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a material impact on the Group's operating results and/or financial position.</p> <p>The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a materials impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.</p>
10.1 10.4	Financial Reporting Matters	<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>

REPORT ON CORPORATE GOVERNANCE

	<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> <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 valuation of properties held for sale and development property. The AC reviewed management's approach of estimating the net realisable value of properties held for sale by comparing them to recently transacted prices or prices of comparable properties located in the same vicinity of the property projects and taking into account the prevailing macroeconomic and real estate trend in the PRC and Singapore.</p> <p>For the development property, it relates to a leasehold land in Chongqing, PRC, management's approach is to compare the carrying value of the development property to recently transacted prices of comparable properties in the same vicinity published on the PRC government's official websites.</p> <p>During the financial year ended 31 December 2019, the Group received an offer from the local authority to repossess the land. The repossession value of the land offered by the local authority is above the carrying value of RMB8.6 million. The repossession was not completed as at 31 December 2019 and has no impact on the consolidated financial statements of the Group.</p> <p>The AC and the EA discussed these KAMs, their reason for justifying them as KAMs and the approach they took in their audit of these account balances. The AC also concurs with the basis and conclusions included in the independent auditor's report with respect to these KAMs.</p>
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REPORT ON CORPORATE GOVERNANCE

	Internal Controls & Regulatory Compliance	<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>Based on the internal control established, and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FM, as well as reviews performed by management and the various Board Committees, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate for FY2019.</p>																		
	External Audit	<p>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.</p> <table border="1" data-bbox="568 1045 1203 1319"> <thead> <tr> <th colspan="3" data-bbox="568 1045 1203 1116">Table 10 – Fees Paid/Payable to the EA, Ernst & Young LLP and its affiliates for FY2019</th> </tr> <tr> <th data-bbox="568 1116 865 1156"></th> <th data-bbox="865 1116 1034 1156">S\$</th> <th data-bbox="1034 1116 1203 1156">% of total</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 1156 865 1197">Audit fees</td> <td data-bbox="865 1156 1034 1197">133,000</td> <td data-bbox="1034 1156 1203 1197">87</td> </tr> <tr> <td data-bbox="568 1197 865 1276">Non-audit fees</td> <td data-bbox="865 1197 1034 1276"></td> <td data-bbox="1034 1197 1203 1276"></td> </tr> <tr> <td data-bbox="568 1276 865 1319">– Tax compliance</td> <td data-bbox="865 1276 1034 1319">19,500</td> <td data-bbox="1034 1276 1203 1319">13</td> </tr> <tr> <td data-bbox="568 1319 865 1360">Total</td> <td data-bbox="865 1319 1034 1360">152,500</td> <td data-bbox="1034 1319 1203 1360">100</td> </tr> </tbody> </table> <p>The AC reviews the independence of the EA annually. The AC has conducted an annual review of the volume of non-audit services provided by the EA and is satisfied that the nature and extent of such services will not prejudice the independence of the EA. The EA has also provided confirmation on their independency.</p> <p>The Company has complied with Rules 712 and 715 of the Catalyst Rules in relation to its EA.</p>	Table 10 – Fees Paid/Payable to the EA, Ernst & Young LLP and its affiliates for FY2019				S\$	% of total	Audit fees	133,000	87	Non-audit fees			– Tax compliance	19,500	13	Total	152,500	100
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Non-audit fees																				
– Tax compliance	19,500	13																		
Total	152,500	100																		

REPORT ON CORPORATE GOVERNANCE

	Internal Audit	<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 complied 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. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</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 given its involvement in certain AC meetings and its unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.</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 FY2019. The AC is satisfied that the internal audit functions have been adequately carried out.</p>				
	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="568 1406 1208 1493"> <thead> <tr> <th data-bbox="568 1406 858 1448">Name</th> <th data-bbox="858 1406 1208 1448">Email Address</th> </tr> </thead> <tbody> <tr> <td data-bbox="568 1448 858 1493">Foong Daw Ching</td> <td data-bbox="858 1448 1208 1493">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 are 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					
10.5	Meeting Auditors without the Management	The AC has met with the IA and the EA in the absence of key management personnel twice per year.				

REPORT ON CORPORATE GOVERNANCE

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

<p>11.1 11.2 11.3</p>	<p>Conduct of General Meeting</p>	<p>Shareholders are informed of shareholders' meetings through notices contained in Annual Reports or circulars sent to all shareholders. These notices are also published in the Business Times and posted onto the SGXNET.</p> <p>Annual reports are distributed to all shareholders 14 days before the scheduled AGM date.</p> <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 allows for absentia voting (including but not limited to voting by mail, electronic email or facsimile). However, the Board does not implement absentia voting until issues on security and integrity are satisfactorily resolved.</p> <p>At general meetings, separate resolutions are set out on distinct issues for approval by shareholders. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting. 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 on the rules governing the general meetings, including voting procedures, upon requested by the shareholder. The proceeding of the general meetings 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. The Company held two shareholders' meeting in FY2019, where the entire board was present.</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> <p>The Company is committed to maintaining high standards of corporate disclosure and transparency.</p>
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REPORT ON CORPORATE GOVERNANCE

		<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 means of communication as follows:</p> <ol 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
11.4	Shareholders' Participation	<p>The Company supports active shareholder participation at general meetings. Annual Reports are distributed to all shareholders 14 days before the scheduled AGM date. All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions.</p> <p>If shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.</p> <p>The Board does not implement absentia-voting methods by mail, electronic mail or facsimile, until issues on security and integrity are satisfactorily resolved.</p>
11.5	Minutes of General Meetings	All minutes of general meetings are available to shareholders upon request.
11.6	Dividend Policy	The Company does not have a fixed dividend policy. The form, frequency and amount of future dividends on the shares will depend on the Company's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and other investment plans and restrictions on payment of dividends imposed by financial arrangements (if any).

REPORT ON CORPORATE GOVERNANCE

		The Company is recommending a proposed final tax exempt (1-tier) dividend of S\$0.03 per ordinary share for FY2019. The dividend payment which amounts to S\$4.3 million (FY2018: S\$4.3 million) is subject to shareholder's approval at the Annual General Meeting.
Engagement with shareholders		
Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.		
12.1 12.2 12.3	Disclosure of information on timely basis	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.
	Investor Relations Practices	<p>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>
V. MANAGING STAKEHOLDERS RELATIONSHIPS		
Engagement with Stakeholders		
Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.		
13.1 13.2	Stakeholders' Engagement	<p>The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Company's business and operations. Six stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, suppliers, customers, employees, community, investors and regulators.</p> <p>The Company has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.</p> <p>More details on Company's approach to stakeholder engagement and materiality assessment are disclosed on pages 50 to 53 of this Annual Report.</p>

REPORT ON CORPORATE GOVERNANCE

		<p>Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships.</p> <p>Please refer to the Sustainability Report on pages 49 to 61 of this Annual Report for further details.</p>
13.3	Corporate Website	<p>All material information on the performance and development of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET and the Company's website. The Company does not practice selective disclosure of material information. All materials on the half-yearly and full year financial results are available on the Company's website – www.starland.cc. The website, which is updated regularly, contains various information on the Company which serves as an important resource for investors and all stakeholders.</p>
VI. COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
711A and 711B	Sustainability Reporting	Our annual sustainability report is prepared in accordance with the Global Reporting Initiative Standards. More details and information can be seen on the page 49 to page 61.
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 of the Catalist Rules in the appointment of its auditors.
1204(8)	Material Contracts	<p>Save as set out below, in Note 9 (Debt securities) and Note 30 (Events occurring after the reporting period) of the notes to the financial statements, 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 FY2019 or if not then subsisting, entered into since the end of the previous financial year.</p> <p>On 22 July 2019, the Group had entered into the convertible loan agreement with Luminor Malaysia amounting to S\$2.3 million (approximately RM7.0 million) of which S\$1.3 million (approximately RM4.0 million) contains a convertible option to convert into 51% of the enlarged share capital of Luminor Malaysia.</p>

REPORT ON CORPORATE GOVERNANCE

		<p>Luminor Malaysia 19.99% owned by Luminor Capital Pte Ltd. Luminor Capital Pte Ltd is 30% owned by Mr Kwan Chee Seng and 20% owned by Ms Kwan Yu Wen. Mr Kwan Chee Seng is the Non-Executive Director and substantial shareholder of the Company. Ms Kwan Yu Wen is the daughter of Mr Kwan Chee Seng. Both Mr Kwan Chee Seng and Ms Kwan Yu Wen are Executive Directors of GRP Limited, the ultimate substantial shareholder of the Company.</p> <p>The convertible loan is unsecured, bears interest at 5% per annum, repayable in 12 months from the date of drawdown and are to be settled in cash.</p> <p>On 4 February 2020, the Group exercised the option to convert RM2.0 million (approximately S\$0.7 million) of the convertible loan for 51% interest in the enlarged share capital of Luminor Malaysia. Following the exercise of the option, Luminor Malaysia became a 51% owned subsidiary of the Group as announced on 5 February 2020.</p>
1204(10)	Confirmation of adequacy of internal controls	<p>Based on the internal control established, and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FM, as well as reviews performed by Management and the various Board Committees, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2019.</p>
1204(10C)	AC's comment on Internal Audit Function	<p>The Company internal audit function is outsourced to Yang Lee & Associates ("YLA"). The internal audit function is independent of the external audit. YLA is staffed with professionals with relevant qualifications and experience. The AC reviews the internal audit function on an annual basis and is satisfied that YLA is adequately qualified, resourced, and being aligned to the International Standards for the professional practice of Internal Auditing issued by the Institute of Internal Auditors, has the appropriate standing in the Company to discharge its duties effectively.</p> <p>Every year, the AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. An internal audit plan entails the review of selected functions of the Group and is developed and agreed by the AC. The internal audit plan has been advised in such a way that all the major functions would be audited within an internal-audit cycle. The AC met with the IA and reviewed the IA's reports, their audit findings and management's response to those findings for FY2019, the AC is satisfied that the internal audit functions are adequate and effective.</p>

REPORT ON CORPORATE GOVERNANCE

1204(17)	Interested Persons Transaction (“IPT”)	<p>The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.</p> <p>IPTs with value of S\$100,000 or more entered into during FY2019 are as follows:</p> <table border="1" data-bbox="568 574 1210 981"> <thead> <tr> <th data-bbox="568 574 760 898">Name of interested person</th> <th data-bbox="760 574 989 898">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 data-bbox="989 574 1210 898">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 data-bbox="568 898 760 981">GRP Limited – Management fee expense</td> <td data-bbox="760 898 989 981">S\$420,000 (RMB2,174,382)</td> <td data-bbox="989 898 1210 981">–</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 (RMB2,174,382)	–
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 (RMB2,174,382)	–						
1204(19)	Dealing in Securities	<p>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.</p>						
1204(21)	Non-sponsor fees	<p>No non-sponsor fees were paid to the Company’s sponsor, UOB Kay Hian Private Limited for FY2019.</p>						
1204(22)	Use of Proceeds	<p>There were no outstanding proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.</p>						

SUSTAINABILITY REPORT

BOARD STATEMENT

The Board is pleased to present the annual Sustainability Report of Starland Holdings Limited (“**Starland**” or “**Company**”). In this report, we present the progress of our sustainability efforts and the next phase of our journey towards achieving sustainable growth.

Starland has reached the tail end of its property projects and in line with the focus on sustainability, the Company had on 25 October 2019 obtained approval from its shareholders to diversify the existing business to include financial solutions related businesses. Subsequently, having completed a satisfactory due diligence, Starland’s wholly owned subsidiary, Starland Axis Pte. Ltd. had on 4 February 2020 exercised the option to convert RM1.96 million (approximately S\$0.65 million at an agreed exchange rate of S\$1:RM3) of loan for 51% equity interest in Luminor Malaysia, a financial services holding company.

With the recent COVID-19 outbreak, Starland has activated its business continuity plan and established appropriate measures to minimise impact within the group. This includes measures to conduct meetings via conference calls and when deemed appropriate, we would have staff working from home.

The Company continues to sell the remaining residential units, commercial units and carpark spaces in the PRC and the semi-detached house in Singapore. Our main focus is to ensure that we deliver quality products to our customers at all times. We are committed to deliver value, sustain growth in all areas of our businesses, empower our staff and nurture the communities where we operate.

The Board together with management team, have identified the material Environmental, Social and Governance (“**ESG**”) factors for Starland. The Board oversees the management and monitoring of these material ESG factors.

ABOUT THIS REPORT

Description	Notes and Reference
Reporting period	1 January 2019 to 31 December 2019
Reporting cycle	Annual
Reporting framework and source of reference	This report is prepared with reference to the Global Reporting Initiative (“ GRI ”) Standards, and includes the “Core” reporting requirements. The report covers all primary components as stipulated in SGX-ST Listing Rules 711B.
Report boundary	Unless otherwise stated, the information provided in this Report focuses on the sustainability performance of the Company and our subsidiaries in FY2019.
External assurance	We have not sought external assurance for FY2019, but may consider doing so in the future.

SUSTAINABILITY REPORT

OUR APPROACH AND STRATEGY

Sustainability Commitment

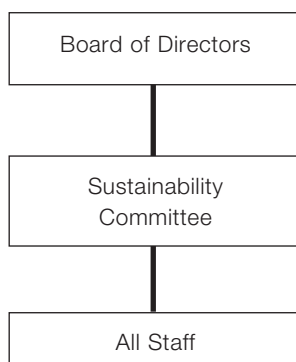
We recognise that sustainability is a key consideration in strategy formulation for the Company and aim to share a balanced perspective of our ongoing effort and progress in this area.

This report discusses the Company's achievements and performance towards ESG issues throughout the financial year.

This report has 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

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



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

Materiality considerations

In FY2019, we assessed the ESG issues previously identified in FY2018 and concluded that they are still relevant to our business and stakeholders.

We continue to base on a Group-wide materiality assessment, and outline 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

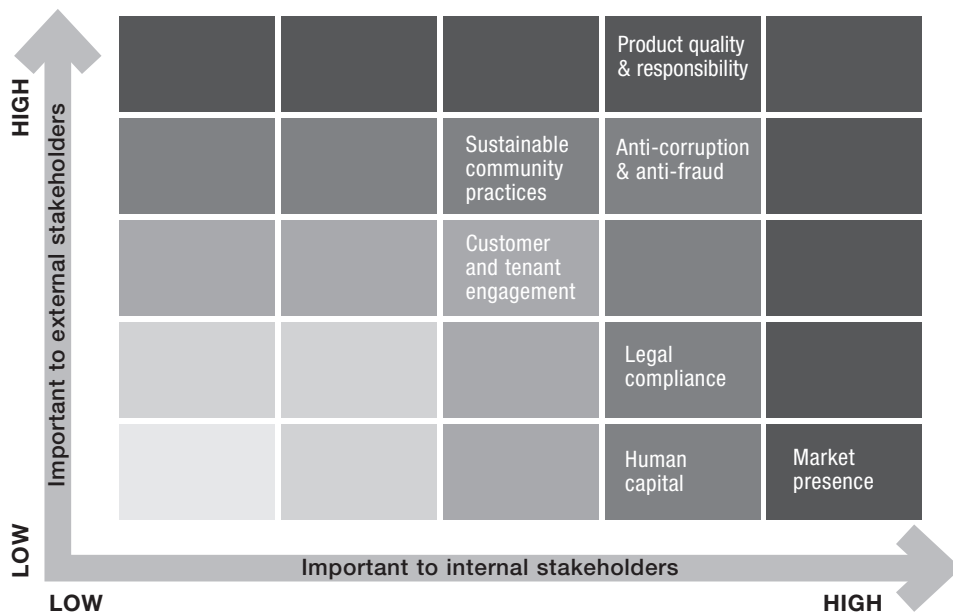
SUSTAINABILITY REPORT

3. Prioritise these critical factors and validate their importance internally
4. Embed these validated critical factors within our business operational processes, where applicable

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

The Committee members also considered the insights that they have gained from their day-to-day engagement with various stakeholders, to establish the direction for our sustainability reporting. The Committee members 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.

The Sustainability Committee examined and ranked the identified ESG factors in accordance to the interests of the stakeholders. The following materiality matrix presents the identified material ESG factors for FY2019. The Board of Directors have endorsed and review the materiality assessment and priorities on a yearly basis.



Our findings and assessment are based on data and information collected for the period from 1 January 2019 to 31 December 2019.

SUSTAINABILITY REPORT

Engaging Stakeholders

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

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

We have consistently identified six key stakeholder groups based on their relevance to Starland. They play a vital role in our business and long-term strategy. To develop a sustainability strategy that aligns with the stakeholders' expectations, we engaged these groups on environmental, social and governance topics. Our approach towards stakeholders engagement is summarised in the Table 1 below.

Table 1

STAKEHOLDERS	KEY ISSUES	ENGAGEMENT PLATFORMS
Suppliers	<ul style="list-style-type: none"> • Product quality assurance • Completion of project on time • Supply chain management • Environmental compliance 	<ul style="list-style-type: none"> • Supplier's Code of Conduct • Weekly visit/meeting with suppliers when there is on-going construction project
Customers – residents, shop tenants	<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 • Work-life balance 	<ul style="list-style-type: none"> • Regular dialogue sessions with staff • Training and development programmes • Whistle-blowing policy
Community	<ul style="list-style-type: none"> • Doing our part as a corporate citizen 	<ul style="list-style-type: none"> • Organise work and feedback sessions to ensure proper disposal of renovation waste
Investors	<ul style="list-style-type: none"> • Operational efficiency and monetary savings • Financial stability • Risk management • Corporate governance • Sustainability efforts 	<ul style="list-style-type: none"> • Investor relations website • Half-yearly financial results announcements via SGXNet • Annual General Meeting • Annual Report
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	2019 PERFORMANCE	COMMITMENTS AND TARGETS
Supply Chain Management <ul style="list-style-type: none"> Engaging our Suppliers Customer satisfaction 	Property purchase is a significant investment to most individuals. Being a significant investment, quality of the property is of ultimate importance to our Customers.	Hold regular dialogue and feedback sessions with Customers and potential Customers so as to address their concerns and areas for improvement. We perform regular upgrade of our Singapore Garden project so as to maintain the quality of the property project.	Continue to enhance Customer satisfaction level with improved product quality and service.
Corporate Governance <ul style="list-style-type: none"> Corporate Governance Risk Management 	Compliance with legislation as well as corporate governance, anti-corruption, risk management, environmental, safety, product, and social responsibility.	Results released on 13 August 2019 (First Half FY2019) and 11 February 2020 (Full Year FY2019)	Ensure compliance of all legislation and corporate governance requirements at all times.

SUPPLY CHAIN MANAGEMENT

Product quality and assurance

Currently the Company has no property development project under construction. We continue to focus on managing and selling our completed mixed development projects in Fuling, Chongqing of PRC and the semi-detached house in Singapore.

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

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

SUSTAINABILITY REPORT

Customer and tenant engagement

For the Singapore Garden development, the General Manager, Deputy General Manager and his team (“**Fuling management team**”) are in constant engagement with the tenants and residents of Singapore Garden. The Company handed over the service and management of the Singapore Garden project to the Residents’ Committee and also signed a service and management contract with a third-party company to manage the car parks of the Singapore Garden project since FY2018. In FY2019, the Fuling management team, the Residents’ Committee, the outsourced third-party company, the tenants and the residents hold regular meetings so as to resolve issues and enhance the environment of Singapore Garden. Issues that have been resolved include disputes on carpark lots and lift maintenance management.

With the slowdown in the China economy, the Fuling management team also holds regular dialogue sessions with tenants on how their businesses may be promoted.

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

Market presence

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

ENVIRONMENTAL INITIATIVES

We strongly believe that environmental conservation will ultimately lead to the sustainability of our Company’s success. We consistently review and update our policies and guidelines to ensure efficient usage of energy, water and waste within the Company.

Sustainable community practices

The Fuling management team has provided sustainable community practices to the Singapore Garden project in the PRC and the team continues to ensure that renovation waste materials are properly disposed of in designated areas.

The management has taken the initiative to stop serving plastic bottle drinks since September 2019. This is in support of green movement so as to reduce the use of plastics.

Management has been and continues to monitor the COVID-19 outbreak. Measures taken include staff temperature taking twice a day, conducting meetings via conference call and putting in place work from home arrangements.

SUSTAINABILITY REPORT

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, dignity and fairly, irrespective of nationality, race or religion. We abide by labour laws and guidelines to promote fair employment practices, and we embrace the principles of fair employment. There is strictly no discrimination in the career advancement and recruitment practices. Our recruitment process is based on the Group's Human Resources policies. There are no preferences for any particular religion, age, ethnicity, race, physical disability or gender. We promote healthy competition and a performance-driven environment where employees are rewarded based on merit, competence and experience. We also believe in the benefits of re-employing older workers to retain and tap their wealth of experience.

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

Anti-corruption and anti-fraud

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

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

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

Over the reporting period, there was no reported incident of corruption or fraud. We aim to achieve zero incidents of corruption in the future as well.

Legal Compliance

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

SUSTAINABILITY REPORT

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

In FY2019, there was no material breach of relevant local laws and regulations.

SUSTAINABILITY REPORT

GRI CONTENT INDEX

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
GENERAL DISCLOSURE		
Organisational Profile		
102-1	Name of Organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Profile
102-3	Location of headquarters	Corporate Information [Page 76]
102-4	Location of operations	Corporate Information [Page 76]
102-5	Ownership and legal form	Corporate Information [Page 76]
102-6	Markets served	Corporate Profile
102-7	Scale of the organisation	Human capital [Page 55] Financial Statements [Page 62-120]
102-8	Information on employees and other workers	Page 55
102-9	Supply chain	Page 53
102-10	Significant changes to the organisation and its supply chain	None in FY2019
102-11	Precautionary principle or approach	NA
102-12	External initiatives	Starland has not adopted any external initiatives.
102-13	Membership of associations	NA
Strategy		
102-14	Statement from senior decision-maker	Board Statement [Page 49]
102-15	Key impacts, risks, and opportunities	Page 50-51
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Page 49
102-17	Mechanisms for advice and concerns about ethics	Page 54-55

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Governance		
102-18	Governance structure	Page 15-48
102-19	Delegating authority	Page 50
102-20	Executive-level responsibility for economic, environmental	Page 50
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 51
102-22	Composition of the highest governance body and its committees	Page 17
102-23	Chair of the highest governance body	Page 15
102-24	Nominating and selecting the highest governance body	Page 17
102-25	Conflicts of interest	N.A.
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 17
102-27	Collective knowledge of highest governance body	Page 21
102-28	Evaluating the highest governance body's performance	Page 23-27
102-29	Identifying and managing economic, environmental, and social impacts	Page 50-51
102-30	Effectiveness of risk management processes	Page 34
102-31	Review of economic, environmental, and social topics	Page 49-61
102-32	Highest governance body's role in sustainability reporting	Page 50
102-33	Communicating critical concerns	NA
102-34	Nature and total number of critical concerns	NA
102-35	Remuneration policies	Page 31-33
102-36	Process for determining remuneration	Page 31
102-37	Stakeholders' involvement in remuneration	NA
102-38	Annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment.

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
102-39	Percentage increase in annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment.
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 52. 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 51
102-43	Approach to stakeholder engagement	Page 51
102-44	Key topics and concerns raised	Page 52
102-45	Entities included in the consolidated financial statements	Page 13
102-46	Defining report content and topic boundaries	Page 49
102-47	List of material topics	Page 50-51
102-48	Restatements of information	N.A.
102-49	Changes in reporting	N.A.
102-50	Reporting period	Page 49
102-51	Date of most recent report	Page 49
102-52	Reporting cycle	Page 49
102-53	Contact point for questions	Page 14
102-54	Claims for reporting in accordance with the GRI standards	Page 49
102-55	GRI content index	Page 57-61
102-56	External assurance	NA

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Management approach		
103-1	Explanation of the material topic and its boundary	Page 50-51
103-2	The management approach and its components	Page 50-51
103-3	Evaluation of the management approach	NA
MATERIAL FACTORS AND PERFORMANCE DATA		
Category: Economic		
Topic: Economic Performance		
201-1	Direct economic value generated and distributed	NA
201-2	Financial implications and other risks and opportunities due to climate change	NA
201-3	Defined benefit plan obligations and other retirement plans	Page 85 and Page 114
201-4	Financial assistance received from government	NA
Topic: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	NA
202-2	Proportion of senior management hired from the local community	The assistant general manager was hired from the local community
Topic: Procurement Practices		
204-1	Proportion of spending on local suppliers	Starland's major supplier is currently an outsourced security and cleaning contractor responsible for the cleanliness of the Singapore Garden project.
Topic: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Page 55
205-2	Communication and training about anti-corruption policies and procedures	Page 55
205-3	Confirmed incidents of corruption and actions taken	NA
Topic: Effluents and Waste		
306-2	Waste by type and disposal method	Page 54

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Topic: Supplier Environmental Assessment		
308-1	New suppliers that were screened using environmental criteria	Page 53
Aspect: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	There are no known incidents of complaints from our customers concerning breaches of privacy and loss of data.

Note:

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

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Starland Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2019.

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 2019 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
Kwan Chee Seng
Peng Peck Yen
Tan Chade Phang
Lim See Yong (Appointed on 1 July 2019)

In accordance with Article 88 of the Company's Constitution, Lim See Yong retires and, being eligible, offers himself for re-election.

In accordance with Article 89 of the Company's Constitution, Foong Daw Ching and Kwan Chee Seng 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, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year/ date of appointment	At the end of financial year	At the beginning of financial year/ date of appointment	At the end of financial year
<u>Ultimate Holding Company</u>				
GRP Limited (Ordinary shares)				
Kwan Chee Seng ⁽¹⁾	64,064,440	64,064,440	–	–
Peng Peck Yen	18,000	18,000	–	–
Lim See Yong	3,530,600	3,530,600	–	–
<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	–	–
Lim See Yong	466,304	466,304	65	65

(1) Mr Kwan Chee Seng has a shareholding interest of 34.10% in GRP Limited. By virtue of Section 7 of the Companies Act, Cap. 50, Mr Kwan Chee Seng is deemed to be interested in the ordinary shares of the Company held by GRP Chongqing Land Pte. Ltd. ("GRP CHQ"), a wholly owned subsidiary of GRP Limited.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2020.

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 date of appointment if later, or at the end of the financial year.

DIRECTORS' STATEMENT

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)
- Tan Chade Phang (Member)
- Lim See Yong (Member)

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

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

DIRECTORS' STATEMENT

- Reviewed the cost effectiveness and the independence and objectivity of the external auditor.
- Reviewed the nature and extent of non-audit services provided by the external auditor.
- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit.
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate.
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

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

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

Auditor

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

On behalf of the board of directors:

Foong Daw Ching
Director

Peng Peck Yen
Director

Singapore
15 April 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on the Audit of the Financial Statements

Qualified 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 2019, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Qualified Opinion

During the financial year, certain of the Group's subsidiaries in the People's Republic of China ("PRC") made various fund transfers aggregating RMB68.0 million to unrelated third-party PRC entities. A Singapore subsidiary of the Company had also received fund transfers aggregating S\$12.9 million from a Singapore licensed remittance agent during the financial year. Management has represented that the receipt of the funds in Singapore is related to the transfer made by the Group's PRC subsidiaries to the unrelated third-party PRC entities. Due to insufficient audit evidence available to us, we are unable to conclude whether these transactions are in compliance with applicable laws and regulations in the PRC and Singapore. It is not practicable to estimate the potential financial impact, if any, to the Group in the event of any breach of applicable laws and regulations.

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 qualified opinion.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on the Audit of the Financial Statements (Continued)

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.

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. The Directors' Statement states that 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 2019 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date. In addition, as set out in the Report on Corporate Governance section of the Annual Report, the Board has received assurance from the Executive Director and Finance Manager that the financial records have been properly maintained and the financial statements for FY2019 give a true and fair view of the Company's operations and finances. As described in the *Basis for Qualified Opinion* section above, we qualified our opinion for the reasons explained in that section. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

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. In addition to the matter described in the *Basis for Qualified Opinion* section, 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 2019
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on the Audit of the Financial Statements (Continued)

Key Audit Matters (Continued)

Valuation of properties held for sale and development property

As at 31 December 2019, the Group's properties held for sale and development property amounted to RMB54,498,000, which represented 28% of the Group's current assets. The properties held for sale relate to completed properties held for sale in Chongqing, People's Republic of China (PRC) and a freehold land included in a developed residential project in Singapore. The development property relates to a leasehold land in Chongqing, PRC. The Group's properties are stated at the lower of cost and net realisable value. The estimated net realisable value of the Group's properties is dependent on the Group's expectation of future selling prices, performance of PRC's and Singapore's property markets and the Group's business plans. A slowdown in economic activity in the PRC or in Singapore might exert downward pressure on transaction volumes as well as property prices. This could lead to future trends in the market departing from known trends based on past experience. Accordingly, the determination of the net realisable value of the Group's properties require management to exercise judgement taking into consideration various internal and external market factors. Therefore, there is a risk that the properties are not carried at the appropriate values and the eventual net realisable values could be lower than the amount estimated by management. Accordingly, we identified this to be a key audit matter.

We assessed the reasonableness of the estimated net realisable value for the properties held for sale in Chongqing, PRC and Singapore derived by management by comparing them to recently transacted prices or prices of comparable properties located in the same vicinity of the property projects and taking into account the prevailing macroeconomic and real estate trend in the PRC and Singapore. We also assessed the adequacy of the disclosures related to properties held for sale in Note 10 to the financial statements.

For the leasehold land in Chongqing, PRC, we compared the carrying value of the leasehold land to recently transacted prices of comparable properties in the same vicinity published on the PRC government's official websites and took into consideration of the repossession offer from the local authorities. Further, we assessed the adequacy of the disclosures related to the development property in Note 11 to the financial statements.

Responsibilities of Management and Directors for the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2019
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on the Audit of the Financial Statements (Continued)

Responsibilities of Management and Directors for the Financial Statements (Continued)

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 2019
Independent Auditor's Report to the Members of Starland Holdings Limited

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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 provision 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
15 April 2020

BALANCE SHEETS

As at 31 December 2019

	Note	Group		Company	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
ASSETS					
Current assets					
Cash and bank balances	6	125,199	150,909	82,288	51,592
Trade and other receivables and deposits	7	1,812	4,589	29,502	29,361
Held for trading equity securities	8	–	2,377	–	2,377
Debt securities	9	12,080	–	–	–
Properties held for sale	10	45,856	58,932	–	–
Development properties	11	8,642	8,866	–	–
Total current assets		193,589	225,673	111,790	83,330
Non-current assets					
Equipment	12	68	107	6	9
Investment in subsidiaries	13	–	–	–*	9,773
Deferred tax assets	14	931	836	–	–
Total non-current assets		999	943	6	9,782
Total assets		194,588	226,616	111,796	93,112
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables	15	11,588	13,096	43,867	39,264
Income tax payable		33,390	34,318	–	–
Loans and borrowings	16	–	10,134	–	–
Total current liabilities		44,978	57,548	43,867	39,264
Non-current liabilities					
Deferred tax liabilities	14	3,175	2,383	–	–
Total non-current liabilities		3,175	2,383	–	–
Capital and reserves					
Share capital	17	24,471	24,471	24,471	24,471
Other reserves	18	9,165	108,367	4,268	2,334
Retained earnings		112,799	33,847	39,190	27,043
Total equity		146,435	166,685	67,929	53,848
Total liabilities and equity		194,588	226,616	111,796	93,112

* Denotes amounts less than RMB1,000

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2019

	Note	Group	
		2019 RMB'000	2018 RMB'000
Revenue	19	29,638	67,096
Cost of sales		(13,811)	(51,890)
Gross profit		15,827	15,206
Other income	20	557	13,668
Interest income	21	2,867	3,149
Other expenses	22	(2,450)	(5,215)
Finance costs	23	(127)	(1,152)
Selling expenses		(741)	(234)
Administrative expenses		(8,405)	(11,600)
Profit before tax	24	7,528	13,822
Income tax expense	25	(5,988)	(4,660)
Profit for the year attributable to owners of the Company		1,540	9,162
Other comprehensive income:			
<u>Item that may be reclassified subsequently to profit or loss</u>			
Foreign currency translation		(175)	288
Total comprehensive income for the year attributable to owners of the Company		1,365	9,450
Basic and diluted earnings per share (RMB cents)	26	1.06	6.33

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 2019

Group	Share capital RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2018	24,471	99,027	628	7,930	(144)	28,791	160,703
Profit for the year	-	-	-	-	-	9,162	9,162
Other comprehensive income	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	288	-	288
Total comprehensive income for the year	-	-	-	-	288	9,162	9,450
Contributions by and distributions to owners	-	-	-	-	-	-	-
Dividends paid on ordinary shares (Note 27)	-	-	-	-	-	(3,468)	(3,468)
Others	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	638	-	(638)	-
At 31 December 2018 and 1 January 2019	24,471	99,027	628	8,568	144	33,847	166,685
Profit for the year	-	-	-	-	-	1,540	1,540
Other comprehensive income	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	(175)	-	(175)
Total comprehensive income for the year	-	-	-	-	(175)	1,540	1,365
Contributions by and distributions to owners	-	-	-	-	-	-	-
Dividends paid on ordinary shares (Note 27)	-	-	-	-	-	(21,615)	(21,615)
Others	-	-	-	-	-	-	-
Transfer to retained earnings (Note 18)	-	(99,027)	-	-	-	99,027	-
At 31 December 2019	24,471	-	628	8,568	(31)	112,799	146,435

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 2019

Company	Share capital RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
At 1 January 2018	24,471	628	(11)	(57,062)	(31,974)
Profit for the year	–	–	–	87,573	87,573
Other comprehensive income	–	–	–	–	–
Foreign currency translation	–	–	1,717	–	1,717
Total comprehensive income for the year	–	–	1,717	87,573	89,290
Contributions by and distributions to owners	–	–	–	–	–
Dividends paid on ordinary shares (Note 27)	–	–	–	(3,468)	(3,468)
At 31 December 2018 and 1 January 2019	24,471	628	1,706	27,043	53,848
Profit for the year	–	–	–	33,762	33,762
Other comprehensive income	–	–	–	–	–
Foreign currency translation	–	–	1,934	–	1,934
Total comprehensive income for the year	–	–	1,934	33,762	35,696
Contributions by and distributions to owners	–	–	–	–	–
Dividends paid on ordinary shares (Note 27)	–	–	–	(21,615)	(21,615)
At 31 December 2019	24,471	628	3,640	39,190	67,929

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2019

	Note	Group	
		2019 RMB'000	2018 RMB'000
Operating activities			
Profit before tax		7,528	13,822
Adjustments for:			
Depreciation	12	13	42
Amortisation of land use right	24	301	298
Fair value loss on held for trading equity securities	22	2,357	5,916
Interest income	21	(2,867)	(3,149)
Interest expense	23	127	1,152
Gain on disposal of equipment		(193)	(39)
Gain from settlement agreement with ayondo	20	–	(13,287)
Unrealised foreign exchange differences		(463)	57
Operating cash flows before changes in working capital		6,803	4,812
Decrease in properties held for sale		13,435	7,334
(Increase)/decrease in development properties		(77)	28,099
Decrease in trade and other receivables and deposits		2,852	2,724
Decrease in trade and other payables		(1,504)	(4,897)
Cash flows generated from operations		21,509	38,072
Interest received		2,792	3,446
Interest paid		(127)	(1,152)
Income tax paid		(6,220)	(436)
Net cash flows generated from operating activities		17,954	39,930
Investing activities			
Purchase of equipment	12	(1)	(29)
Proceeds from disposal of equipment		220	57
Proceeds from ayondo settlement agreement		–	5,113
Purchase of debt securities	9	(11,727)	–
Net cash flows (used in)/generated from investing activities		(11,508)	5,141
Financing activities			
Decrease/(increase) in bank deposits pledged		12,377	(1,593)
Dividends paid	27	(21,615)	(3,468)
Proceeds from drawdown of loans and borrowings		–	5,366
Due to/(repayment to) ultimate holding company		33	(19,026)
Repayment of loans and borrowings		(10,183)	(17,031)
Net cash flows used in financing activities		(19,388)	(35,752)
Net (decrease)/increase in cash and cash equivalents		(12,942)	9,319
Effect of foreign exchange rate changes		(458)	735
Cash and cash equivalents at beginning of financial year		134,551	124,497
Cash and cash equivalents at end of financial year		121,151	134,551

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. CORPORATE INFORMATION

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

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

The principal activities of the subsidiaries are disclosed in Note 13 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 2019, GRP Chongqing owns 83.17% of the issued and paid-up ordinary shares in the share capital of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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 are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

2.2 *Changes 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 and SFRS(I) Interpretations (“SFRS(I) INT”) that are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards and interpretations did not have material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 3 <i>Definition of Business</i>	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) *Business combinations and goodwill*

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.

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 an asset or liability, will be recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

2.5 *Foreign currency*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency (Continued)

(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.

2.6 Equipment

All items of equipment are initially recorded at cost. Subsequent to recognition, equipment is measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of an asset begins when it is available for use and 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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 *Equipment (Continued)*

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 de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the period the asset is de-recognised.

2.7 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The accounting policy for rental income is set out in Note 2.21(d).

2.8 *Land use rights*

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over the lease term of 40 years.

2.9 *Development properties*

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

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

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in the 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 *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 of properties held for sales is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs necessary to make the sale.

2.11 *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 are recognised in profit or loss.

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. Impairment losses relating to goodwill cannot be reversed in future periods.

2.12 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 *Financial instruments*

(a) **Financial assets**

Initial recognition and measurement

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

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

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

Subsequent measurement

Debt instruments

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

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

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

Investments in equity instruments

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 *Financial instruments (Continued)*

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

De-recognition

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

(b) **Financial liabilities**

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 *Impairment of financial assets*

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

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

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

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written-off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 *Cash and cash equivalents*

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

2.16 *Provisions*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 *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 measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.14 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.18 *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.

2.19 *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 recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 *Employee benefits (Continued)*

(b) *Employee leave entitlement*

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

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

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

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

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

(b) *Rendering of services*

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

(c) *Interest income*

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue (Continued)

(d) **Rental income (Continued)**

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(b) *Deferred tax (Continued)*

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.

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.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(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
- (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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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 financial statements:

Determination of functional currency

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

3.2 Key sources of estimation uncertainty

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

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

Development properties and properties held for sale are stated at the lower of cost and estimated net realisable value (NRV) in accordance with the accounting policies in Notes 2.9 and 2.10.

Development properties and properties held for sale are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The carrying amounts of the development properties and properties held for sale stated at the lower of cost and estimated net realisable value as at 31 December 2019 were RMB8,642,000 (2018: RMB8,866,000) and RMB45,856,000 (2018: RMB58,932,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Financial assets carried at amortised cost				
Cash and bank balances	125,199	150,909	82,288	51,592
Trade and other receivables and deposits	1,810	4,495	29,502	29,361
	<u>127,009</u>	<u>155,404</u>	<u>111,790</u>	<u>80,953</u>
Financial assets carried at fair value through profit or loss				
Held for trading equity securities	–	2,377	–	2,377
Debt securities	12,080	–	–	–
	<u>12,080</u>	<u>2,377</u>	<u>–</u>	<u>2,377</u>
Financial liabilities carried at amortised cost				
Trade and other payables	3,782	5,220	43,867	39,264
Loans and borrowings	–	10,134	–	–
	<u>3,782</u>	<u>15,354</u>	<u>43,867</u>	<u>39,264</u>

(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 currency risk and interest rate risk), credit risk and liquidity risk.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(i) Foreign currency risk

The Group's transactions are largely denominated in RMB. 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 respective functional currency of the Group entities are as follows:

	Assets		Liabilities	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Group				
USD	463	478	–	–
RMB	–	–	–	56

Sensitivity analysis for foreign currency risk

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

		2019 RMB'000	2018 RMB'000
		Profit before tax	Profit before tax
Increase/(decrease):			
RMB/USD	– strengthened 5%	(23)	(24)
	– weakened 5%	23	24
SGD/RMB	– strengthened 5%	–	(3)
	– weakened 5%	–	3

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL 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 cash at bank.

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.

The Group does not have exposure to interest rate risks at the end of the reporting date as there is no outstanding balance in loans and borrowings as at 31 December 2019. (2018: an increase in 100 basis point in interest rate at the reporting date would decrease the Group's profit before tax by approximately RMB62,000).

(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 trade and other receivables and deposits. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing with high credit rating counter parties.

The Group objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are generally fully settled concurrent with delivery of properties.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(iii) Credit risk (Continued)

Trade receivables

Trade receivables relate mainly to the Group's customers who purchase its property units. The Group provides for lifetime expected credit losses for all trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due. The provision rate also incorporates forward looking information such as forecast of economic conditions and macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery and legal means of recovery has been considered. The Group writes off the financial asset when a debtor has known credit issues or defaults on instalment plans. Where receivables are written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

There were no trade receivables passed due and the allowance for expected credit loss on the Group's trade receivables is not material as at 31 December 2019 and 2018.

Other receivables and deposits

Other receivables and deposits mainly comprise non-trade receivables from third parties and subsidiaries and deposits with third parties. Management has assessed the expected credit loss arising from these balances to be not significant.

Exposure to credit risk

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

Credit risk concentration profile

Trade receivables from one major debtor accounted for 74% (2018: 57%) of the Group's total trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(iv) Liquidity risk

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

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

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	2019		2018	
	Within one year RMB'000	Total RMB'000	Within one year RMB'000	Total RMB'000
Financial assets:				
Cash and bank balances	125,199	125,199	150,909	150,909
Trade and other receivables and deposits	1,810	1,810	4,495	4,495
Held for trading equity securities	–	–	2,377	2,377
Debt securities	12,080	12,080	–	–
Total undiscounted financial assets	139,089	139,089	157,781	157,781
Financial liabilities:				
Trade and other payables	3,782	3,782	5,220	5,220
Loans and borrowings	–	–	10,134	10,134
Total undiscounted financial liabilities	3,782	3,782	15,354	15,354
Total net undiscounted financial assets	135,307	135,307	142,427	142,427

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(iv) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	2019		2018	
	Within one year RMB'000	Total RMB'000	Within one year RMB'000	Total RMB'000
Financial assets:				
Cash and bank balances	82,288	82,288	51,592	51,592
Trade and other receivables and deposits	29,502	29,502	29,361	29,361
Held for trading equity securities	–	–	2,377	2,377
Total undiscounted financial assets	111,790	111,790	83,330	83,330
Financial liabilities:				
Trade and other payables	43,867	43,867	39,264	39,264
Total undiscounted financial liabilities	43,867	43,867	39,264	39,264
Total net undiscounted financial liabilities	67,923	67,923	44,066	44,066

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited in Singapore and are classified as financial assets, carried at fair value through profit or loss.

The Group does not have exposure to the market price risk at the end of the reporting period as the Group has fully impaired its investment in quoted equity securities as at 31 December 2019. (2018: if the price of the shares held had been 2% higher/lower with all other variables held constant, the Group's profit before tax would have been RMB48,000 higher/lower, arising as a result of higher/lower fair value gains on held for trading equity securities).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(vi) Fair value of financial instruments

Fair value hierarchy

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(vi) Fair value of financial instruments (Continued)

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

Group	2019		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant unobservable input (Level 3) RMB'000	Total RMB'000
Financial assets measured at fair value:			
Held for trading equity securities (unquoted)	-	-	-
Debt securities (unquoted)	-	12,080	-
Company			
Financial assets measured at fair value:			
Held for trading equity securities (unquoted)	-	-	-

The fair values of unquoted equity securities and debt securities are determined based on the fair values of the underlying assets and liabilities of the investee.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

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

(vi) Fair value of financial instruments (Continued)

Group	2018		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant unobservable input (Level 3) RMB'000	Total RMB'000
Financial assets measured at fair value:			
Held for trading equity securities (quoted)	2,377	–	–
Company			
Financial assets measured at fair value:			
Held for trading equity securities (quoted)	2,377	–	–

Cash and bank balances (Note 6), trade and other receivables and deposits (Note 7), trade and other payables (Note 15) and loans and borrowings (Note 16)

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

(c) *Capital management*

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

(c) *Capital management (Continued)*

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, trade and other payables and loans and borrowings, less cash and bank balances. Capital includes equity attributable to owners of the Company less the above-mentioned restricted statutory reserve fund.

	Group	
	2019 RMB'000	2018 RMB'000
Trade payables (Note 15)	1	1,514
Other payables and accruals (Note 15)	11,587	11,582
Loans and borrowings (Note 16)	–	10,134
Less: Cash and bank balances (Note 6)	(125,199)	(150,909)
	(113,611)	(127,679)
Equity attributable to owners of the Company	146,435	166,685
Less: Statutory reserve	(8,568)	(8,568)
Total capital	137,867	158,117
Capital and net debt	24,256	30,438
Gearing ratio	N/A	N/A

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5. RELATED PARTY TRANSACTIONS

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

	Group	
	2019 RMB'000	2018 RMB'000
Rental income received from a fellow subsidiary	108	108
Management fee expenses paid to the ultimate holding company	2,105	2,032
Compensation of key management personnel		
Salaries and other short-term benefits	2,314	2,375
Defined contribution plans	110	110
	2,424	2,485
<i>Comprise amounts paid to:</i>		
Directors of the Company	606	590
Other key management personnel	1,818	1,895
	2,424	2,485

6. CASH AND BANK BALANCES

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Cash on hand	11	26	–	–
Cash at bank	121,140	134,525	82,288	51,592
Deposits pledged	4,048	16,358	–	–
Cash and bank balances	125,199	150,909	82,288	51,592

As at 31 December 2019, fixed deposits of S\$782,000 (approximately RMB4,048,000) was pledged with a bank in Singapore to secure bank guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

6. CASH AND BANK BALANCES (CONTINUED)

As at 31 December 2018, fixed deposits including interest earned, of S\$990,000 (approximately RMB4,991,000) and RMB11,300,000 were pledged with banks to secure loans and borrowings (Note 16) and RMB67,000 was pledged with a bank in the PRC to secure bank guarantees. The loans and borrowings were fully repaid and the bank guarantees were discharged during the financial year ended 31 December 2019.

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

	Group	
	2019 RMB'000	2018 RMB'000
Cash and bank balances	125,199	150,909
Less: Deposits pledged	(4,048)	(16,358)
Cash and cash equivalents	121,151	134,551

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

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
USD	463	478	-	-

7. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Trade receivables	337	2,669	-	-
Other receivables from third parties	1,259	1,709	82	-
Other receivables from subsidiaries	-	-	29,393	29,334
Deposits	27	27	27	27
Interest receivable from fixed deposit	187	90	-	-
	1,810	4,495	29,502	29,361
Advances to suppliers	2	94	-	-
Total trade and other receivables and deposits	1,812	4,589	29,502	29,361

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

7. TRADE AND OTHER RECEIVABLES AND DEPOSITS (CONTINUED)

Trade receivables from third parties

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

Other receivables from third parties and subsidiaries

Other receivables are non-trade, unsecured, interest-free, repayable on demand and are to be settled in cash.

8. HELD FOR TRADING EQUITY SECURITIES

	Group		Company	
	2019	2018	2019	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At fair value through profit and loss				
– Equity securities	–	2,377	–	2,377

Held for trading equity securities relate to 6,547,324 shares (2018: 6,547,324 shares) in ayondo Ltd (“ayondo”) which the Group and Company acquired in the previous financial years pursuant to its involvement in the Initial Public Offering exercise of ayondo on the Singapore Exchange.

The trading of ayondo was suspended on the Singapore Exchange and the held for trading equity securities were fully impaired during the financial year ended 31 December 2019.

9. DEBT SECURITIES

	Group	
	2019	2018
	RMB'000	RMB'000
At fair value through profit and loss		
– Debt securities (unquoted)	12,080	–

The Group’s wholly-owned subsidiary, Starland Axis Pte. Ltd. has entered into a convertible loan agreement with Luminor Capital (Malaysia) Sdn. Bhd. (“Luminor Malaysia”) on 22 July 2019 amounting to S\$2,333,333 (approximately RMB12,080,000 or the equivalent of RM7,000,000), of which S\$1,333,333 (approximately RMB6,903,000 or the equivalent of RM4,000,000) contains a convertible option to convert into 51% of the enlarged share capital of Luminor Malaysia. The debt securities are unsecured, bear interest at 5% per annum, repayable in 12 months from the date of drawdown and are to be settled in cash. As at 31 December 2019, the conversion rights of the convertible loan were determined to be not substantive.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

10. PROPERTIES HELD FOR SALE

	Group	
	2019 RMB'000	2018 RMB'000
At cost or net realisable value	45,856	58,932

Properties held for sale as at 31 December 2019 are as follows:

Location	Description	Gross floor area (sq. meters)	Group's effective interest
89 Julong Avenue, Lidu, Fuling District, Chongqing, PRC	Commercial units and carpark units	4,650	100%
8 Wubao Road, Fuling District, Chongqing, PRC	Residential units, commercial units and carpark units	8,041	100%
10 Jalan Nipah, Singapore	Semi-detached unit	388	100%

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

11. DEVELOPMENT PROPERTIES

	Group	
	2019 RMB'000	2018 RMB'000
Land cost	9,143	9,143
Development cost	1,372	1,295
Amortisation of land use right	(1,873)	(1,572)
	8,642	8,866

The Group's development properties comprise a 25,560 square meter land parcel located at Zone 5, Dianyi Residential Committee, Jiangbei Office, Fuling District, Chongqing, PRC.

During the financial year ended 31 December 2019, the Group received an offer from the local authority to repossess the land. The repossession value of the land offered by the local authority is above the carrying value of RMB8,642,000. The repossession was not completed as at 31 December 2019 and has no impact on the consolidated financial statements of the Group.

12. EQUIPMENT

Group	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost			
At 1 January 2018	1,593	382	1,975
Additions	–	29	29
Less: Disposal	(243)	(98)	(341)
At 31 December 2018 and 1 January 2019	1,350	313	1,663
Additions	–	1	1
Less: Disposal	(529)	(8)	(537)
At 31 December 2019	821	306	1,127
Accumulated depreciation			
At 1 January 2018	1,481	356	1,837
Depreciation for the year	31	11	42
Less: Disposal	(230)	(93)	(323)
At 31 December 2018 and 1 January 2019	1,282	274	1,556
Depreciation for the year	–	13	13
Less: Disposal	(502)	(8)	(510)
At 31 December 2019	780	279	1,059
Carrying amount			
At 31 December 2018	68	39	107
At 31 December 2019	41	27	68

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

12. EQUIPMENT (CONTINUED)

Company	Furniture, fixtures and equipment RMB'000
Cost	
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	20
Accumulated depreciation	
At 1 January 2018	7
Depreciation for the year	4
At 31 December 2018 and 1 January 2019	11
Depreciation for the year	3
At 31 December 2019	14
Carrying amount	
At 31 December 2018	9
At 31 December 2019	6

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RMB'000	2018 RMB'000
Unquoted equity shares, at cost	—*	9,773

* Denotes amounts less than RMB1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. 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	
			2019 %	2018 %
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 ⁽²⁾	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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. DEFERRED TAX

	Group	
	2019 RMB'000	2018 RMB'000
Deferred tax assets	931	836
Deferred tax liabilities	(3,175)	(2,383)
	931	(2,383)

The deferred tax assets and liabilities recognised by the Group and movements thereon during the years ended 31 December 2019 and 2018 are as follows:

	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 1 January 2018	(7,486)	(2,012)	(9,498)	846	846	(8,652)
Credited/ (charged) to profit or loss for the year	5,250	1,865	7,115	(10)	(10)	7,105
At 31 December 2018 and 1 January 2019	(2,236)	(147)	(2,383)	836	836	(1,547)
(Charged)/ credited to profit or loss for the year	(865)	73	(792)	95	95	(697)
At 31 December 2019	(3,101)	(74)	(3,175)	931	931	(2,244)

Temporary differences relating to investment in subsidiaries

In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from January 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends payable by the PRC subsidiaries based on their profits generated from 1 January 2008 onwards to its "non-resident" investors who do not have an establishment or place of business in the PRC. A preferential withholding income tax rate of 5% is applicable to the PRC subsidiaries which fulfil the requirements under the Tax Treaty between Singapore and PRC and the PRC Announcement of the State Administration of Taxation [2012] No. 30.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. DEFERRED TAX (CONTINUED)

Temporary differences relating to investment in subsidiaries (Continued)

In accordance with the Tax Treaty between Singapore and PRC and the PRC Announcement of the State Administration of Taxation [2012] No. 30, the Group completed the declaration in the PRC during the financial year ended 31 December 2018, on its eligibility to enjoy the preferential withholding tax rate of 5%.

Temporary differences relating to pre-levied LAT

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

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Trade payables	1	1,514	–	–
Deposits from contractors	1,045	1,072	–	–
Deposits from tenants	436	535	–	–
Accrued expenses	1,391	1,399	692	739
Other payables due to subsidiaries	–	–	42,734	38,051
Other payables due to ultimate holding company	439	443	439	443
Other payables due to third parties	470	257	2	31
	3,782	5,220	43,867	39,264
Advance receipt from the sale of properties	6,100	5,941	–	–
Other tax payables	1,706	1,935	–	–
Total trade and other payables	11,588	13,096	43,867	39,264

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. TRADE AND OTHER PAYABLES (CONTINUED)

Advance receipt from the sale of properties include contract liabilities of RMB1,906,000 (2018: RMB3,369,000) for which the Group has received advances from customers for the sale of its properties. Contract liabilities are recognised as revenue when control of the property has been transferred to the customer. Advance receipt of S\$810,000 (approximately RMB4,194,000) (2018: S\$510,000 (approximately RMB2,572,000)) relate to advances received in relation to a joint development agreement.

A reconciliation of contract liabilities is as follows:

	Group	
	2019 RMB'000	2018 RMB'000
At 1 January	3,369	11,189
Revenue recognised included in opening balance	(2,447)	(9,624)
New contracts	984	1,804
At 31 December	1,906	3,369

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	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
RMB	-	56	-	-

16. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Current					
Bank loan					
- term loan	Jun 2019	-	1,059	-	-
- money market loan	Jan 2019, Oct 2019	-	9,075	-	-
		-	10,134	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. LOANS AND BORROWINGS (CONTINUED)

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

	Group			
	2018	Cash flows	Effects of	2019
	RMB'000	RMB'000	translation	RMB'000
			RMB'000	
Loans and borrowings	10,134	(10,183)	49	–
Other payables due to ultimate holding company	443	33	(37)	439
Total	10,577	(10,150)	12	439

	Group			
	2017	Cash flows	Effects of	2018
	RMB'000	RMB'000	translation	RMB'000
			RMB'000	
Loans and borrowings	20,749	(11,665)	1,050	10,134
Other payables due to ultimate holding company	18,776	(19,026)	693	443
Total	39,525	(30,691)	1,743	10,577

Term loan

The Group had a term loan facility (the “Term Loan”) of S\$978,000 (approximately RMB4,931,000) during the financial years ended 31 December 2019 and 2018. Interest was charged at the bank’s prime lending rate or at such other rates with monthly rests or such other periodical rests at the sole discretion of the bank. As at 31 December 2018, the Group had an outstanding Term Loan of S\$210,000 (approximately RMB1,059,000).

The Term Loan was fully repaid during the financial year ended 31 December 2019.

Money market loan

The Group had a Money Market Loan (the “MML”) for general working capital purposes. Interest was 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 ranged from 1 to 6 months.

As at 31 December 2018, the Group had an outstanding MML of S\$1,800,000 (approximately RMB9,075,000). The MML was fully repaid during the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. SHARE CAPITAL

	Group and Company			
	2019		2018	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Issued and fully paid ordinary shares				
At the beginning and the end of financial year	144,733	24,471	144,733	24,471

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

18. 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. During the financial year ended 31 December 2019, the capital reserve of RMB99,027,000 was fully transferred to retained earnings.

Merger reserve

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

Statutory reserve

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

Translation reserve

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

19. REVENUE

	Timing of transfer	Group	
		2019 RMB'000	2018 RMB'000
Revenue from contract with customers – Income from sale of properties	At a point in time	27,572	32,893
	Over time	–	31,941
		<hr/>	<hr/>
		27,572	64,834
Rental income		2,066	2,262
		<hr/>	<hr/>
		29,638	67,096
		<hr/> <hr/>	<hr/> <hr/>

20. OTHER INCOME

	Group	
	2019 RMB'000	2018 RMB'000
Gain from settlement agreements with ayondo	–	13,287
Others	557	381
	<hr/>	<hr/>
	557	13,668
	<hr/> <hr/>	<hr/> <hr/>

21. INTEREST INCOME

	Group	
	2019 RMB'000	2018 RMB'000
Interest income from fixed deposit	2,616	3,149
Arranger fee from Luminor Malaysia	251	–
	<hr/>	<hr/>
	2,867	3,149
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. OTHER EXPENSES

	Group	
	2019 RMB'000	2018 RMB'000
Writeback relating to the ayondo acquisition	–	(744)
Fair value loss on held for trading equity securities	2,357	5,916
Others	93	43
	2,450	5,215
	2,450	5,215

23. FINANCE COSTS

	Group	
	2019 RMB'000	2018 RMB'000
Interest expense on bank loans	127	1,152
	127	1,152
	127	1,152

24. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	Group	
	2019 RMB'000	2018 RMB'000
Depreciation of equipment	13	42
Amortisation of land use right	301	298
Net foreign exchange loss	(6)	463
Employee benefits expense (including directors' remuneration):		
Salaries and other short-term benefits	2,926	3,604
Defined contribution plans	272	418
Total employee benefits expense	3,198	4,022
Audit fees:		
– auditors of the Company	375	340
– affiliates of auditors of the Company	300	300
– other auditors	150	55
Non-audit fees:		
– auditors of the Company	50	32
– affiliates of auditors of the Company	–	85
– other auditors	49	59
Cost of properties held for sale recognised as expenses	13,811	51,571
	13,811	51,571
	13,811	51,571

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. INCOME TAX EXPENSE

	Group	
	2019 RMB'000	2018 RMB'000
Current tax:		
PRC enterprise income tax	2,280	5,396
PRC land appreciation tax	2,864	996
PRC withholding tax	–	5,250
Singapore corporate income tax	148	123
	5,292	11,765
Deferred tax:		
Origination or reversed of temporary differences	696	(7,105)
Total income tax expense	5,988	4,660

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% (2018: 17%) of the assessable profit for the period.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (“New Law”) by Order No.63 of the President of the PRC, with an effective date of 1 January 2008. On 28 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Due to the New Law and Implementation Regulations, the PRC subsidiaries will be subject to 25% Enterprise Income Tax, commencing 1 January 2008. Accordingly, taxation arising in the PRC is calculated at the prevailing rate of 25% (2018: 25%) for subsidiaries in the PRC.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

25. INCOME TAX EXPENSE (CONTINUED)

Relationship between tax expense and accounting profit

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

	Group	
	2019 RMB'000	2018 RMB'000
Profit before tax	7,528	13,822
Income tax expense at statutory rate of the respective entities	2,418	3,312
Non-deductible items	540	(34)
Income not subjected to tax	(19)	–
Effect of land appreciation tax	2,148	747
Withholding tax on undistributed profits	865	–
Deferred tax assets not recognised	671	–
(Reversal)/provision on loans between subsidiaries	(635)	635
Income tax expense recognised in profit or loss	5,988	4,660

The Group has unutilised tax losses of approximately RMB3,947,000 (2018: \$Nil) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date.

26. EARNINGS PER SHARE

Earnings per share for 31 December 2019 was calculated by dividing profit for the year attributable to owners of the Company of RMB1,540,000 by the weighted average number of ordinary shares outstanding during the year of 144,733,000 shares.

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

Basic and diluted earnings per share for the financial years ended 31 December 2019 and 2018 are the same as there were no potential dilutive ordinary shares outstanding during the years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27. DIVIDENDS

	Group and Company	
	2019	2018
	RMB'000	RMB'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2018: S\$0.03 (2017: S\$0.005) per share	21,615	3,468
	<hr/> <hr/>	<hr/> <hr/>
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:		
– Final exempt (one-tier) dividend for 2019: S\$0.03 (2018: S\$0.03) per share	22,479	21,891
	<hr/> <hr/>	<hr/> <hr/>

28. SEGMENT INFORMATION

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

28. SEGMENT INFORMATION (CONTINUED)

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

Segment revenues and results

	Revenue		Profit	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Property development	27,572	64,834	13,761	13,089
Rental	2,066	2,262	2,066	2,262
Property management	–	–	–	(145)
Revenue/Gross Profit	<u>29,638</u>	<u>67,096</u>	15,827	15,206
Other income			557	381
Unallocated expenses			(9,239)	(11,877)
Interest expense			(127)	(1,152)
Expenses relating to the ayondo acquisition			–	744
Gain from settlement agreements with ayondo			–	13,287
Fair value loss on held for trading equity securities			(2,357)	(5,916)
Interest income			2,867	3,149
Profit before income tax			7,528	13,822
Income tax expense			(5,988)	(4,660)
Profit for the year			<u>1,540</u>	<u>9,162</u>

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the financial years ended 31 December 2019 and 2018.

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 2019

28. SEGMENT INFORMATION (CONTINUED)

Geographical segment

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

	Revenue	
	2019 RMB'000	2018 RMB'000
People's Republic of China	29,638	35,155
Singapore	–	31,941
	<u>29,638</u>	<u>67,096</u>

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

	Properties held for sale and development properties	
	2019 RMB'000	2018 RMB'000
People's Republic of China	40,778	54,437
Singapore	13,720	13,361
	<u>54,498</u>	<u>67,798</u>

Revenue from one major customer arising from the sale of 1 commercial unit in PRC during the year accounted for 43% (2018: the sale of 1 unit of semi-detached house in Singapore accounted for over 48%) of the Group's total revenue.

29. LEASES

Group as lessor

The Group rents out its properties held for sale and a motor vehicle in the PRC under operating leases. The leases are negotiated for terms between 1 to 5 years (2018: 1 to 5 years) and rentals are fixed during the term of the lease. Property rental income earned during the year was RMB2,066,000 (2018: RMB2,262,000). Rental income from the motor vehicle was RMB108,000 (2018: RMB108,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

29. LEASES (CONTINUED)

Group as lessor (Continued)

Future minimum lease receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2019 RMB'000	2018 RMB'000
Within one year	1,568	1,687
In the second to fifth years inclusive	4,672	2,323
	<u>6,240</u>	<u>4,010</u>

30. Events occurring after the reporting period

Coronavirus Disease 2019 (COVID-19)

With widespread concerns about the ongoing COVID-2019 outbreak, the property markets in PRC and Singapore were impacted subsequent to the financial year ended 31 December 2019. This may affect the sales of the Group's properties held for sale and consequentially the financial performance of the Group after the reporting period. The estimate of the financial impact cannot be reasonably determined at this juncture.

Exercise of convertible option in Luminor Malaysia

Subsequent to the end of the reporting period, the Group announced that the original option price of RM4,000,000 (Note 9) as set out in the convertible loan agreement has been revised to RM1,960,032 following further negotiations between the parties. The remaining loan balance of RM5,039,968 shall be repayable to the Company within 12 months from the loan drawdown date of 24 July 2019.

On 4 February 2020, the Group exercised the option to convert RM1,960,032 of the debt securities for 51% interest in the enlarged share capital of Luminor Malaysia. Following the exercise of the option, Luminor Malaysia became a subsidiary of the Group as announced on 5 February 2020.

The debt securities has a carrying value of RMB12,080,000 as at 31 December 2019 (Note 9).

Shareholder loan to Luminor Malaysia

On 20 March 2020, the Group's wholly-owned subsidiary, Starland Axis Pte. Ltd has granted a loan facility of up to S\$5,000,000 to Luminor Malaysia. Luminor Malaysia has drawn down S\$1,000,000 (approximately RMB5,091,600) from the loan facility as of the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Directors on 15 April 2020.

STATISTICS OF SHAREHOLDINGS

As at 20 March 2020

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 Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 12 MARCH 2020

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS		NO. OF SHARES	
		%		%
1 – 99	502	18.66	20,177	0.01
100 – 1,000	1,324	49.20	476,643	0.33
1,001 – 10,000	703	26.12	2,100,305	1.45
10,001 – 1,000,000	157	5.83	11,399,107	7.88
1,000,001 and above	5	0.19	130,736,768	90.33
	2,691	100.00	144,733,000	100.00

TOP TWENTY HOLDERS OF SHARES AS AT 12 MARCH 2020

	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	STF INVESTMENTS LTD	1,166,208	0.81
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,148,703	0.79
5	CHENG LIM KONG	1,123,989	0.78
6	HASSAN ISSA YAUNIS	952,000	0.66
7	RAFFLES NOMINEES (PTE) LIMITED	646,573	0.45
8	ANG CHENG LAM	645,415	0.45
9	PHILLIP SECURITIES PTE LTD	546,317	0.38
10	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	535,296	0.37
11	MAYBANK KIM ENG SECURITIES PTE. LTD.	484,300	0.33
12	OCBC SECURITIES PRIVATE LTD	457,109	0.32
13	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	367,200	0.25
14	LIM POH YAN (LIN BAOYAN)	286,300	0.20
15	DBS NOMINEES PTE LTD	283,964	0.20
16	VASHDEV DADLANI	259,400	0.18
17	LOW YAN SWAN	254,515	0.18
18	LIM SEE YONG	209,236	0.14
19	TAN KAY TOH	200,783	0.14
20	TAN KEE SIANG ROBERT	200,740	0.14
	TOTAL:	137,065,916	94.72

Note: The percentages are computed based on 144,733,000 ordinary shares as at 12 March 2020.

STATISTICS OF SHAREHOLDINGS

As at 20 March 2020

SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2020

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 34.52% 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 2020, approximately 11.61% of the issued shares of the Company was held in the hands of the public as defined in the Rules of Catalist. Therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr Foong Daw Ching, Mr Kwan Chee Seng and Mr Lim See Yong are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened by 29 June 2020 (“AGM”) (collectively, the “Retiring Directors” and each a “Retiring Director”).

Pursuant to Rule 720(5) of the SGX-ST Catalyst Rules, the information as set out in Appendix 7F relating to the above Directors to be put forward for re-election at the forthcoming Annual General Meeting is disclosed below:

	MR FOONG DAW CHING	MR KWAN CHEE SENG	MR LIM SEE YONG
Date of Appointment	26 March 2012	18 February 2016	01 July 2019
Date of last re-appointment	26 April 2018	26 April 2017	Not applicable
Age	69	62	51
Country of principal residence	Singapore	Singapore	Singapore
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Foong Daw Ching for re-appointment as Non-executive Independent Chairman of the Company. The Board has reviewed and concluded that Mr Foong Daw Ching possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Kwan Chee Seng for re-appointment as Non-executive Director of the Company. The Board has reviewed and concluded that Mr Kwan Chee Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of NC and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Lim See Yong for re-appointment as Non-executive Independent Director of the Company. The Board has reviewed and concluded that Mr Lim See Yong possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Independent Chairman of the Board of Directors Chairman of the AC, Member of the NC, RC and RMC	Non-Executive Director Member of the NC	Independent Director Chairman of the RMC Member of the AC, NC and RC

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR FOONG DAW CHING	MR KWAN CHEE SENG	MR LIM SEE YONG
Professional qualifications	<p>Institute of Chartered Accountants in England and Wales</p> <p>Institute of Singapore Chartered Accountants</p> <p>Certified Practicing Accountants (CPA) Australia</p> <p>Malaysian Institute of Accountants</p>	Not applicable	Bachelor of Business Administration from National University of Singapore
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> • 2010 to 2016: Senior Partner of Baker Tilly TFW LLP • 1985 to 2010: Managing Partner of Baker Tilly TFW LLP 	<ul style="list-style-type: none"> • 2013 to present: Executive Director of GRP Limited • (i) 2013 to present: Non-Executive Director of Luminor Capital Pte Ltd • (ii) 2008 to 2013: Executive Director of Luminor Capital Pte Ltd • 2001 to present: Managing Director of Van der Horst Holdings Pte Ltd 	<ul style="list-style-type: none"> • 2007 to 2019: Independent Director and Chairman of Corporate Governance Committee of Western Plains Resources Ltd • 2006 to 2018: Managing Director and minority shareholder of Xin Sheng International Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	None	<p>Direct Interest: 6,921,713 ordinary shares (4.78%)</p> <p>Deemed Interest: 120,376,155 ordinary shares (83.17%)</p>	<p>Direct Interest:</p> <ul style="list-style-type: none"> – 209,236 shares (CDP) – 257,068 shares (Nominee) <p>Total = 466,304 ordinary shares</p> <p>Deemed Interest: 65 ordinary shares</p>
Any relationship (including immediate family relationships) with any existing Director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	No	<p>Yes</p> <p>Mr Kelvin Kwan Chee Hong is the brother of Mr Kwan Chee Seng.</p> <p>Mr Kwan Chee Seng is a substantial shareholder of GRP Limited, the Company's ultimate holding company</p>	No
Conflict of Interest (including any competing business)	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR FOONG DAW CHING	MR KWAN CHEE SENG	MR LIM SEE YONG
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments including Directorships			
Past (for the last 5 years)	Directorships: <ul style="list-style-type: none"> Baker Tilly International Limited (UK) Jurong Health Services Pte Ltd Medi-Flex Pte Ltd St Luke's Eldercare Ltd Other Principal Commitments: None	Directorships: <ul style="list-style-type: none"> Variscan Mines Limited Other Principal Commitments: None	Directorships: <ul style="list-style-type: none"> Western Plains Resources Ltd Xin Sheng International Pte Ltd Confier Investment Pte Ltd (struck off in February 2016) Other Principal Commitments: None
Present	Directorships: <ul style="list-style-type: none"> Church of Singapore NUHS Fund Limited NUH Health Research Endowment St Luke's Hospital Ltd St Luke's Eldercare Ltd Suntar Eco-City Limited Travelite Holdings Ltd ayondo Ltd Tung Ling Student Care Centre Tung Ling Community Services Other Principal Commitments: None	Directorships: <ul style="list-style-type: none"> GRP Limited GRP Dormitories Pte Ltd GRP Tangshan Trading Co Ltd GRP Chongqing Land Pte Ltd GRP Developments Sdn. Bhd. GRP Project Management Sdn. Bhd. Multiple Lodge Sdn. Bhd. Rumah Kami Sdn. Bhd. Starland Axis Pte Ltd Starland Commercial Trading Pte Ltd Luminor Capital Pte Ltd Luminor Pacific Fund 1 Ltd Luminor Pacific Fund 2 Ltd Luminor Harbour Fund 1 Pte Ltd Luminor Capital (Malaysia) Sdn. Bhd. Dalian Van Der Horst Marine Engineering Co Ltd 	Nil Other Principal Commitments: None

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR FOONG DAW CHING	MR KWAN CHEE SENG	MR LIM SEE YONG
		<ul style="list-style-type: none"> • Van Der Horst Holdings Pte Ltd • Van Der Horst Limited • Van Der Horst Technologies Phils. Inc • VDH Land Inc. • VDH Land Sdn. Bhd. Other Principal Commitments: None	
Disclose the following matters concerning an appointment of Director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.			
(a) Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a Director or an equivalent person or a key executive, at the time when he was a Director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a Director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No	Yes Western Plains Resources Ltd currently is in the process of executing Deed of Company Arrangement.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR FOONG DAW CHING	MR KWAN CHEE SENG	MR LIM SEE YONG
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	MR FOONG DAW CHING	MR KWAN CHEE SENG	MR LIM SEE YONG
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a Director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-	No	No	No
i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or			
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or			

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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



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