

STARLAND HOLDINGS LIMITED



Company No. 201131382E

Unaudited Financial Statements And Dividend Announcement for the Six-Month Financial Period Ended 30/06/2020

This announcement has been prepared by Starland Holdings Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, UOB Kay Hian Private Limited. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	6 Months ended 30 June 2020	6 Months ended 30 June 2019	Change
	RMB'000	RMB'000	%
Revenue	9,587	23,125	-58.5
Cost of sales	(4,083)	(10,640)	-61.6
Gross profit	5,504	12,485	-55.9
Other income	193	309	-37.5
Interest income	1,065	1,235	-13.8
Other expenses	-	(2,357)	NM
Finance costs	(222)	(97)	NM
Selling expenses	(5)	(373)	-98.7
Administrative expenses	(5,586)	(4,771)	17.1
Profit before shares of associate and income tax	949	6,431	-85.2
Shares of associate	(23)	-	100
Profit before income tax	926	6,431	-85.6
Income tax expenses	(1,219)	(5,837)	-79.1
(Loss)/profit after tax for the financial period	(293)	594	NM
Other Comprehensive loss <i>-Items that are or may be reclassified subsequently to profit or loss</i>			
Foreign currency translation differences (at nil tax)	(2,074)	(375)	NM
Total comprehensive (loss)/income for the financial period	(2,367)	219	NM
(Loss)/profit attributable to			
Owner of the company	477	594	-19.7
Non-controlling interests	(770)	-	NM
	(293)	594	NM
Total comprehensive (loss)/profit attributable to			
Owner of the company	(1,597)	219	NM
Non-controlling interests	(770)	-	NM
	(2,367)	219	NM

1(a)(ii) Notes to consolidated statement of comprehensive income.

(Loss)/profit for the financial period is arrived at after (charging)/crediting the following:

	6 Months ended 30 June 2020	6 Months ended 30 June 2019	Change
	RMB'000	RMB'000	%
Interest income	1,065	1,235	-13.8
Finance costs	(222)	(97)	NM
Rental income	728	1,107	-34.2
Depreciation and amortisation	(58)	(157)	-63.1
Depreciation of right of use asset	(326)	-	100
Fair value loss on held for trading equity securities	-	(2,357)	-100
Share of result of associate	(23)	-	100
Unrealised foreign exchange differences	1,816	418	NM

NM = Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020 AND 31 DECEMBER 2019

	Group		Company	
	As at		As at	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non-current assets</i>				
Property, plant and equipment	1,572	68	19	6
Associate	728	-	-	-
Investment in subsidiaries	-	-	-	-*
Deferred tax assets	933	931	-	-
Goodwill on acquisition of subsidiaries	1,496	-	-	-
Intangible assets	1,943	-	-	-
Right-of-use assets	1,835	-	-	-
Total non-current assets	8,507	999	19	6
<i>Current assets</i>				
Cash and bank balances	105,131	125,199	52,922	82,288
Trade receivables	1,229	337	-	-
Other receivables and deposits	2,002	1,475	63	109
Due from associate	115	-	-	-
Due from subsidiaries	-	-	33,884	29,393
Loan advances	14,344	-	-	-
Debt securities	-	12,080	-	-
Properties held for sale	41,474	45,856	-	-
Development properties	8,642	8,642	-	-
Total current assets	172,937	193,589	86,869	111,790
<i>Current liabilities</i>				
Trade payables	1	1	-	-
Due to subsidiaries	-	-	42,118	42,734
Due to ultimate holding company	1,913	439	1,913	439
Other payables and accruals	5,620	5,048	879	694
Advance receipt from sale of properties	5,031	6,100	-	-
Due to minority shareholders	5,070	-	-	-
Lease liabilities	611	-	-	-
Income tax payable	34,231	33,390	-	-
Total current liabilities	52,477	44,978	44,910	43,867
Net current assets	120,460	148,611	41,959	67,923

	Group		Company	
	As at		As at	
	30/06/2020	31/12/2019	30/06/2020	31/12/2019
	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non-current liabilities</i>				
Lease liabilities	976	-	-	-
Deferred tax liabilities	3,809	3,175	-	-
Total non-current liabilities	4,785	3,175	-	-
Net assets	124,182	146,435	41,978	67,929
<i>Capital and reserves</i>				
Share capital	24,471	24,471	24,471	24,471
Merger reserve	628	628	628	628
Statutory reserve	8,568	8,568	-	-
Translation reserve	(2,105)	(31)	1,651	3,640
Retained earnings	91,334	112,799	15,228	39,190
Equity attributable to owners	122,896	146,435	41,978	67,929
Non-controlling interest	1,286	-	-	-
	124,182	146,435	41,978	67,929

* Denotes amounts less than RMB1,000

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group			
As at 30/06/2020		As at 31/12/2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
611	-	-	-

Amount repayable after one year

Group			
As at 30/06/2020		As at 31/12/2019	
Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
976	-	-	-

Lease liabilities of the Group amounting to RMB1.6 million (approximately RM1.0 million) as at 30 Jun 2020 (31 December 2019: Nil) is secured by the right to the leased office in Malaysia.

- 1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

	6 months ended	6 months ended
	30 Jun 2020	30 Jun 2019
	RMB'000	RMB'000
Operating activities		
Profit before income tax	926	6,431
Adjustments for:		
Depreciation of equipment	58	7
Depreciation of right-of-use assets	326	-
Amortisation of land use right	-	150
Fair value losses on held for trading equity securities	-	2,357
Interest income	(1,065)	(1,235)
Interest expense	222	97
Shares of result of associates	23	-
Unrealised foreign exchange differences	(1,816)	(418)
Operating cash flows before movements in working capital	(1,326)	7,389
Decrease in properties held for sale	4,084	10,549
Increase in development properties	-	(38)
(Increase)/decrease in trade and other receivables, deposits and loan advances	(5,262)	862
Decrease in other payables and accruals	(657)	(1,475)
Cash flows (used in)/generated from operations	(3,161)	17,287
Interest received	777	1,317
Interest paid	(187)	(97)
Income tax paid	(361)	(1,151)
Net cash (used in)/generated from operating activities	(2,932)	17,356
Investment activities		
Purchase of equipment	(944)	-
Advances to associate	(52)	-
Advances to Luminor Malaysia prior to acquisition	(407)	-
Net cash inflow from acquisition of subsidiaries (Note A)	4,801	-
Net cash flows generated from investing activities	3,398	-
Financing activities		
Decrease in bank deposits pledged	3,970	10,687
Increase in restricted bank balance (Note B)	(26,709)	-
Dividend paid	(21,942)	(21,615)
Due to/(repayment to) ultimate holding company	1,473	(474)
Due to minority shareholders	187	-
Repayment of bank borrowing	-	(5,528)
Repayment of lease liabilities	(254)	-
Net cash generated used in financing activities	(43,275)	(16,930)

	6 months ended	6 months ended
	30 Jun 2020	30 Jun 2019
	RMB'000	RMB'000
Effects of foreign exchange rate changes	80	(14)
Net (decrease)/increase in cash and cash equivalents	(42,809)	426
Cash and cash equivalents at beginning of financial period	121,151	134,551
Cash and cash equivalents at end of financial period	78,422	134,963

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

	6 months ended	6 months ended
	30 Jun 2020	30 Jun 2019
	RMB'000	RMB'000
Cash and bank balances	105,131	140,613
Less deposits pledged	-	(5,650)
Less restricted bank balances (Note B)	(26,709)	-
Cash and cash equivalents per cashflow statement	78,422	134,963

Note A - Effect on cash flows of the Group arising from acquisition of Luminor Malaysia:

	RMB'000
Consideration transferred	(3,235)
Less: Conversion of debt securities purchased in FY2019	3,235
Add: Cash and bank balances of subsidiaries acquired	4,801
Net cash inflow from acquisition of subsidiaries	4,801

Note B – Restricted bank balance

On 19 June 2020, the Company became aware that the Bank of China and the Industrial and Commercial Bank of China, had frozen the bank accounts of 2 wholly owned subsidiaries in PRC, Chongqing Tianhu Land Co., Ltd and Chongqing Guangyuan Property Development Co., Ltd. The total frozen bank balances as at 30 June 2020 is RMB26.7 million.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital	Capital reserve	Merger reserve	Statutory reserve	Translation reserve	Retained earnings	Attributable to owners of the company	Non-controlling Interest	Total
6 months ended 30 June 2019	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	24,471	99,027	628	8,568	144	33,847	166,685	-	166,685
Dividend	-	-	-	-	-	(21,615)	(21,615)	-	(21,615)
Total comprehensive income for the financial period	-	-	-	-	(375)	594	219	-	219
Balance as at 30 June 2019	24,471	99,027	628	8,568	(231)	12,826	145,289	-	145,289
6 months ended 30 June 2020									
Balance at 1 January 2020	24,471	-	628	8,568	(31)	112,799	146,435	-	146,435
Dividend	-	-	-	-	-	(21,942)	(21,942)	-	(21,942)
Total comprehensive income for the financial period	-	-	-	-	(2,074)	477	(1,597)	(770)	(2,367)
Non-controlling interests arising from acquisition of subsidiary	-	-	-	-	-	-	-	2,056	2,056
Balance as at 30 June 2020	24,471	-	628	8,568	(2,105)	91,334	122,896	1,286	124,182

Company	Share capital	Capital reserve	Merger reserve	Statutory reserve	Translation reserve	Retained earnings	Attributable to owners of the company	Non-controlling Interest	Total
6 months ended 30 June 2019	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2019	24,471	-	628	-	1,706	27,043	53,848	-	53,848
Dividend	-	-	-	-	-	(21,615)	(21,615)	-	(21,615)
Total comprehensive loss for the financial period	-	-	-	-	(40)	(4,804)	(4,844)	-	(4,844)
Balance as at 30 June 2019	24,471	-	628	-	1,666	624	27,389	-	27,389
6 months ended 30 June 2020									
Balance at 1 January 2020	24,471	-	628	-	3,640	39,190	67,929	-	67,929
Dividend	-	-	-	-	-	(21,942)	(21,942)	-	(21,942)
Total comprehensive loss for the financial period	-	-	-	-	(1,989)	(2,020)	(4,009)	-	(4,009)
Balance as at 30 June 2020	24,471	-	628	-	1,651	15,228	41,978	-	41,978

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The Company's share capital remained unchanged at RMB24,471,000 comprising 144,733,000 shares as at 30 June 2020 and 31 December 2019.

The Company did not have any outstanding convertibles as at 30 June 2020 and 30 June 2019.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Company	
	30 June 2020	31 December 2019
Total number of issued shares	144,733,000	144,733,000

The Company did not have any treasury shares as at 30 June 2020 and 31 December 2019.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported thereon.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed**

For the financial year ended 31 December 2019, the Company's auditors, Messrs Ernst & Young LLP have issued their Independent Auditor's Report with an "except for" qualified opinion. The basis for the qualified opinion is in relation to the various fund transfer payment made by certain of the Group's subsidiaries in PRC to unrelated third-party PRC entities and also fund transfers received by Singapore subsidiary of the Company from a Singapore licensed remittance agent during the financial year.

The Company had obtained a legal opinion from a firm of PRC legal counsel, which has confirmed that the transfer of RMB funds from the Group's subsidiaries in PRC to certain unrelated PRC entities did not contravene any PRC laws or regulations. Further, the arrangement relating to the transfer of the SGD funds was done via a Singapore remittance agent licensed by the Monetary Authority of Singapore ("**MAS**"). Subsequently, the Company also obtained a legal opinion from a Singapore lawyer and they have opined that the transactions complied with all regulations issued by the MAS.

On 19 June 2020, the Company became aware that the Bank of China and the Industrial and Commercial Bank of China, had frozen the bank accounts of Chongqing Tianhu Land Co., Ltd and Chongqing Gangyuan Property Development Co., Ltd ("**Subsidiaries**") two of the wholly owned subsidiaries in PRC. The Subsidiaries had appointed a Legal Counsel ("**Counsel**") in the PRC to pursue a resolution of the matter. The Counsel had initiated communications with the banks and was referred to an officer-in-charge ("**OIC**") of the case in Yan Ta police station, Shanxi Province, Xi'an City, PRC. The Counsel then approached the OIC who requested for supporting documents relating to certain payments made in the PRC. Management is in the process of collating such requested documents for submission to the OIC. Management intends to co-operate fully with the OIC to resolve the matter expeditiously.

Based on current available information, the Board confirms that the impact of all outstanding audit issues on the financial statements has been adequately disclosed.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2019, except that the Group has adopted all new and revised standards of Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which are effective for annual financial periods beginning on 1 January 2020 as shown in Section 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2020, the Group has no material right-of-use asset. The right-of-use asset of the Group as at 30 June 2020 arose from the conversion of loan for 51% interest in Luminor Capital (Malaysia) Sdn. Bhd. on 4 February 2020. The newly acquired subsidiaries had complied with SFRS(I) 16 Leases is its accounting of leases.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	6 months ended 30 June	
Earnings per share (RMB)	2020	2019
- Based on weighted average number of shares in issue	0.003	0.004
- Based on fully diluted basis ⁽¹⁾	0.003	0.004
Weighted average number of shares during the financial period applicable to basic and diluted earnings per share ('000)	144,733	144,733

Note:-

- 1) The basic and diluted earnings per share for the respective financial period under review were the same as the Company did not have potentially dilutive ordinary shares as at 30 June 2020 and as at 30 June 2019 respectively.
- 2) The basic and diluted earnings per share were calculated based on the profit attributable to the owners of the Company for the respective financial period under review.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year.**

	Group	
	30/06/2020	31/12/2019
Net Asset Value Per Ordinary Share		
- Based on issued share capital at the end of financial period (RMB)	0.85	1.01
- Number of ordinary shares at the end of financial period ('000)	144,733	144,733

	Company	
	30/06/2020	31/12/2019
Net Asset Value Per Ordinary Share		
- Based on issued share capital at the end of financial period (RMB)	0.29	0.47
- Number of ordinary shares at the end of financial year ('000)	144,733	144,733

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2020 ("1HY2020") vs. Six months ended 30 June 2019 ("1HY2019")

Revenue

Our revenue is derived from the sale of properties and carpark space, rental income from leasing of our properties, interest income and fees from loans and invoice factoring derived from the newly acquired 51% interest in Luminor Capital (Malaysia) Sdn.Bhd. ("Luminor Malaysia").

The following table shows the breakdown of the revenue:

	1HY2020	1HY2019
	RMB'000	RMB'000
Sales of properties	8,152	22,072
Rental income	674	1,053
Interest income and fees from loans and invoice factoring	761	-
	9,587	23,125

Sales of properties

The Group sold 5 residential units and 37 carpark spaces for the Singapore Garden project during 1HY2020 as compared to the Group's sales of 9 residential units, 1 commercial unit and 19 carpark spaces for the Singapore Garden project, 1 commercial unit and 2 carpark spaces for the University Town project in 1HY2019.

The lower sales in 1HY2020 as compared to 1HY2019 was largely due to COVID-19 pandemic since January 2020, weak China economy and also we are at the tail end of the projects as there were only 19 residential units, 25 commercial units and 115 carpark spaces remaining unsold at the beginning of FY2020.

The revenue from the sale of properties was RMB8.2 million and accounted for 85.1% of the Group's total revenue for 1HY2020 as compared to revenue amounting to RMB22.1 million which accounted for 95.4% of the Group's total revenue in 1HY2019.

After taking into account the sales in 1HY2020, the remaining unsold units as at 30 June 2020 are 13 residential units, 23 commercial units and 46 carpark spaces for the Singapore Garden project, 2 commercial units and 32 carpark spaces for the University Town project in the People's Republic of China ("PRC") and 1 semi-detached unit for the Jalan Nipah project in Singapore.

Rental income

Rental income for 1HY2020 was RMB0.7 million and accounted for 7.0% of the Group's total revenue for 1HY2020, as compared to RMB1.1 million for 1HY2019 which accounted for 4.6% of the Group's total revenue for 1HY2019. The Group's rental income is derived from the

leasing of the Group's commercial units at both University Town project and Singapore Garden project.

The Group leased out 4 commercial units of the Singapore Garden project and 1 commercial units of the University Town project as at 30 June 2020. The rental income decreased by RMB 0.4 million in 1HY2020 as compared to 1HY2019 due to the rental termination of 1 commercial unit during the period under review.

Interest income and fee from loans and invoice factoring

The revenue from the newly acquired financial solution business was RMB0.8 million and accounted for 7.9% of the Group's total revenue for 1HY2020. On 4 February 2020, Starland Axis Pte Ltd, a wholly owned subsidiary of the Company converted RMB3.2 million of the debt securities for 51% interest in the enlarged share capital of Luminor Malaysia.

Cost of sales

Cost of sales mainly comprises costs incurred directly for our property development activities. It is determined by apportionment of the total land costs and development costs based on the gross floor area of which the properties have been successfully delivered to the customers.

Cost of sales decreased by RMB6.6 million in 1HY2020 as compared to 1HY2019 which is in line with the lower revenue recorded in 1HY2020.

Gross profit and Profit margin

Gross profit decreased from RMB12.5 million in 1HY2019 to RMB5.5 million in 1HY2020. Gross profit margin was 57.4% in 1HY2020 as compared to 54.0% in 1HY2019. Gross profit margin for property business is 53.7% for 1HY2020 and 54.0% for 1HY2019. Gross profit margin from the loans and invoice factoring business contributed positively to the Group gross margin as the source of financing for the loans and invoice factoring is from the Company.

Other income

Other income decreased by RMB0.1 million in 1HY2020 as compared to 1HY2019. The decrease is mainly due to non-recurring government grant amounted to RMB0.2 million received from China government in 1HY2019 partially offset by government job credit grant amounted to RMB0.1 million received from Singapore government in 1HY2020 due to the COVID-19 pandemic.

Interest income

Interest income decreased by RMB0.2 million in 1HY2020 as compared to 1HY2019. This is mainly due to the lower interest income received under the joint development arrangement of the Jalan Nipah project in Singapore during 1HY2020.

Other expenses

Other expense is Nil in 1HY2020 as compared to RMB2.4 million in 1HY2019. This is due to a RMB2.4 million fair value losses on equity securities held for trading in 1HY2019. The equity securities had been fully impaired in FY2019.

Finance costs

Finance costs related to the interest on loans and borrowings and lease liabilities. The amount increased from RMB0.1 million in 1HY2019 to RMB0.2 million in 1HY2020, due to the additional lease interest on the lease liabilities from Luminor Malaysia. The lease liabilities related to recognition of lease liabilities resulting from the adoption of SFRS(I) 16 *Leases* during the period under review. The Group had fully repaid the loans and borrowing during FY2019.

Selling expenses

The Group's selling expenses mainly comprise of sales and marketing staff costs, advertisement and promotional expenses and documentation charges for property transfers. The decrease of selling expenses by RMB0.4 million in 1HY2020 as compared to 1HY2019 is in line with the decrease in sales in 1HY2020.

Administrative expenses

Administrative expenses comprise mainly staff costs, depreciation, management fee payable to ultimate holding company, travelling and transport, professional expenses and value added taxes ("**VAT**") payable to PRC tax authority. Administrative expenses increased by RMB0.8 million in 1HY2020 mainly due to additional staff cost incurred by the newly acquired Luminor Malaysia during 1HY2020.

Income tax expenses

Income tax expenses related to enterprise income tax, land appreciation tax in the PRC and provision of withholding tax on undistributed profits of the PRC subsidiaries.

The decrease in income tax expense of RMB4.6 million is mainly due to absence of land appreciation tax ("**LAT**") incurred during 1HY2020 and decreased income tax amount in 1HY2020 as compared to 1HY2019. As there is no commercial unit sold in 1HY2020, there is no land appreciation tax incurred in 1HY2020. The decrease in income tax expenses in 1HY2020 is due to lower profit generated in 1HY2020 as compared to 1HFY2019.

Balance Sheet

Non-current assets

As at 30 June 2020, non-current assets of RMB8.5 million consist of property, plant and equipment, investment in associate, deferred tax assets, goodwill on acquisition of subsidiaries, intangible assets and right-of-use assets.

(i) Property, plant and equipment

The RMB1.5 million increase in property, plant and equipment is due to acquisition of Luminor Malaysia during 1HY2020.

(ii) Associate

The balance of RMB0.7 million related to investment cost of RMB0.66 million and 49% equity accounting of the investment amounting to RMB0.07million in Fiscalab Capital Market Sdn. Bhd. ("**Fiscalab**"). Fiscalab is in the business of providing corporate advisory service.

(iii) Goodwill arising from acquisition of subsidiaries

Goodwill arising from acquisition of subsidiaries related to the Company acquisition of Luminor Malaysia Group as announced by the Company on 5 February 2020. This acquisition is to enable the Company to venture into financial solution businesses. The goodwill recorded is determined using a provisional purchase price allocation exercise to determine the fair value of the acquired assets and liabilities. The final goodwill arising from the acquisition will be dependent on the completion of the valuation of the acquired assets and liabilities, which include intangible assets of Luminor Malaysia.

(iv) Intangible assets

Intangible assets of RMB1.9 million related to the value of the licensing rights of Luminor Credit Sdn.Bhd., a 80% owned subsidiary of Luminor Malaysia.

(v) Right-of-use assets

Right-of-use assets of RMB1.8 million pertained to the recognition of operating leases as right-of-use assets which resulted from the application of SFRS(I) 16 *Leases* in the period under review. The leases pertained to office rental of Luminor Malaysia.

Current assets

As at 30 June 2020, current assets amounted to RMB173.0 million mainly consist of cash and cash equivalents, trade receivables, other receivables and deposits, loan advances, properties held for sale and development properties.

Trade receivables increased by RMB0.9 million to RMB1.2 million as at 30 June 2020. This is largely due to trade receivables of the newly acquired subsidiary, Luminor Malaysia Group in 1HY2020.

Other receivables and deposits increased by RMB0.5 million to RMB2.0 million as at 30 June 2020. The increase is largely due to office rental deposit placed by Luminor Malaysia.

Due from associate of RMB0.1 million is related to receivables from Fiscalab.

Loan advances of RMB14.3 million related to loans granted by Luminor Malaysia group to third party customers in Malaysia.

Debt securities of RMB12.1 million related to the convertible loan granted to Luminor Malaysia as announced by the Company on 22 July 2019. With the conversion of RMB3.2 million (approximately RM2.0 million) for 51% interest in Luminor Malaysia on 4 February 2020, Luminor Malaysia is consolidated for 1HY2020 and the debt securities amount is eliminated on the consolidated balance sheet as at 30 June 2020.

Properties held for sale comprised of the completed but unsold units of Singapore Garden project and University Town project in China, and Jalan Nipah project in Singapore, which amounted to RMB19.6 million, RMB8.5 million and RMB13.4 million respectively as at 30 June 2020. The decrease is due to the continual sale of properties in the Singapore Garden project in 1HY2020.

Development properties amounting to RMB8.6 million related to the Royal Waterhouse land in China.

Current liabilities

As at 30 June 2020, current liabilities of RMB52.5 million consist of trade payables, other payables and accruals, advance receipt from sale of properties and income tax payable.

Amount due to ultimate holding company increased by RMB1.5 million as at 30 June 2020 as compared to 31 December 2019. The amount largely pertained to management fee expenses charged and other expenses paid on behalf of the Company by the ultimate holding company.

Other payables and accruals, which mainly comprised of deposits from tenants, advance rental, accrued expenses and amount due to clients. The balance increased by RMB0.6 million in 1HY2020. The increase is mainly due to a RMB0.4 million provision for restoration recorded by Luminor Malaysia as at 30 June 2020.

Advance receipt from sale of properties decreased by RMB1.1 million to RMB5.0 million as at 30 June 2020 mainly due to recognition of sales from Singapore Garden project and University Town project in 1HY2020 offset by RMB0.2 million deposit collected from the buyer of Jalan Nipah project in Singapore.

Amount due to minority shareholders of RMB5.1 million related to Luminor Malaysia.

Income tax payable increased by RMB0.8 million in 1HY2020. This is mainly due to the income tax provision in PRC and Malaysia during 1HY2020.

Lease liabilities increased by RMB0.6 million in 1HY2020. This is mainly due to the recognition of lease liabilities resulting from the adoption of SFRS(I) 16 *Leases* in 1HY2020.

Non-Current Liabilities

As at 30 June 2020, non-current liabilities of RMB4.8 million consist of deferred tax liabilities and lease liabilities.

Deferred tax liabilities increased by RMB0.6 million as at 30 June 2020 as compared to 31 December 2019 due to an additional RMB0.2 million withholding tax provision on undistributed profit from PRC subsidiaries and RMB0.4 million deferred tax liabilities recognised by Luminor Malaysia.

Lease liabilities of RMB1.0 million related to the rental of premises at Luminor Malaysia.

Shareholders' equity

Shareholders' equity consists of issued share capital, merger reserve, statutory reserve, retained earnings and non-controlling interest. As at 30 June 2020, shareholders' equity amounted to RMB122.9 million.

Cash Flow

For 1HY2020, net cash used in operating activities of RMB2.9 million was mainly attributed to the following:

- (a) Decrease in properties held for sale of RMB4.1 million due to continual sale of Singapore Garden project.
- (b) Increase in trade and other receivables, deposits and loan advances of RMB5.3 million.
- (c) Decrease in other payables and accruals of RMB0.7 million.
- (d) Interest received of RMB0.8 million.
- (e) Interest paid of RMB 0.2 million.
- (f) Income tax paid of RMB0.4 million.

Net cash flow generated from investing activities amounted to RMB3.4 million in 1HY2020, which was mainly attributed to the purchase of property, plant and equipment of RMB0.9 million, advances to associate and Luminor Malaysia Group of RMB 0.5 million and net cash inflow from acquisition of subsidiaries of RMB4.8 million.

Net cash flow used in financing activities amounted to RMB43.3 million in 1HY2020, which was mainly due to the increase in restricted bank balances of RMB 26.7 million, dividend paid of RMB21.9 million and repayment of lease liabilities of RMB 0.3 million. These cash flow used were offset by decrease in bank deposits pledged of RMB3.9 million, increase in due to ultimate holding company of RMB1.5 million and increase in due to minority shareholders of RMB 0.2 million during 1HY2020.

As at 30 June 2020, cash and cash equivalents amounted to RMB78.4 million, after excluding the amount of RMB26.7 million in the restricted bank accounts.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No specific forecast or prospect statement were made previously and the Group's performance for the period under review is in line with expectations disclosed in prior announcements.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will continue to sell the residual residential (13 units), commercial units (25 units) and carpark spaces (78 lots) in Fuling District of Chongqing, PRC.

The remaining 1 semi-detached unit of the Jalan Nipah project in Singapore was sold and we recovered our land cost of RMB13.4 million (approximately S\$2.65 million) in July 2020.

The Group will continue to grow the financial solution business, towards this additional shareholder loan of S\$2.2 million (approximately RMB3.6 million) was furnished by the Group to Luminor Malaysia after 30 June 2020. As announced on 14 July 2020, Luminor Malaysia had entered into an agreement to acquire 85% interest in SA Puncak Management Sdn Bhd (“**Puncak**”). Puncak’s principal activities are providing factoring facilities, leasing and building credit. The acquisition is subjected to the satisfactory completion of due diligence of Puncak.

With the COVID-19 pandemic since January 2020, the residential property market in Fuling District of Chongqing, PRC and the financial solution market in Malaysia are challenging.

As announced by the Company on 21 June 2020, 22 June 2020, 3 August 2020 and 4 August 2020, the Bank of China and Industrial and Commercial Bank of China had frozen the bank accounts of 2 wholly owned PRC subsidiaries (“**Subsidiaries**”), Chongqing Tianhu Land Co., Ltd and Chongqing Gangyuan Property Development Co., Ltd in June 2020. The Subsidiaries have appointed a Legal Counsel (“**Counsel**”) in the PRC to pursue a resolution of the matter. The Counsel had initiated communications with the banks and was referred to an officer-in-charge (“**OIC**”) of the case in Yan Ta police station, Shanxi Province, Xi’an City, PRC. The Counsel then approached the OIC who requested for supporting documents relating to certain payments made in the PRC. Management is in the process of collating such requested documents for submission to the OIC. Management intends to co-operate fully with the OIC to resolve the matter expeditiously.

11. Dividend

If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

No dividend has been declared for 1HY2020.

(b) Amount per share (cents) and previous corresponding period (cents).

No dividend has been declared for 1HY2019.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

- (e) **The date on which Registrable Transfer receive by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

12. **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared for 1HY2020.

The Company does not have a formal dividend policy and in view that the retained earnings of the Company as at 30 June 2020 is RMB15,228,000, the Board deems it prudent to defer any decision on dividends till the end of the financial year.

13. **Confirmation pursuant to Rule 720(1) of the Catalist Rules**

The Company has procured the undertakings from all its Directors and executive officers (in the format set out in Appendix 7H) as required under Rule 720(1) of the Catalist Rules.

14. **If the Group has obtained a general mandate from shareholders for interested persons transactions (“IPT”) the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$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 \$100,000
GRP Limited -Management fee expense	S\$210,000 (RMB857,650)	-

GRP Limited (“GRP”) is the Group’s ultimate holding company.

The Group does not have a general mandate for IPT.

15. **Changes in the composition of the Group**

On 4 February 2020, Starland Axis Pte Ltd, a wholly owned subsidiary exercised the option to convert RM1,960,032 of the total convertible loan for 51% interest in the enlarged share capital of Luminor Malaysia. Please refer to the announcement dated 5 February 2020 for further details.

On 14 July 2020, Luminor Malaysia had entered into an agreement to acquire 85% interest in Puncak. The acquisition is subject to the satisfactory completion of the due diligence on Puncak. Please refer to the announcement dated 14 July 2020 for further details.

16. Confirmation pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors that may render the unaudited financial statements for the six months ended 30 June 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

**Peng Peck Yen
Executive Director
14 August 2020**