



SUNTAR ECO-CITY LIMITED

3 Tuas Link 1,
Singapore 638584
Tel: (65) 6334 1514



Building a Stronger Future

Annual Report 2023



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ABOUT US

Suntar Eco-City Limited (the “**Company**”) was established on 22 September 2006 and was listed on the Mainboard of Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 1 August 2007. The company discontinued its pharmaceutical ingredients products segment in FY2019. Currently the company has two divisions: the property development segment and the health and nutrition segment.

At the Extraordinary General Meeting held on 11 June 2012, the shareholders of the Company approved the expansion of the Group’s scope of business to include the eco-tourism and real estate development and management business and change in name of the Company from “Reyphon Agriceutical Limited” to “Suntar Eco-City Limited”.



BOARD OF DIRECTORS

Dr Lan Weiguang
(Non-Independent Non-Executive Chairman)

Lan Yihong
(Executive Director and Finance Director)

Foong Daw Ching
(Lead Independent Director)

Pan Shimo
(Independent Non-Executive Director)

AUDIT COMMITTEE

Foong Daw Ching
(Chairman)

Dr Lan Weiguang

Pan Shimo

REMUNERATION COMMITTEE

Pan Shimo
(Chairman)

Dr Lan Weiguang
Foong Daw Ching

NOMINATING COMMITTEE

Pan Shimo
(Chairman)

Dr Lan Weiguang
Foong Daw Ching

COMPANY SECRETARY

Sharon Lim Siew Choo
(Appointed on 15 November 2023)

REGISTERED OFFICE

3 Tuas Link 1
Singapore 638584
Company Registration No. 200613997H
Tel : (65) 6334 1514
Fax : (65) 6334 1513

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services
(A division of Tricor Singapore Pte. Ltd.)
9 Raffles Place,
#26-01 Republic Plaza
Singapore 048619

AUDITORS

Foo Kon Tan LLP
Public Accountants and Chartered Accountants
1 Raffles Place
#04-61/62, One Raffles Place,
Tower 2, Singapore 048616
Partner-in-charge : Mr Toh Kim Teck
Date of Appointment : 12 November 2019

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
#12-00 UOB Plaza 1
Singapore 048624

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

Financial and Operations Review

The Group has two divisions: the health and nutrition segment and the property development segment. The health and nutrition segment was established in the People's Republic of China ("PRC") in 2020 following the Group's execution of a capital increase agreement with North China Pharmaceutical Co., Ltd ("NCPC") to subscribe 26% of equity interest in Hebei Huawei Health Industry Co., Ltd ("Huawei"), a wholly-owned subsidiary of NCPC. The property development segment was established as part of the Group's entry into the eco-tourism real estate development and management business. The segment completed the development of the Lan County residential project in 2016.

Continuing Operations

Revenue for the financial year ended 31 December 2023 ("FY 2023") increased by RMB 19.63 million to RMB 35.42 million, primarily driven by the Health and Nutrition segment. The Health and Nutrition segment contributed RMB 34.27 million, while the Property Development segment generated RMB 1.15 million from sales from the Lanjun County residential project. Our associate in Property Development segment exercised an option to purchase the Property in North Yihao Gongguan, Wuping County, Longyan City, Fujian Province, China. Approved for development in the latter half of 2022, the construction phase of the Lanjun Jiangnan property development project commenced during that year. Pre-sales began in September 2022 and continued progressively through 2023.

The Group's gross profit margin had reduced to 3.22% in FY2023 compared to the 4.88% in the corresponding period in 2022, primarily due to product category transitions and increased customer discounts. The Group recorded share of profit of associates of RMB 3.18 in FY2023 compared to RMB 3.52 million in FY2022. The reduction in the share of profit of associates was mainly contributed by the decrease of net profit of Huawei. Although Huawei's revenue grew by 12.13%, its net profit declined, largely due to increased provisions for asset impairment.

FY2024 Prospects and Future Plans

The Group's revenue for FY2023 benefited from the steady expansion of business activity from bottled water business. Moving forward, we expect continued growth for both revenue and profit as we further integrate Fujian Liangye into the Group's bottled water product strategy and streamline operations. The Group is also actively seeking suitable partners to help launch the brand in other regions, and we anticipate that such future partnerships will accelerate growth for the bottled water segment. Additionally, revenue from health supplements business experienced growth due to deepening channels and diversification of products. Additionally, the Group's indirect associate company, Wuping Hailan Real Estate Development Co., Ltd., achieved significant sales progress for the Lanjun Jiangnan property development project in 2023, with sales surpassing 60%, including residential units, villa units and parking spaces, underscores our commitment to excellence in this area. We expect favorable homebuyer response to Lanjun Jiangnan, driving demand for Jiangnan's residential units as we move towards final project completion in 2024. Following the Group's successful investment into Huawei in 2020, a subsidiary of North China Pharmaceutical, Huawei's steady growth is expected to contribute to the Group's financial results as share of profit for associates for FY2024. As the sales network of the health and nutrition sales and trading business matures, we expect the trading business that was established through the Huawei investment to grow in conjunction with the steady expansion of Huawei itself. NCPC, Huawei's parent company, remains interested in collaborating with our Group to expand our health and nutrition business line in China, Southeast Asia, and beyond. We are enthusiastic about NCPC's broad range of products and will explore market opportunities that leverage Huawei's extensive portfolio.

Acknowledgment

Finally, I would like to thank all our board directors, management team, business partners and shareholders for their support and understanding all these years.

Dr Lan Weiguang

Non-Independent

Non-Executive Chairman



DR LAN WEIGUANG

Non-Independent
Non-Executive Chairman

BOARD OF DIRECTORS



Dr Lan Weiguang

Non-Independent

Non-Executive Chairman

Dr Lan was appointed on 22 September 2006. Dr Lan is responsible for overseeing the overall management and operations, formulating the business model and growth strategies, of Sinomem Technology Pte Ltd and its subsidiaries (“**Sinomem Group**”) and supervising R&D activities. Prior to the founding of Sinomem Group in November 1996, from August 1985 to January 1992, Dr Lan was an Assistant Professor at the Department of Food Engineering of Jimei University in Xiamen. From March 1994 to December 1995, Dr Lan was Technical and Sales Director of Hydrochem Engineering (Singapore) Pte Ltd. Dr Lan obtained a Bachelor of Science in Chemistry from Xiamen University in July 1985 and a PhD in Chemistry from the National University of Singapore in September 1995. From June 1997 to September 1999, Dr Lan was an Associate Professor at Xiamen University and he established the Applied Membrane R&D Centre in Xiamen University. In September 1999, he was promoted to the position of Professor at the Faculty of Chemistry and Chemical Engineering of Xiamen University, a position which he still holds today. In 2004, Dr Lan was invited to be a Professor at Nanchang University. In 2003, Dr Lan won the Young Chinese Entrepreneur Award organized by Yazhou Zhou Kan. In June 2004, he was elected as Vice Secretary-General of the China Membrane Industry Association. In 2005, he won the Outstanding Entrepreneurship Award awarded by the State Oversea Chinese Affairs Office of PRC, the “Golden-Bridge” Award awarded by the Chinese Technological Market Association and the Outstanding Science Alumni Award awarded by the National University of Singapore.



Foong Daw Ching

Lead Independent Director

Mr Foong is our Lead Independent Director and was appointed to the Board of our Company on 19 June 2007. 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 retired as managing partner of Baker Tilly TFW LLP and stepped down as the Regional Chairman of Baker Tilly International Asia Pacific Region in 2010 and 2016 respectively.

He is an Independent Director and the chairman of the audit committee of Travelite Holdings Ltd, and Luminor Financial Holdings Limited. All these companies are listed on the SGX-ST. He was awarded the Merit Service Award by the Institute of Singapore Chartered Accountants in 2000, and a Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003 and Covid-19 Resilience Medal in 2023.

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.

BOARD OF DIRECTORS



Pan Shimo

Independent

Non-Executive Director

Mr Pan was appointed on 25 July 2019. He holds a Bachelor's Degree of Philosophy from Xiamen University PRC. From 1998 to 2008, Mr Pan worked as professor of Xiamen University. From 2006 to 2008, he was appointed as Vice President of Xiamen University. From 2004 to 2018, Mr Pan also served as Consultant of People's Government of Fujian Province.



Lan Yihong

Executive Director

and Finance Director

Mr Lan was appointed as Executive Director of the Company on 8 May 2015, and re-designated to Executive Director and Finance Director with effect from 5 August 2015. Mr Lan is responsible for the oversight of the financial planning and financial reporting matters of the company and strategic development of the group. Previously, Mr Lan was with CDH Investments in their Beijing Private Equity office where he drove investments in the Consumer and Healthcare space. Prior to that Mr Lan worked with Deutsche Bank Securities in their investment banking division based out of New York City, with a specific focus on the Chemicals sector. He received his undergraduate degree in Industrial Engineering from University of Michigan – Ann Arbor.

FINANCIAL HIGHLIGHTS

	2018 RMB '000 (RESTATED)	2019 RMB '000	2020 RMB '000	2021 RMB '000	2022 RMB '000	2023 RMB '000
Revenue	35,801	26,845 ⁽¹⁾	22,204	10,733	15,791	35,418
Gross (Loss)/Profit	-759	-994 ⁽¹⁾	547	430	770	1,141
(Loss)/Profit before tax	-13,696	595 ⁽¹⁾	629	91	409	643
(Loss)/Profit after tax	-13,411	26 ⁽¹⁾	123	65	539	721
Current assets	122,139	105,797	75,456	76,493	70,764	70,223
Non-current assets	16,007	14,354	36,099	37,882	45,344	48,563
Total assets	138,146	120,151	111,555	114,375	116,108	118,786
Current liabilities	48,841	30,820	22,101	24,867	26,061	28,018
Total liabilities	48,841	30,820	22,101	24,867	26,061	28,018
Net current assets	73,298	74,977	53,355	51,626	44,703	42,205
Equity or Net assets	89,305	89,331	89,454	89,508	90,047	90,768
Basic and diluted earnings per share (RMB cents) ⁽¹⁾	-21.37	0.04 ⁽²⁾	0.2	0.13	0.74	1.02

Notes:

⁽¹⁾ Including amount of discontinued operation.

⁽²⁾ Computed based on earnings (loss) from both continuing and discontinued operations



CORPORATE GOVERNANCE REPORT

Suntar Eco-City Limited (the "**Company**") and together with its subsidiaries (the "**Group**") are committed to achieving high standards of corporate governance and transparency within the Group in the spirit of the Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance which was revised and issued on 11 January 2023, in order to safeguard the Group's assets and to protect the interest of the shareholders. The Board of Directors (the "**Board**") believes that good corporate governance inculcates an ethical environment and enhances the long-term value of its shareholders.

This report describes corporate governance framework and practices adopted by the Group, embodying the principles in the Code. The Board is pleased to confirm that for the financial year ended 31 December 2023 ("**FY2023**"), the Group has adhered to the principles and provisions as set out in the Code, except where otherwise indicated.

A. 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.

The Board is responsible for setting the strategic directions for the Company. The Board, in fulfilling its stewardship responsibility for the Company, met on a regular basis throughout the year to supervise the Management in areas such as budgeting and planning, organisational and financial performance, the achievement of strategic goals and objectives, risk management as well as communication with shareholders of the Company. The Board is also responsible for considering sustainability issues relating to the environment and social factors as part of the strategic direction of the Group.

The principle functions of the Board are, *inter alia*, to:

- provide entrepreneurial leadership, set strategic objectives, and ensure that necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Group's assets;
- review of management performance;
- identify the key stakeholder groups and recognise that their perceptions affect the Group's reputation;
- set the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues, e.g. Environmental, Social and Governance ("**ESG**") factors, as part of its strategic formulation and its disclosures;
- approve announcements, annual report and financial statements;
- convene meetings of shareholders; and
- approve acquisition and/or disposal of company and/or business; entry into material contracts; incorporation and/or dissolution of subsidiary, associated company and/or joint venture company; changes to the issued and paid-up share capital of any subsidiaries within the Group.

CORPORATE GOVERNANCE REPORT

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance and the Board is accountable to shareholders through effective governance of the business.

The Board acts in good faith and in the best interests of the Company by exercising due care, skills and diligence, and avoiding conflicts of interest. The Directors are cognizant of their fiduciary duties at law. When a potential conflict of interest situation arises, the affected Director will recuse himself or herself from the discussion and decisions involving the areas of potential conflict, unless the Board is of the opinion that his or her participation is necessary. Where such participation is permitted, the conflicted Director excuses himself or herself for an appropriate period during the discussions to facilitate full and frank exchange by the other Directors, and shall in any event recuse himself or herself from the decision-making.

Pursuant to Section 156 of the Companies Act 1967 (the “**Companies Act**”), each Director is to declare to the Company his or her interests (direct or indirect) in all transactions with the Company and provide details on the nature of such interests as soon as practicable after the relevant facts have come to his or her knowledge.

Each Director is required to promptly disclose any conflict or potentially conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Group as soon as is practicable after the relevant facts have come to his or her knowledge. On an annual basis, each Director is also required to submit details of his or her associates for the purpose of monitoring interested persons transactions. Where a Director has a conflict or potentially conflict of interest in relation to any matter, he or she should immediately declare his or her interest when the conflict-related matter is discussed, unless the Board is of the opinion that his or her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he or she is abstained from voting in relation to the conflict-related matters.

The Company has and will continue to provide incoming Directors (if and when appointed) with information relating to corporate conduct and governance including continuing disclosure requirements as required by the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), disclosure of interests in securities, restrictions on disclosure of confidential or price sensitive information and etc. Orientation programmes were also provided to the newly appointed Directors to familiarise themselves with the role and responsibilities of a Director and the Group's business and operations, including site visits. The costs of arranging and funding the training of the Directors will be borne by the Company.

Mr Pan Shimo was appointed to the Board on 25 July 2019 and was given appropriate briefings on the Group's history, core values, industry-specific knowledge and governance practices. As Mr Pan Shimo does not have prior experience as a director of a public listed company in Singapore, he has participated the SGX-ST's prescribed training courses (“**Mandatory Training**”) organised by the Singapore Institute of Directors on the roles and responsibilities of a director of a listed company during FY2023.

The details of updates, seminars and training programmes attended by the Directors in FY2023 include, amongst others:–

- Updates on developments in financial reporting, where relevant, by the external auditors of the Company;
- Updates on regulatory announcements, guidance and/or amendments to the Listing Rules of the SGX-ST and the Code, where relevant, by the Company Secretary; and
- the changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management.

On an on-going basis, new releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (“**ACRA**”) which are relevant to the Group are circulated to all the Directors to enable them to

CORPORATE GOVERNANCE REPORT

make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities.

The Board has adopted a set of internal controls and guidelines which sets out authority and approval limits for cheque signatories' arrangements. Matters which are specifically reserved to the Board for decision and approval, amongst others: -

- Approval of announcements (including but not limited to half-year and full-year results announcements) for release to the SGX-ST;
- Approval of the annual reports, circulars and audited financial statements;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets; and
- Approval of major investment and funding decisions.

To facilitate effective execution of its function, the Board has delegated specific responsibilities to three subcommittees, namely Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**") (collectively, the "**Board Committees**" or each the "**Board Committee**"). Each Board Committee has its own terms of reference which clearly setting out its duties, roles and authorities to examine particular issues and report back to the Board with its recommendations. The Chief Executive Officer ("**CEO**") is invited to attend all Board and Board Committees meetings and is required to report to the Board. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

The Board meets regularly on a half-yearly basis and such other times as warranted by circumstances. Ad-hoc, non-scheduled Board meetings including meetings via teleconference or videoconference, could be held to deliberate on urgent and critical matters. The Company's Constitution provides for Board meetings to be conducted by way of teleconference or videoconference, provided that the requisite quorum of at least two Directors is present.

The number of Board and Board Committees meetings held during the FY2023 and the attendance of each Director at every Board and Board Committees meeting is presented below. Minutes of all Board and Board Committees meetings are circulated to members for review and confirmation. These minutes could also enable Directors to be kept abreast of matters discussed at such meetings.

CORPORATE GOVERNANCE REPORT

	Board ⁽¹⁾	AC ⁽¹⁾	NC ⁽¹⁾	RC ⁽¹⁾
No. of meetings held	2	2	1	1
<u>No. of meetings attended by respective</u>				
<u>Directors</u>				
Non-Independent Non-Executive Chairman:				
Dr Lan Weiguang	2	2	1	1
Executive Director:				
Lan Yihong	2	2*	1*	1*
Independent Directors:				
Foong Daw Ching	2	2	1	1
Pan Shimo	2	2	1	1

**Attendance by invitation of the Committee*

Notes:

⁽¹⁾ Include meetings via teleconference or videoconference.

The NC and the Board are satisfied that all Directors are able to and have adequately carried out their duties as Directors of the Company after taking into the consideration the number of listed company board representations and other principal commitments of these Directors. The Board with the recommendation of the NC, has decided that the maximum number of the listed company board representations which any Director may hold is five.

As at the date of this report, no Director has exceeded the maximum number of the listed company board representations set by the Board.

To enable the Board to function effectively and to fulfill its responsibilities, the Management strives to provide Board papers prior to any Board and Board Committees meeting. These papers are issued in advance, with sufficient time to enable Directors to consider the issues and to obtain additional information or explanation from the Management, if necessary.

Draft agendas for Board and Board Committees meetings are circulated in advance to the respective Chairman, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agenda.

All Directors have separate and independent access to key management personnel and to the Company Secretary at all times. The Company Secretary and/or her representatives administer, attend and prepare minutes of Board and Board Committees meetings, and assists the respective Chairman of the Board and Board Committees meetings in ensuring that Board procedures are followed so that the Board functions effectively, and the Company's Constitution and relevant rules and regulations, including requirements of the Singapore Companies Act and the Listing Manual of the SGX-ST, are complied with, at all times.

The appointment and removal of the Company Secretary is a matter for the Board as a whole.

Should the Directors need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor to render the advice, and the costs of such professional fees will be borne by the Company.

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.

CORPORATE GOVERNANCE REPORT

The Board consists of four (4) Directors comprising one (1) Executive Director and three (3) Non-Executive Directors. The Directors as at the date of this report are listed as follows:

EXECUTIVE DIRECTOR

Mr Lan Yihong (Executive Director and Finance Director)

NON-EXECUTIVE DIRECTORS

Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

Mr Foong Daw Ching (Lead Independent Director)

Mr Pan Shimo (Independent Director)

The current Board composition complies with the Provision 2.3 of the Code as well as Rule 210(5)(c) of the Listing Manual of the SGX-ST, where Non-Executive Directors make up a majority of the Board, and Independent Directors comprise at least one-third of the Board respectively. Nonetheless, the Company is actively seeking qualified candidates to serve as Independent Director, as well as looking at potential changes to the composition of the Board and Board Committees, to ensure appropriate level of independence for making decisions in the best interests of the Company.

The criterion for independence is based on the definition set out in the Code and Practice Guidance, and taking into consideration whether the Director falls under any circumstances pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Board considers an "Independent" Director as one who has no relationship with the Group, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interest of the Company and Group.

The NC, conducts an annual review to determine the independence of the Directors according to the Code and its Practice Guidance, as well as Rule 210(5)(d) of the Listing Manual of the SGX-ST. In its review, the NC shall consider all nature of relationships and circumstances that could influence the judgement and decisions of the Directors before tabling its findings and recommendations to the Board for approval.

The Independent Directors (namely Mr Foong Daw Ching and Mr Pan Shimo) have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST. The Independent Directors are not the substantial shareholder of the Company and were not in foreseeable situation that could compromise their independence of thought and decision. The Board, based on the review conducted by the NC, has determined that the said Directors are independent.

Save for Mr Foong Daw Ching, none of the Independent Director has served on the Board beyond nine years from the date of his first appointment.

In the annual general meeting ("AGM") held on 28 April 2022, Mr Foong Daw Ching had sought shareholders' approval on his continuity appointment as an Independent Director pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provision 2.1 of the Code and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third annual general meeting of the Company. However, in view of the removal of Rule 210 (5)(d)(iii) of the SGX Listing Rules on 11 January 2023, the Singapore Exchange Regulation has limited the tenure of independent director serving on the boards of listed companies to nine years. As a transition, independent director whose tenure exceeds the nine-year limit can continue to be deemed independent until the listed companies' next AGM to be held in 2024, for the financial year ending on or after 31 December 2023. In this respect,

CORPORATE GOVERNANCE REPORT

Mr Foong Daw Ching will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST, upon the conclusion of the forthcoming AGM and consequentially, he will step down as the Lead Independent Director.

The Board, with the recommendation from the NC, has requested Mr Foong Daw Ching to continue to serve as a Non-Executive Non-Independent Director, as the Board is of the view that with his accumulated significant insights in the Group's businesses, he will provide valuable contributions as before, notwithstanding, he is no longer deemed independent under Rule 210(5). Mr Foong Daw Ching has abstained, at both the Board and NC, from any discussions on this subject matter. Mr Foong Daw Ching has agreed to continue as a Non-Executive Non-Independent Director.

In view thereof, at the conclusion of the forthcoming AGM, Mr Foong Daw Ching will be re-designated as a Non-Executive Non-Independent Director. He will step down as Lead Independent Director. He will also step down as Chairman of the AC and remain as a member of the AC, NC and RC respectively.

Following Mr Foong Daw Ching's redesignation, the Company will have only one Independent Director, Mr Pan Shimo. In view of this, the NC and the Board had identified a potential candidate, Mr Hu Yu Gan to be appointed as a Lead Independent Director of the Company with effect from 1 May 2024. He will be also appointed as the Chairman of the AC, and member of NC and RC respectively.

Additionally, in compliance with the Code and the relevant rules and regulations, following Mr Foong Daw Ching's redesignation, the NC and the Board had reviewed and approved the following changes to be made to the composition of the Board and Board Committees, subject to the re-election of Mr Foong Daw Ching and Mr Pan Shimo at the forthcoming AGM:-

1. Mr Pan Shimo will be appointed as Independent Chairman of the Board upon the conclusion of the forthcoming AGM and his re-election as a Director of the Company. He will remain as the Chairman of the NC and RC, and member of AC;
2. Dr Lan Weiguang will be stepping down as a Chairman of the Board, as well as the member of the AC, NC and RC respectively, with effect from the conclusion of the forthcoming AGM;
3. Mr Foong Daw Ching will be redesignated as Non-Executive Non-Independent Director and remained as a member of AC, NC and RC respectively, upon the conclusion of the forthcoming AGM and his re-election as a Director of the Company;
4. Mr Hu Yu Gan will be appointed as a Lead Independent Director of the Company, Chairman of the AC, and member of the NC and RC respectively, with effect from 1 May 2024.

Following the above changes, the composition of the Board and Board Committees, with effect from 1 May 2024, will be as follows:-

Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Mr Pan Shimo	IC & ID	Member	Chairman	Chairman
Dr Lan Weiguang	NE-NID	-	-	-
Mr Foong Daw Ching	NE-NID	Member	Member	Member
Mr Hu Yu Gan	LID	Chairman	Member	Member
Mr Lan Yihong	ED	-	-	-

Notes:-

IC – Independent Chairman

ID – Independent Director

NE-NID- Non-Executive Non-Independent Director

LID – Lead Independent Director

ED – Executive Director

During FY2023, although the Chairman of the Board is not independent and the Independent Directors do not make up a majority of the Board, the Board is of the view that there is a strong and independent

CORPORATE GOVERNANCE REPORT

element on the Board with Independent Directors forming at least half of the Board where the Chairman and the CEO are immediate family members. Matters requiring the Board's approval are discussed and deliberated with participation from each member of the Board and all major decisions are made without any individual influencing or dominating the decision-making process.

Although all the Directors have an equal responsibility for the Group's operations, the role of the Non-Executive Directors is particularly important in ensuring that the strategies proposed and implemented by the Management are constructively challenged, taking into account the long-term success of the Group and interests of the shareholders. The Non-Executive Directors also monitor closely on the performance of the Management in meeting agreed goals and objectives. The Non-Executive Directors are encouraged to meet regularly as and when required without Management present.

The Board believes that there is a good balance of power and authority as all Board Committees are chaired by Independent Directors. The Company will continue to review its Board composition with a view to enhance corporate governance practices and to address changes in the operations.

The Company recognises and embraces the importance and benefits of having a diverse Board to provide equality and enhance its performance. The Company believes that diversity is an important attribute of a well-functioning and effective Board and has adopted a Board Diversity Policy during FY2023.

On annual basis, the NC and Board conducts its review of the composition of the Board, examined its size and review the competencies of the Directors to ensure effective governance of the Company and contribution to the Board. Additionally, all Directors will submit to the NC on an annual basis a completed Board and Board Committees Evaluation Questionnaire (including composition of the Board and Board Committees). The NC has reviewed the completed Questionnaire for FY2023, and is satisfied that the Board has the appropriate mix of expertise, experiences, and skills in supporting the attainment of its strategic objectives and sustainable development.

The Board consists of respected individuals from different backgrounds whose core competencies, qualifications, skills and experience are extensive and complementary. These include accounting, finance, pharmaceutical, property development, engineering, business and management experience. Key information regarding the directors' academic and professional qualifications and other appointments is set out on pages 6 and 7 of the Annual Report. The Company is constantly on the lookout for suitable candidates to join the Board as Independent Directors as part of its review process. To address the dynamic business environment, the NC will recommend the Board to consider the appointment of new Director(s) that has/have the required skillset, expertise, experience and knowledge as and when it deems necessary.

Hence, the Board is of the view that the current board size remains appropriate for effective decision-making, taking into account the scope and nature of the operations of the Company and the core competencies and experience of its members. The Board is also of the view that the current Board consists of the appropriate mix of expertise, knowledge and experience to provide the necessary guidance to lead and direct the Group. The Board will consistently examine its size with a view of determining its impact on its effectiveness.

The Non-Executive Director and the Independent Directors will assist to develop proposals on strategies and goals for the Company and regularly assess the performance of the Management in meeting the agreed goals and objectives, and monitor the reporting of performance. The Non-Executive Director and the Independent Directors are encouraged to meet, without the presence of the Management, so as to facilitate a more effective check on the Management. They will meet on a need-basis without the presence of the Management to discuss on arising issues.

During FY2023, the Independent Directors have met informally at least once without the presence of Management to discuss matters such as corporate governance initiatives, board processes as well as succession planning.

CORPORATE GOVERNANCE REPORT

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.

The roles of the Chairman and the CEO are separated and distinct, each having his own areas of responsibilities. The Company believes that a clear division of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity of the Board for constructive decision-making. The positions of Chairman and CEO are held by Dr Lan Weiguang and Mr Lan Chunguang respectively, who are siblings.

In order to promote high standards of corporate governance, Mr Foong Daw Ching has been appointed as the Group's Lead Independent Director, as the Chairman of the Board is not independent. Mr Foong Daw Ching, who is also a member of the NC, shall be available to the shareholders whenever their concerns through the normal communication channels to the Non-Independent Non-Executive Chairman, CEO or Finance Director has failed to resolve or for which such contact is inappropriate. Such concerns may be sent to his email address at dawching23@gmail.com. In view of Mr Foong Daw Ching's redesignation and appointment of the new Lead Independent Director mentioned under Principle 2 above, the Company will update the email address to the new Lead Independent Director accordingly, upon his appointment as a new Lead Independent Director.

As the Company's Non-Independent Non-Executive Chairman, Dr Lan Weiguang's primary responsibilities include:

- Ensuring that Board procedures are followed and reviewed so that the Board functions effectively;
- Ensuring that corporate plans, policies and strategies adopted by the Board are implemented;
- Ensuring the Company's compliance with the Code;
- Ensuring that Board Meetings are held as and when necessary;
- Ensuring that adequate time of Board Meetings are available for discussion and promote openness and debate during the Board Meetings;
- Ensuring effective communication with shareholders;
- Ensuring constructive relations within the Board, between the Board and Management as well as facilitating effective contribution of Non-Executive Directors; and
- Ensuring that the Directors receive complete, adequate and timely information.

As the Company's CEO, Mr Lan Chunguang is responsible for the overall management and strategic development of the Group. To further enhance balance of power within the Board, all major decisions made by the Company will be subject to review by the Board.

The Independent Directors led by the Lead Independent Director, are encouraged to meet periodically without the presence of the Executive Director where necessary. The Lead Independent Director will also provide feedback to the Non-Independent Non-Executive Chairman after such meetings.

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.

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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.

The NC comprises the following three (3) Directors, all non-executive, the majority of whom, including the Chairman of the NC, are Independent Non-Executive Directors:

- Mr Pan Shimo (NC Chairman and Independent Director)
- Mr Foong Daw Ching (Lead Independent Director)
- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

The Lead Independent Director is also a member of the NC.

The NC is scheduled to meet at least once a year. Each member of the NC shall abstain from voting on any resolution in respect of the evaluation of his/her performance or re-nomination as a Director.

The Board has approved the written terms of reference of the NC. The NC performs, *inter alia*, the following functions and duties:

- (a) reviewing and recommending of the Board succession plans for Directors, in particular, the Chairman and the CEO;
- (b) reviewing and recommending of appointment and re-appointment of Directors (including alternate directors, if applicable) having regard to the Directors' contribution and performance;
- (c) determining on an annual basis whether or not a Director is independent;
- (d) assessing the performance of the Board, its Board Committees and contribution of each Director to the effectiveness of the Board;
- (e) reviewing the training and professional development programs for the Board;
- (f) developing a process for evaluation of the performance of the Board, its Board Committees and Directors;
- (g) where any Director has multiple listed company board representations and other principal commitments, to decide whether the Director is able to and has adequately carrying out his duties as a Director of the Company, taking into consideration the competing time commitments that the Director faces when serving on multiple listed company board representations and to determine the maximum number of listed company board representations which any Director may hold; and
- (h) other acts as may be required by the SGX-ST and the Code from time to time.

The independence of each Director will be reviewed by the NC on an annual basis. The NC adopts the definition of what constitute an Independent Director from the Code and the Listing Manual of the SGX-ST. During the year, the NC had reviewed the confirmation of independence submitted by the Independent Directors and determined that Mr Foong Daw Ching and Mr Pan Shimo are independent. Each of the Independent Directors, being members of the NC, has abstained and not participated in the review and determination in respect of himself.

With effect from 11 January 2023, the Singapore Exchange Regulation will limit to nine years the tenure of independent directors serving on the boards of listed companies. As a transition, independent directors

CORPORATE GOVERNANCE REPORT

whose tenure exceeds the nine-year limit can continue to be deemed independent until the listed companies' next AGM held for the financial year ending on or after 31 December 2023. The Board will comply with this new ruling, limiting the tenure of Independent Directors to nine years. In this respect, Mr Foong Daw Ching will be considered non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST, upon the conclusion of the forthcoming AGM and hence, he will be stepping down as the Lead Independent Director upon the conclusion of the forthcoming AGM..

Following Mr Foong Daw Ching's redesignation, the Company will have only one Independent Director, Mr Pan Shimo. In view of this, the NC and the Board had identified a potential candidate, Mr Hu Yu Gan to be appointed as a Lead Independent Director of the Company with effect from 1 May 2024. He will be also appointed as the Chairman of the AC, and member of NC and RC respectively.

For new appointments to the Board, the NC will consider the Company's current Board size and its composition and decide if the candidate's background, expertise and knowledge will complement the skills and competencies of the existing Directors on the Board. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple boards. The NC will ensure that new Directors are aware of their duties and obligations.

If a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director, the NC, in consultation with the Board, will determine the selection criteria and select the appropriate candidate for the position. The search for a suitable candidate is drawn from the contacts and networks of existing Directors. The NC can also approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.

All Directors are subject to retirement pursuant to the provisions of the Company's Constitution whereby one-third of the Directors are required to retire and subject themselves to re-election by shareholders at every AGM.

A newly-appointed Director will have to submit himself for re-election at the AGM immediately following his appointment and, thereafter, be subjected to the one-third-rotation rule. The NC also ensures that new Directors are aware of their duties and obligations.

For re-nomination and re-appointment of Directors, the NC takes into consideration the competing time commitments faced by Directors and their ability to devote appropriate time and attention to the Group.

The NC has recommended to the Board that Mr Foong Daw Ching and Mr Pan Shimo, both retiring at the forthcoming AGM via rotation, be nominated for re-election pursuant to Regulation 93 of the Company's Constitution. In making the recommendation, the NC had considered the Directors' overall contribution and performance. The Directors have consented for re-election and abstained from voting on any resolutions in respect to their re-election as a Director.

INFORMATION ON DIRECTORS UNDER APPENDIX 7.4.1 OF THE LISTING MANUAL

Name of Director	Foong Daw Ching	Pan Shimo
Date of Appointment	19 June 2007	25 July 2019
Date of last re-election (if applicable)	28 April 2022 (Due for re-election at the AGM to be held on 29 April 2024)	28 April 2022 (Due for re-election at the AGM to be held on 29 April 2024)

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Name of Director	Foong Daw Ching	Pan Shimo
Age	73	75
Country of principal residence	Singapore	The People's Republic of China
The Board's comments on this re-election (including rationale, selection criteria, and the search and nomination process) :	The Board of Directors of the Company has accepted and approved the Nominating Committee's recommendation, who has reviewed and considered Mr Foong's contribution and performance as the Lead Independent Director of the Company. As Mr Foong has served the Board for more than 9 years, he will be redesignated as a Non-Executive Director of the Company with effect from the conclusion of the forthcoming AGM, upon his re-election as a Director. He will remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee.	The Board of Directors of the Company has accepted and approved the Nominating Committee's recommendation, who has reviewed and considered Mr Pan's contribution and performance as the Independent Non-Executive Director of the Company
Whether appointment is executive, and if so, the area of responsibility:	Non-Executive	Non-Executive.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.):	Lead Independent Director, Chairman of Audit Committee and member of Nominating Committee and Remuneration Committee Upon his re-election, Mr Foong will be designated as a Non-Independent Non-Executive Chairman, and remain as a member of Audit Committee, Nominating Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of Nominating Committee, and Remuneration Committee, member of Audit Committee Upon his re-election, Mr Pan will be appointed as Independent Chairman of the Board and remained as Independent Non-Executive Director, Chairman of Nominating Committee, and Remuneration Committee, member of Audit Committee.
Professional qualifications:	Mr Foong is a Fellow of the The Institute of Chartered Accountants in England and Wales, a Fellow of the Institute of Singapore Chartered Accountants and a Fellow member of CPA Australia.	Bachelor Degree of Philosophy Department of Xiamen University China

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Name of Director	Foong Daw Ching	Pan Shimo
Working experience and occupation(s) during the past 10 years:	Please refer to Other Principal Commitments including Directorships	August 2004 to August 2018 Consultant to the People's Government of Fujian Province
Shareholding interest in the listed issuer and its subsidiaries:	<u>Yes</u> <u>The Company</u> Direct: 2,000 ordinary shares <u>Subsidiaries Group</u> Nil	Nil

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Name of Director	Foong Daw Ching	Pan Shimo
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	None	None
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7 of Listing Rules) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments including Directorships	<u>Past Directorships</u> Medi Flex Ltd. Baker Tilly International Ltd NUHS Fund Ltd. Ayondo Ltd. <u>Present Directorship</u> Travelites Holdings Ltd. Luminor Financial Holdings Ltd. (f.k.a. Starland Holdings Ltd.) <u>Other Principal Commitments</u> St. Luke's Hospital St. Luke's ElderCare Tung Ling PreSchool Ltd Vice President, Church of Singapore President, Tung Ling Community Services President, Tung Ling Student Care Centre CRESTAR EDUCATION GROUP PTE LTD	<u>Past Directorships</u> Nil <u>Present Directorships</u> Nil

Mr Pan Shimo had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual of the SGX-ST.

Mr Foong Daw Ching had responded negative to items (a) to (k) listed in Appendix 7.4.1 of the Listing Manual of the SGX-ST, except for the followings:-

- (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

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entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?

Yes.

Mr Foong Daw Ching was one of the Independent Directors of ayondo Ltd. (“**ayondo**”) and was not involved in the management of ayondo’s and its Group’s operations. The trading of ayondo’s shares has been suspended since 1 February 2019.

Between April 2020 and September 2021, ayondo attempted to complete a “Reverse Take-over” (“**RTO**”) but the RTO was not able to complete the Proposed Acquisition within the timelines given by SGX and ayondo’s requests for extension of time was not granted by SGX.

Moreover, based on ayondo’s audited financial statements for Financial Year Ended 2020, its independent auditors have reported that the ability of ayondo to continue as going concerns depended on the continued support from its controlling shareholder via subscription of the convertible notes to inject additional funds into ayondo to meet its obligations as and when they fall due.

On 20 September 2021, ayondo issued an announcement on SGX-ST, stating, *inter alia* ayondo had received from the SGX-ST a notification of delisting from the Official List of the SGX-ST, as a result, the RTO could not proceed and its controlling shareholder ceased to finance ayondo. On 24 December 2021, ayondo was delisted from the SGX-ST. Soon after the delisting of its shares, on 7 January 2022, Mr Foong together with the other remaining Independent Director filed an application to the Court to windup ayondo and the winding up order was granted on 28 January 2022..

- (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?

Yes.

Mr Foong Daw Ching was an independent director of ayondo (in liquidation). ayondo and some of its existing and former directors including Mr Foong Daw Ching received a private show cause letter (the “**Letter**”) from the Singapore Exchange Regulation (“**SGX Regco**”) to make representations for potential breaches of listing rules. At the date of this annual report, there is no outcome on this matter.

In September 2020, Mr Foong in the capacity as an independent director of ayondo attended an interview conducted by the Market Conduct Investigations (Enforcement Department) of Monetary Authority of Singapore in conjunction with the Commercial Affairs Department in relation to an investigation into a possible offence under the Securities and Futures Act 2001.

As at the date of this Annual Report, the investigation is still ongoing. There were no restrictions or conditions imposed on Mr Foong Daw Ching and he has not attended any further interviews.

Further to the Company’s announcements released on 1 October 2020 and 5 October 2020, with reference to the guidance provided in Practice Note 7.1 of the Listing Manual, the Board and the NC have assessed the matter and are of the view that Mr Foong Daw Ching remains suitable as a Director of the Company despite the receipt of this Letter and the investigation.

The Board and the NC will re-assess the suitability of Mr Foong Daw Ching when there is an outcome from SGX Regco and MAS on this matter.

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The Board will table the re-election of Mr Foong Daw Ching and Mr Pan Shimo for shareholders' approval at the forthcoming AGM.

Mr Foong Daw Ching will be, upon re-election, re-designated as a Non-Independent Non-Executive Chairman, remain as a member of AC, NC and RC. Whilst, Mr Pan Shimo will be, upon re-election, appointed as Independent Chairman of the Board and remained as Independent Non-Executive Director, Chairman of NC, and RC, member of AC.

As set out under Provision 1.5 of the Code above, the NC has reviewed and is of the opinion that the Directors are able to and have adequately carried out their duties as Directors of the Company, as well as sufficient time and attention are given by the Directors to the affairs of the Company, in FY2023. Each of the Independent Directors, being members of the NC, has abstained and not participated in the review and determination in respect of himself.

Please refer to the section entitled "Directors Profile" of the Annual Report for the listed company directorship and principal commitments of each Director.

There is no alternate Director on the Board.

On an annual basis, the NC, in consultation with the Chairman of the Board, will review and evaluate the performance of the Board as a whole, its Board Committees and each Board Member taking into consideration the attendance record, preparedness and participation at the meetings of the Board and Board Committees and also the contribution of each Director to the effectiveness of the Board.

The Board has a formal process for assessing the effectiveness of the Board as a whole, its Board Committees and Board Member with objective performance criteria and contribution of each individual Director to the effectiveness of the Board. The NC had conducted an assessment of the functions and effectiveness of the Board as a whole, its Board Committees and the contribution of each individual Director towards the effectiveness of the Board for FY2023. These assessment reports were recommended by the NC and reviewed by the Board. These assessments also take into consideration both qualitative and quantitative criteria, such as return on equity, success of the strategic and long-term objectives set by the Board and the effectiveness of the Board in monitoring the Management's performance against the goals that had been set by the Board.

Each Director completes an evaluation form to assess the overall effectiveness of the Board as a whole and its Board Committees. The appraisal process for the Board focused on the evaluation of factors such as the Board composition, Board information, Board process, Board accountability, CEO/Top Management and Directors' standards of conduct. The appraisal process for the Board Committees, on the other hand, focused on the evaluation of the respective Board Committees composition, Board Committees process, Board Committees accountability. For the AC evaluation, the evaluation of factors also includes the audit process, internal controls and risk management systems. The appraisal process for the individual Directors focused on the evaluations of the factors such as attendance, preparation for Board and Board Committees meetings, contributions, initiative, responsiveness and knowledge. The results of these evaluations are reviewed and used constructively by the NC to identify areas of improvements and recommending appropriate course of action to the Board. Based on the results collated from the evaluations, the NC is of the view that the overall effectiveness of the Board as a whole and the Board Committees has been satisfactory for the financial year.

For FY2023, the NC has not engaged any external facilitator to assist in the assessment of the performance of the Board, the Board Committees and individual Directors.

CORPORATE GOVERNANCE REPORT

B. 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.

Level and mix of remuneration

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.

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of the remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The RC comprises the following three (3) non-executive Directors, the majority of whom, including the Chairman of the RC, are independent:

- Mr Pan Shimo (RC Chairman and Independent Director)
- Mr Foong Daw Ching (Lead Independent Director)
- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

The RC is scheduled to meet at least once a year. Each member of the RC shall abstain from voting on any resolution in respect of his/her remuneration package or that of employees related to his/her.

The Board has approved the written terms of reference of the RC. The RC performs, *inter alia*, the following functions and duties:

- (a) reviewing and recommending to the Board a general framework of remuneration for the Directors and key management personnel (including executive officers and senior management) of the Group;
- (b) reviewing and recommending specific remuneration packages and terms of employment (where applicable) for each Executive Director and key management personnel (including executive officers and senior management);
- (c) conducting annual review of the remuneration of employees related to the Directors and substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
- (d) considering various disclosure requirements for remuneration of Directors, the CEO and at least the top five key management personnel (who are not the Directors and the CEO), and ensure that there is adequate disclosure in the financial statements to ensure and enhance transparency between the Company and relevant interested parties;
- (e) reviewing and recommending to the Board, the adoption of share options schemes or any long-term incentive schemes for the benefits of the Group's employees who had exceptional performance; and
- (f) other acts as may be required by the SGX-ST and the Code from time to time.

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In carrying out the above responsibilities, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice will be borne by the Company. For FY2023, the RC has not sought external advice nor appointed remuneration consultants in considering the remuneration of all Directors.

In setting remuneration packages, the RC takes into consideration the pay and employment conditions within the industry and in comparable companies. As part of its review, the RC ensures that the performance related elements of remuneration form a significant part of the total remuneration package of the Executive Director and is designed to align the Executive Director's interest with those of shareholders and link rewards to corporate and individual performance. In addition, the RC is responsible for the review of compensation commitments to the service agreements, if any, entail in the event of early termination to ensure that such service agreements contain fair and reasonable termination clauses which are not overly generous.

The RC recognises that the level and structure of remuneration should be aligned with the long-term interests and risk policies of the Company and should be appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and the key management personnel to successfully manage the Company. The Company links the remuneration paid to the Executive Directors and key management personnel to the Company's and each individual's performance, based on an annual appraisal and using indicators such as core values, competencies, key result areas, performance rating and potential of the employees.

The Independent Director and Non-Executive Directors do not have service agreement with the Company. Directors' fees will be paid or payable to the Independent Director and Non-Executive Director in accordance with their contributions, taking into account factors such as effort and time spent, responsibilities of the Directors and the need to pay competitive fees to attract, retain and motivate the Directors. The Independent Directors and Non-Executive Directors shall not be overcompensated to the extent that their independence may be compromised.

The Directors' fees are reviewed and recommended by the RC and endorsed by the Board for shareholders' approval at the AGM of the Company. The Company will table the quantum of the Directors' fee of each financial year to the shareholders for approval at the AGM. The payment of fees to Non-Executive Directors is subject to approval at the AGM of the Company. Each and every Director abstained from voting on any resolutions and making any recommendations and/or participating in any deliberations in respect of their own remuneration.

The RC may recommend the Board to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

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The breakdown of the total remuneration of the Directors for the FY2023 is set out below:

Board of Directors	Salary RMB	Bonus RMB	Directors' Fees RMB	Incentive and other benefits RMB	Total RMB
Below RMB1,346,000 or approximately S\$250,000					
Dr Lan Weiguang	-	-	-	-	-
Mr Lan Yihong	-	-	-	-	-
Mr Foong Daw Ching	-	-	258,341	-	258,341
Mr Pan Shimo	-	-	36,000	-	36,000

The directors' fees are subject to shareholders' approval at the forthcoming AGM.

The remuneration paid to the key management personnel (including executive officers and senior management) on an individual basis during the FY2023 is set out below:

Key Management Personnel	Salary %	Bonus %	Incentive and other benefits %	Total %
Below RMB1,346,000 or approximately S\$250,000				
Lan Chunguang	-	-	-	-
Wen Zhihong	70	9	21	100
Zhong Fuzhang	81	0	19	100

The aggregate total remuneration paid to the key management personnel (who are not Directors) for the FY2023 is RMB154,228. In the healthcare segment, there are two key management personnel to manage its operations. Wen Zhihong was assigned to lead the trading business of the healthcare segment, while Zhong Fuzhang was entrusted with managing the bottled water business. By appointing individuals with expertise and experience in their respective areas, the healthcare segment can ensure that its business operations are efficiently and effectively managed, which ultimately benefits the company and its stakeholders. Additionally, the remuneration paid to the Chairman, Dr Lan Weiguang, and CEO, Mr Lan Chunguang was NIL as both the Chairman and CEO have both voluntarily agreed to receive no compensation or payment of any form for their contribution and work at the Company until the Company's operations are on track.

None of the Directors, CEO and the key management personnel (who are not Directors or the CEO) of the Company has received any termination, retirement, post-employment benefits for FY2023.

For FY2023, the Company does not have any employees who are immediate family members of a Director or the CEO, whose remuneration exceeded S\$100,000.

The Company has a share option scheme known as Suntar Eco-City Employee Share Option Scheme which was approved by shareholders of the Company on 10 July 2007 ("ESOS"). The ESOS complies with the relevant rules as set out in Chapter 8 of the Listing Manual of the SGX-ST. The ESOS will provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty. The ESOS is administered by the RC. The principal terms of the Scheme are set out in the pages 123 to 129 of the IPO Prospectus dated 24 July 2007. The ESOS is in operation for a maximum duration of ten years and has expired on 9 July 2017. There are no outstanding options under the ESOS.

C. ACCOUNTABILITY AND AUDIT

Risk management and internal controls

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

The Board acknowledges that it is responsible for establishing, maintaining and reviewing the effectiveness of the Company's overall internal control framework. The Board believes in the importance of maintaining a sound system of internal controls to safeguard the interests of the shareholders and the Group's asset. The system is intended to provide reasonable but not absolute assurance against material misstatements or loss and to ensure maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

The AC will continue to review and monitor the adequacy and effectiveness of the Company's internal controls and risk management systems, taking into consideration the risks which the Group is exposed to, the likelihood of occurrence of such risks and the costs of implementing controls.

For FY2023, the Board has received assurance from the CEO and Finance Director that (a) the financial records of the Group have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and (b) the Group's risk management and internal control systems are sufficient, adequate and effective.

The AC and Board received reports from the Finance Director who identifies material non-compliance or internal control weaknesses. There were no major internal control weaknesses highlighted for the attention of AC for FY2023. The AC and Board also review the management letter, if any, prepared by the external auditors on control weakness relevant for the preparation of financial statements.

The Board and the AC, reviews the adequacy and effectiveness of the Group's risk management framework and internal controls, to ensure risk management and internal controls are in place. In this aspect, the AC reviews the audit plans, and the findings of the auditors and ensures that the Group follows up on auditors' recommendations raised, if any, during the audit process. The AC guides the Management to check and ensure the adequacy and effectiveness of the internal controls. Based on the internal controls and risk management framework established and maintained by the Group, work performed by the external auditors (to the extent as required by them to form an audit opinion on the statutory financial statements), the report from the internal auditors, periodic reviews performed by the Management and assurance from the CEO and Finance Director, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls in addressing financial, operational, compliance and information technology controls, and risk management systems during the year are effective and adequate to safeguard its assets and ensure the integrity of financial statements.

At the moment, the overall risk management framework of the Group was collectively monitored by the AC and the Board. The Board will consider the necessity of establishing a separate Board risk committee as and when it deemed expedient.

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Audit Committee

Principle 10: The Board has an AC which discharges its duties objectively.

The AC comprises the following three (3) non-executive Directors, the majority of whom, including the Chairman of the AC, are independent:

- Mr Foong Daw Ching (AC Chairman and Lead Independent Director)
- Mr Pan Shimo (Independent Director)
- Dr Lan Weiguang (Non-Independent Non-Executive Chairman)

The members of the AC, collectively, have expertise or experience in financial management and are qualified to discharge the AC's responsibilities. None of the AC members was a former partner or director of the Company's existing auditing firm (a) within a period of two years commencing on the date of their ceasing to be a partner or director of the auditing firm; and (b) for as long as they have any financial interest in the auditing firm. The Board is of the view that the AC has sufficient financial management expertise and experience to discharge the AC's functions.

The Board has approved the written terms of reference of the AC. The AC will assist the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC will provide a channel of communication between the Board, the Management and the auditors on matters relating to audit. The AC met with the external auditors periodically.

The AC performs, *inter alia*, the following roles, functions and duties:

- (a) reviewing the external auditors' audit plan and audit report, their evaluation of the system of internal accounting controls, their letter to management and the management's response;
- (b) reviewing with internal auditors the internal audit plan, the scope and the result of their examination and evaluation of the system of internal controls;
- (c) reviewing the half-yearly and annual financial statements and results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of the SGX-ST and any other relevant statutory or regulatory requirements;
- (d) reviewing the internal control procedures and ensure co-ordination between the auditors and the Management, and reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (e) reviewing and discussing with the auditors any suspected fraud or improprieties or irregularities, 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 and the Management's response;
- (f) reviewing the scope and results of external audit, its cost effectiveness, and the independence and objectivity of the external auditors;

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- (g) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls systems, including financial, operational, compliance, information technology controls and risk management systems;
- (h) recommending to the Board on the proposals on the appointment or re-appointment of the internal and external auditors and matters relating to the resignation or change of the internal and external auditors;
- (i) reviewing interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- (j) reviewing potential conflicts of interest (if any);
- (k) reviewing the policy and arrangements by which staff of the Group or any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow-up action;
- (l) assessing the suitability for appointment of Finance Director / Manager (or equivalent rank);
- (m) undertaking 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; and
- (n) other acts as may be required by the SGX-ST and the Code from time to time.

The AC had met, at the minimum, on a half-yearly basis for FY2023. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing that particular transaction or voting on that particular resolution.

The AC has been given full access to and co-operation of the Company's Management. The AC has access to resources to enable it to discharge its functions properly. To facilitate discussions at its meetings, the AC had invited the other key executives of the Group to attend its meetings. The AC had direct access to the external auditors and had also met with the external auditors without the presence of the Management to discuss the results of their examinations and evaluation of the system of internal accounting controls. During the year, the AC has reviewed the scope and quality of their audits and the independence and objectivity of the external auditors as well as the cost effectiveness.

The fees paid/payable to Messrs Foo Kon Tan LLP, the external auditors, for the FY2023 are as follows:

Services	Amount (SGD)
Audit service	205,620
Non-audit service	0
Total	<u>205,620</u>

The AC has also reviewed all audit and non-audit fees paid to the external auditors. The AC is satisfied that the nature and extent of the non-audit service will not prejudice the independence and objectivity of the external auditors. There is no non-audit service being performed by the external auditors for the FY2023.

The Company has complied with Rule 715 of the Listing Manual of the SGX-ST as all subsidiaries of the Company are audited by Messrs Foo Kon Tan LLP for the purposes of the consolidated financial statements of the Company and its subsidiaries.

Messrs Foo Kon Tan LLP, the external auditors of the Company, has confirmed that they are Public Accounting Firms registered with Accounting and Corporate Regulatory Authority and provided a

CORPORATE GOVERNANCE REPORT

confirmation of their independence to the AC. The AC had assessed the external auditors based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

In July 2010, the Singapore Exchange Limited (“SGX”) and Accounting and Corporate Regulatory Authority (“ACRA”) launched the “Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors” which aims to facilitate the AC in evaluating the external auditors. Accordingly, the AC had evaluated the performance of the external auditors based on the key indicators of audit quality set out in the Guidance such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

In addition, in October 2015, with the support from SGX and Singapore Institute of Directors, ACRA had introduced the “Audit Quality Indicators (“AQIs”) Disclosure Framework to assist the ACs in evaluating the re-appointment of external auditors based on eight quality markers that correlate closely with audit quality. Accordingly, the AC had evaluated the external auditors based on the eight AQIs at engagement and/or firm-level.

The AC met with the external auditors to discuss the audit findings as well as their audit. The management has made significant judgements relating to significant estimates in the financial statements.

Determination of the net realisable value of completed properties for sale is considered a key audit matter because it involves the Group's expectations of future selling prices which are affected by macro and micro factors, amongst other things, demand and supply, interest rates, government policies and economic conditions. Impairment assessment of investment in an associate, Wuping Hailian Real Estate Development Co., Ltd and advance to that associate are also considered key audit matters due the amount involved, as well as the key assumptions used in the assessment of the recoverable amounts. The financial reporting matters that required significant judgements and estimates are fully described in Note 2(a) to the accompanying financial statements.

The AC has discussed with management and the independent auditors on significant issues and assumptions that impact the financial statements. Following the review, the AC is satisfied that net realisable value of completed properties for sale and impairment assessment of investment in an associate and advance to an associate to be the key audit matters.

The AC is satisfied that the Company's auditors are able to meet the audit requirements and statutory obligations of the Company. Accordingly, the AC is satisfied that Rule 712 of the Listing Manual of the SGX-ST is complied with and has recommended to the Board, the nomination of the external auditors for re-appointment at the forthcoming AGM.

In addition to the activities undertaken to fulfil its responsibilities, the AC is kept abreast by the Management, external and internal auditors on changes to accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

The Company has established a whistleblowing policy to enable persons employed by the Group a channel to report any suspected non-compliance with regulations, policies, fraud and/or other matters to the appropriate authority for resolution, without any prejudicial implications to these employees. The AC is vested with the power and authority to receive, investigate and enforce appropriate action when any such non-compliance matter is brought to its attention. As of to-date, there were no reports received through the whistleblowing mechanism.

The Group has had an internal audit function in place since 2015, and has outsourced an independent audit firm to conduct internal audits on an annual basis to help the Group in evaluating and assessing the adequacy and effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made.

CORPORATE GOVERNANCE REPORT

The Company had engaged Xiamen Heyu Certified Public Accountant (CPA) Ltd (厦门和裕会计师事务所有限公司) as its internal auditors for the Group. The internal auditor reports directly to the AC on internal audit matters and to the Non-Independent Non-Executive Chairman and Finance Director on administrative matters. The main objective of the internal audit function is to assist the Group in evaluating and assessing the adequacy and effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made. The Company continues to work with the internal auditor to identify other scope of work which will help to further enhance the robustness of the Company's internal controls. The internal auditors have unfettered access to all the Company's records, properties and personnel, including the AC, and has appropriate standing within the Company.

The AC will review the adequacy and effectiveness of the internal audit function at least annually and ensure that the internal audit function is independent, adequately resourced and has appropriate standing within the Company. The AC has communicated with the internal auditors, without the presence of Management, once during FY2023.

The internal auditor follows closely the standards set by nationally or internationally recognized professional bodies including the Standards for the Professional Practice of Internal Auditing ("IIA") set by The Institute of Internal Auditors.

The AC is of the view that internal auditor is adequately staffed with persons with relevant qualifications and experience and adheres to professional standards including those promulgated by IIA. The AC had conducted a review of the internal audit function and based on its review, it has concluded that the internal audit function is adequately resourced, effective and independent.

The Board acknowledges that it is responsible for the overall internal control framework but notes that no system of internal control could provide absolute assurance against all irregularities.

D. SHAREHOLDER RIGHTS AND ENGAGEMENTS

Shareholders 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.

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.

The Company believes that a high standard of disclosure is crucial to raising the level of corporate governance. All information that requires public disclosure is first announced through the SGXNet. The Company is open to meetings with investors and analysts and in conducting such meetings, the Company is mindful of the need to ensure fair disclosure of any price sensitive information which will be publicly released via SGXNet. The Company has also adopted half-yearly results reporting starting from FY2021. Price-sensitive information is publicly released, and is announced within the mandatory period. The Company does not practise selective disclosure. In line with the continuous obligations of the Company under the Listing Rules of the SGX-ST and the Companies Act 1967, the Board's policy is that all shareholders should be informed of all major developments that impact the Group via SGXNet on a timely basis.

CORPORATE GOVERNANCE REPORT

The Company believes in high standard of transparent corporate disclosure and is committed to disclose to its shareholders, the information in a timely and fair manner via SGXNet. Communication is mainly made through:-

- Annual Report and Circulars that are prepared and sent to all shareholders. The Board ensures that these documents include all relevant material information about the Company and the Group, and other disclosures required by the Listing Rules of the SGX-ST, Singapore Companies Act and Singapore Financial Reporting Standards. Since the evolving COVID-19 situation in year 2021, these documents are available to Shareholders on SGX-ST website and the Company's website;
- Half yearly financial statements announcements containing a summary of the financial information and affairs of the Group;
- Announcements via SGXNet on matters required by the Listing Rules, amongst which include acquisitions and disposals, corporate actions, sustainability reporting; and
- The Company's website at <https://www.suntareco-city.com/>, where shareholders can access information and the corporate profile of the Group.

In discharge of its duties to the shareholders, the Board, when presenting annual financial statements and announcements, seek to provide the shareholders with a detailed analysis, explanation and assessment of the Group's financial position and prospects. For interim financial statements, the Board provides a negative assurance confirmation to shareholders, in line with Rule 705(5) of the Listing Manual of the SGX-ST. The Management currently provides the Board with appropriately detailed management accounts of the Group's performance, position and prospects on a regular basis to enable the Board to make a balanced and informed assessment of the Company's performance, position and prospects. In addition, all Directors and key management personnel of the Company also signed a letter of undertaking pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

The AGM of the Company is the principal forum for dialogue and interaction with all shareholders. All shareholders of the Company will receive the annual report and notice of the AGM. At the AGM, shareholders will be given the opportunity to voice their views and to direct questions regarding the Group to the Directors including the chairman of each of the Board Committees. The Chairman of the AC, NC and RC together with the external auditors would be present at the AGM to address all queries that the shareholders may have. In the event that the Company wishes to obtain shareholders' approval for any major transaction, the Board will disseminate such information via SGXNet, prepare and send notice of general meeting and circular to shareholders within the mandatory period.

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of the resolution included in the notice of general meetings will be accompanied by full explanation of the effects of a proposed resolution.

The Company has put all resolutions to vote by poll at its AGM. The Company will release an announcement on the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages.

Shareholders are encouraged to attend and vote at the AGM of the Company to ensure a high level of representation and to stay informed of the Company's strategy and goals. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the AGM through proxy forms sent in advance. A Relevant Intermediary¹ may appoint more than two proxies, but each proxy

¹ A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act 1970 or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

CORPORATE GOVERNANCE REPORT

must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme (“**CPF Investor**”) and/or the Supplementary Retirement Scheme (“**SRS Investor**”) (as may be applicable) may attend and cast his/her vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

The Chairman of the AC, NC and RC are normally present and available to address questions relating to the work of their respective Board Committees at general meetings. The external auditors are present to assist the Board in addressing any relevant queries raised by the shareholders on matters relating to the audit and the financial statements.

The Company has decided, for the time being, not to implement voting in absentia through mail, electronic mail or fax until security, integrity and other pertinent issues are satisfactorily resolved.

The AGM held on 28 April 2023 was held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (“**COVID-19 Order**”). The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company’s corporate website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements since the 2020 AGM, during the COVID-19 pandemic. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Company in advance of the meeting, addressing of substantial and relevant questions prior to the AGM and voting by appointing the Chairman of the AGM as proxy, have also been put in place in previous AGM.

For the forthcoming AGM, the Company will be conducting a physical meeting instead of adopting AGM via electronic means (live video conference or live audio conference) which expired on 30 June 2023 due to the end of the Covid-19 Order. This temporary order had ceased with effect from 1 July 2023.

Shareholders are encouraged to submit their questions by the 16 April 2024. The Company will respond to these submitted questions and published it on the (i) SGX’s website and (ii) the Company’s corporate website on or before 10:00 a.m. on 25 April 2024 (in accordance with the guidelines in which questions must be responded forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms).

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of the meeting and responses from the Board and Management. Since the evolving COVID-19 situation in year 2020, these minutes are available to Shareholders on SGX-ST website within one (1) months from general meetings.

The Company does not have a policy on payment of dividends. The issue of dividend is deliberated by the Board having regard to various factors, including but not limited to the Group’s actual and projected financial performance; projected levels of capital expenditure and other investment plans; working capital requirements and general financial conditions; and the level of the Group’s cash and retained earnings.

-
- b) a person holding a capital markets services licence to provide custodial services for securities under the Securities Futures Act 2001 and who holds shares in that capacity; or
 - c) the Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE REPORT

Taking into account the above factors, the Board has not recommended dividends to be paid in respect of FY2023.

Presently, the Company does not have an investor relations policy or protocol in place nor a dedicated investor relations team, as the Board was of the view that the current communication channels are sufficient and cost-effective. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary. Notwithstanding so, taking into account the communication and dialogue with Shareholders taken by the Company as set out above, the Board is of the view that the Company complies with Principle 12 of the Code.

E. MANAGING STAKEHOLDER 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.

The Company recognises the vitality on stakeholders' engagement for the Company's long-term sustainability. The Company engages with key stakeholders such as customers, suppliers, employees, investors, as well as government and regulators, to align the Company's sustainable approach with their expectations.

The Company has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

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 Group's business and operations. They are namely, customers, employees, government and regulatory bodies, shareholders and investors, and suppliers. The Group has also undertaken a process to determine the economic, environmental, social and governance issues, which important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.

Detailed approach to the stakeholder engagement and materiality assessment will be disclosed in the Company's sustainability report FY2023, which will be published to keep stakeholders informed on the Company's business and operations.

The Company maintains a corporate website at <https://www.suntareco-city.com/> to communicate and engage with stakeholders. The corporate website provides, among others, announcements, annual reports, and financial information of the Group, stock information of the Company, as well as the profiles of the Group, the Directors and the key management personnel.

The Company welcomes enquiries from investors, stakeholders and analysts, Company related queries can be sent to contactsg@suntar.com.

F. ADDITIONAL INFORMATION

Dealings in Securities

The Company has complied with Rule 1207(19) of the Listing Manual of the SGX-ST in relation to the best practices on dealings in the securities:

CORPORATE GOVERNANCE REPORT

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;
- (b) Officers of the Company did not deal in the Company's securities on short-term considerations; and
- (c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing one month before the announcement of the Company's half year and full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

Material Contracts

(Listing Manual Rule 1207(8))

There was no material contract entered into by the Group involving the interests of any directors or Controlling Shareholders subsisting at the end of the FY2023.

Interested Person Transactions

(Listing Manual Rule 907)

The Company had established a procedure to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During the financial year under review, there have been no interested person transactions entered into by the Group that requires disclosure pursuant to the Listing Manual of the SGX-ST.

The Company has no shareholders' mandate for interested person transactions.

Use of Initial Public Offering proceeds

(Listing Manual Rule 1207(20))

The Group raised S\$28,782,000 from its initial public offering ("**IPO**") from the issuance of 73,800,000 new shares of S\$0.39 each on 1 August 2007. Total net proceeds were approximately S\$26,370,000 after deducting IPO expenses of approximately S\$2,412,000.

After the IPO, the Group had transferred a total sum of USD13,461,200 (approximately S\$19,854,000) from the IPO proceeds to its principal subsidiary, Jiangxi New Reyphon Biochemical Co., Ltd, for the following purposes:

CORPORATE GOVERNANCE REPORT

Use of net proceeds as stated in the Prospectus	Amount allocated as stated in the Prospectus (\$\$)	Amount Utilised (\$\$)
To expand production capacity	15,000,000	11,426,000
For R&D of new products	3,000,000	576,000
To strengthen sales and distribution network	1,000,000	370,000
For general working capital purposes of the Group		
- Purchase of raw materials		6,162,000
- Employee salary expenses		1,012,000
- Tax expenses		76,000
- Miscellaneous expenses	7,447,000	232,000
Total	26,447,000	19,854,000

The aforementioned proceeds have been used in accordance with the intended use and is in accordance with the percentage allocated as stated in the Prospectus. The remaining proceeds of approximately S\$6.6 million has not been utilised to-date.

As announced on 14 November 2013, the Company does not have any immediate plans to utilise the remaining proceeds. In order to increase the flexibility in the deployment of funds, the Company had re-designated the remaining proceeds as working capital of the Company.

The Company shall make periodic announcements of the use of the IPO proceeds as and when the proceeds are materially disbursed.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2023 and statement of financial position of the Company as at 31 December 2023.

In our opinion:

- (a) the financial statements are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023 and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, having regard to the information as disclosed in Note 2 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Dr Lan Weiguang
Foong Daw Ching
Pan Shimo
Lan Yihong

Arrangements to enable directors to acquire benefits by means of the acquisition of shares or debentures

During and at the end of the financial year, the Company was not a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other corporate body other than as disclosed in this statement.

Directors' interests in shares or debentures

According to the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, the following directors who held office at the end of the financial year were interested in shares of the Company and its related corporations as follows:

	<u>Holdings registered in the name of directors</u>		<u>Holdings in which director is deemed to have an interest</u>	
	<u>As at 1.1.2023</u>	<u>As at 31.12.2023</u>	<u>As at 1.1.2023</u>	<u>As at 31.12.2023</u>
The Company				
<u>Suntar Eco-City Limited</u>				
(Ordinary shares)				
Dr Lan Weiguang	63,800	63,800	47,213,600	47,213,600
Foong Daw Ching	2,000	2,000	-	-

DIRECTORS' STATEMENT

Directors' interests in shares or debentures (Cont'd)

	<u>Holdings registered in the name of directors</u>		<u>Holdings in which director is deemed to have an interest</u>	
	As at <u>1.1.2023</u>	As at <u>31.12.2023</u>	As at <u>1.1.2023</u>	As at <u>31.12.2023</u>
Ultimate holding company				
<u>Clean Water Investment Limited</u>				
(Ordinary shares of par value US\$0.000001)				
Dr Lan Weiguang	271,268,960	271,268,960	10,000,040	10,000,040

By virtue of Section 7 of the Singapore Companies Act, Dr Lan Weiguang is deemed to have an interest in the shares of each of the wholly-owned subsidiaries of Suntar Eco-City Limited and China Green Eco-Holding Pte Ltd.

There are no changes to any of the above-mentioned directors' interests between the end of the financial year and 21 January 2024.

Share options

No options were granted during the financial year to take up unissued shares of the Company or of its subsidiaries.

No shares were issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or of its subsidiaries.

There were no unissued shares of the Company or of its subsidiaries under option at the end of the financial year.

Audit Committee

The Audit Committee of the Company, consisting of all non-executive directors, is chaired by Mr Foong Daw Ching, an independent director, Mr Pan Shimo, an independent director and Dr Lan Weiguang, a non-executive director. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- the internal and external audit plans and results of internal auditors' examination and evaluation of the Group's systems of internal accounting controls;
- the half yearly and annual announcements and financial statements before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual of SGX-ST and any other relevant statutory or regulatory requirements;
- the co-ordination between the external auditors and the management, and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss;
- 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;

DIRECTORS' STATEMENT

Audit Committee (Cont'd)

- (e) the recommendation to the Board of Directors appointment and re-appointment of the external auditors, approval of the compensation of the external auditors, and review of the scope and results of the audit;
- (f) interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual of SGX-ST;
- (g) potential conflicts of interest (if any); and
- (h) undertake such other reviews and projects as may be requested by the Board of Directors and report to the Board its findings from time to time on matters arising and requiring the attention of the Audit Committee.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of Foo Kon Tan LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

.....
LAN WEIGUANG

.....
LAN YIHONG

Dated: 8 April 2024

INDEPENDENT AUDITOR'S REPORT

Year ended 31 December 2023

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Suntar Eco-City Limited (the “Company”) and its subsidiaries (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)s”) 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 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Net realisable value of completed properties for sale (Note 11)

Risk:

Completed properties for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price, less estimated costs of completion and selling expenses.

The determination of the estimated net realisable values of these completed properties is dependent upon the Group’s expectations of future selling prices which are affected by macro and micro factors, amongst other things, demand and supply, interest rates, government policies and economic conditions. There is an inherent risk that the estimate of carrying amounts at the date of these financial statements exceed future selling prices, resulting in a loss when these properties are sold.

INDEPENDENT AUDITOR'S REPORT

Year ended 31 December 2023

Key Audit Matters (Cont'd)

Net realisable value of completed properties for sale (Note 11) (Cont'd)

Our response:

We reviewed reasonableness of the inputs used by management in assessing the estimated selling prices of completed properties for sale. The inputs used included recently transacted selling prices of these properties and comparable properties, and management's expectations based on the market and project-specific factors.

Impairment assessment of investment in an associate (Note 7) and advance to an associate (Note 10)

Risk:

In 2021, the Group and other investors in an associate, Wuping Hailan Real Estate Development Co., Ltd ("Wuping Hailan") made advances to fund the costs of a property development undertaken by the associate in proportion to their respective equity interest in the associate. As at 31 December 2023, the carrying amount of the Group's investment in and advance to Wuping Hailan amounted to RMB2.311 million and RMB19.6 million, respectively.

Assessment of the recoverable amount of the investment in and advance to Wuping Hailan are considered key audit matters due to the amounts involved, as well as the key assumptions used in assessment of the recoverable amounts.

Our response:

Investment in an associate

We reviewed and challenged the basis and key inputs and assumptions, including property pre-sold and the related deposits received as at the reporting date, estimation of future sales, and projected development costs, used by the associate's management in estimating cash flows from the property development.

Advance to an associate

We considered repayment from the associate during the financial year and subsequent to the reporting date, financial conditions of the associate, and management assessment of the forward-looking information on the property development project, taking into account, amongst others, results of the property pre-sold to date.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the remaining sections of the annual report which are expected to be made available to us after that date.

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

INDEPENDENT AUDITOR'S REPORT

Year ended 31 December 2023

Other Information (Cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining sections of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism 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.

INDEPENDENT AUDITOR'S REPORT

Year ended 31 December 2023

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

- 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.
- 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, actions taken to eliminate threats or safeguards applied.

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

INDEPENDENT AUDITOR'S REPORT

Year ended 31 December 2023

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Toh Kim Teck.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 April 2024

STATEMENTS OF FINANCIAL POSITION

31 December 2023

		The Group		The Company	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
Note		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-Current Assets					
Right-of-use asset	4	13,202	13,474	-	-
Property, plant and equipment	5	367	119	-	-
Subsidiaries	6	-	-	131,406	131,406
Associates	7	34,702	31,522	-	-
Deferred tax asset	8	292	229	-	-
Total non-current assets		48,563	45,344	131,406	131,406
Current Assets					
Trade receivables	9	1,588	544	-	-
Other receivables	10	20,147	48,921	133	100
Completed properties for sale	11	9,513	10,790	-	-
Inventories	12	322	179	-	-
Cash and cash equivalents	13	38,653	10,330	440	350
Total current assets		70,223	70,764	573	450
Total assets		118,786	116,108	131,979	131,856
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	14	162,713	162,713	162,713	162,713
Reserves	15	(72,067)	(72,710)	(50,053)	(48,131)
Equity attributable to owners of the Company		90,646	90,003	112,660	114,582
Non-controlling interest		122	44	-	-
Total equity		90,768	90,047	112,660	114,582
Current Liabilities					
Trade payables	16	6,448	6,620	-	-
Other payables	17	20,285	18,032	19,319	17,274
Income tax payable		1,285	1,409	-	-
Current liabilities and total liabilities		28,018	26,061	19,319	17,274
Total equity and liabilities		118,786	116,108	131,979	131,856

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2023

The Group	Note	2023 RMB'000	2022 RMB'000
Revenue	3	35,418	15,791
Cost of sales		(34,277)	(15,021)
Gross profit		1,141	770
Other operating income	18	623	143
General and administrative expenses		(3,542)	(2,699)
Distribution and selling expenses		(429)	(412)
Loss on deconsolidation of a subsidiary	6	(118)	-
Write-back of other payables		42	-
Write-down in value of completed properties for sale		(254)	(914)
Share of profit of associates		3,180	3,521
Profit before taxation	19	643	409
Tax credit	20	78	130
Profit after taxation, representing total comprehensive income		721	539
Profit attributable to:			
Owners of the company		643	465
Non-controlling interests		78	74
		721	539
Earnings per share			
Basic (fen)	21	1.02	0.74
Diluted (fen)	21	1.02	0.74

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital RMB'000	Statutory reserves RMB'000	Accumulated losses RMB'000	Equity attributable to owners of the Company RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
The Group						
At 1 January 2022	162,713	1,052	(74,227)	89,538	(30)	89,508
Total comprehensive income for the year						
Profit for the year, representing total comprehensive income for the year	-	-	465	465	74	539
Transfer to statutory reserves	-	18	(18)	-	-	-
At 31 December 2022	162,713	1,070	(73,780)	90,003	44	90,047
Total comprehensive income for the year						
Profit for the year, representing total comprehensive income for the year	-	-	643	643	78	721
Transfer to statutory reserves	-	32	(32)	-	-	-
At 31 December 2023	162,713	1,102	(73,169)	90,646	122	90,768

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

	Note	2023 RMB'000	2022 RMB'000
Cash Flows from Operating Activities			
Profit before taxation		643	409
Adjustments for:			
Depreciation of right-of-use asset	4, 19	272	272
Depreciation of property, plant and equipment	5, 19	17	16
Interest income	18	(415)	(46)
Loss on deconsolidation	6, 19	118	-
Write-back of other payables	19	(42)	-
Write-down in value of completed properties for sale	11, 19	254	914
Government grant	18	-	(1)
Share of profit of associates		(3,180)	(3,521)
Operating loss before working capital changes		(2,333)	(1,957)
Change in trade receivables		(1,044)	478
Change in inventories		(143)	(40)
Change in other receivables		246	513
Change in completed properties for sale		1,023	(40)
Change in trade payables		(172)	(675)
Change in other payables		457	226
Cash used in operations		(1,966)	(1,495)
Government grant received		-	1
Interest received		415	46
Income tax paid		(109)	(314)
Net cash used in operating activities		(1,660)	(1,762)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	5	(266)	-
Advance to an associate		-	(120)
Repayment of advance from associate		28,400	5,400
Investment in associate		-	(4,000)
Net cash generated from investing activities		28,134	1,280
Cash Flows from Financing Activities			
Advances from a director (Note A)		1,840	1,829
Net cash generated from financing activities		1,840	1,829
Net increase in cash and cash equivalents		28,314	1,347
Cash and cash equivalents at beginning of year		10,330	8,954
Effect of exchange rate changes on the balance of cash held in foreign currencies		9	29
Cash and cash equivalents at end of year	13	38,653	10,330

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2023

Note A: Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of liabilities arising from financing activities, excluding equity items:

	As at 1 January <u>2023</u> RMB'000	Cash flows - <u>Proceeds</u> RMB'000	As at 31 December <u>2023</u> RMB'000
Advances from a director (Note 17)	15,723	1,840	17,563

	As at 1 January <u>2022</u> RMB'000	Cash flows - <u>Proceeds</u> RMB'000	As at 31 December <u>2022</u> RMB'000
Advances from a director (Note 17)	13,894	1,829	15,723

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

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1 General information

The financial statements of the Group and of the Company for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in Singapore. The principal place of business and registered office at 3 Tuas link 1, Singapore 638584.

The Company was listed on the Singapore Exchange Securities Trading Limited on 1 August 2007.

The principal activities of the Company are those related to investment holding.

The principal activities of the subsidiaries and associates are disclosed in Note 6 and 7 respectively to the financial statements.

The Company is a subsidiary of Suntar Investment Pte Ltd, incorporated in Singapore. The intermediate holding company is Sinomem Technology Pte Ltd, incorporated in Singapore. The Company's ultimate holding company is Clean Water Investment Limited, incorporated in the Cayman Islands.

2 Going concern assumption

As at 31 December 2023, the Company had net current liabilities of RMB18,746,000 (2022 - RMB16,824,000). Management believes that the Company will have sufficient resources to continue a going concern after considering the following:

- The Company has control over cash resources of the subsidiaries.
- At 31 December 2023, the Group had cash and cash equivalents of RMB 38,653,000 (2022 - RMB10,330,000) and net current assets of RMB 42,205,000 (2022 - RMB44,703,000).
- Continued financial support from the ultimate controlling shareholder.

The Group obtained a loan of RMB 1,840,000 (2022 - RMB1,829,000) from a director cum the ultimate controlling shareholder during the current financial year. As at 31 December 2023, the Company's current liabilities included an amount of RMB 17,553,000 (2022 - RMB15,713,000) related to advances from a director cum the ultimate controlling shareholder. Excluding this amount, the Company's current liabilities would be RMB 1,766,000 (2022 - RMB1,561,000) compared to current assets of RMB573,000 (2022 - RMB 450,000) as at 31 December 2023.

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)", including related interpretations promulgated by the Accounting Standards Council ("ASC").

These consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below. The financial statements are presented in Renminbi ("RMB") which is the Company's functional currency. All financial information has been presented in Renminbi ("RMB"), unless otherwise stated.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgments made in applying accounting policies

Income taxes

Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax exposures based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Key sources of estimation uncertainty

Impairment of non-financial assets (Note 4, 5, 6 and 7)

Right-of-use asset, property, plant and equipment, subsidiaries and associates are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on the higher of value-in-use and fair value less costs to sell. The value-in-use calculation requires the Group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. The determination of fair value less costs to sell involves use of unobservable inputs. Management has performed the impairment test and assessed that no impairment was required.

Carrying amount of completed properties for sale (Note 11)

Net realisable value of completed properties for sale is determined based on management's estimates of the selling price which takes into account projected timing of sales and prevailing customer demand and market conditions, less applicable variable selling expenses. Revisions to estimates are made when there is a change in market conditions. A 5% decrease in selling price will not affect the carrying amounts of completed properties for sale.

Impairment of financial assets (Note 9, 10)

The Group uses a provision matrix to calculate expected credit loss ("ECL") for trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates. A 5% increase in the default rates at the reporting date from management's estimates would not have a material impact on the financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(a) Basis of preparation (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of financial assets (Note 9, 10) (Cont'd)

The Group applies the 3-stage general approach to determine ECL for receivables which are non-trade in nature. ECL is measured as an allowance equal to 12-month ECL for stage-1 assets, or lifetime ECL for stage-2 or stage-3 assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly since initial recognition and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Company considers qualitative and quantitative reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2023, the Group and the Company adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	Description	Effective date (Annual periods beginning on or after)
SFRS(I) 17	<i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to SFRS(I) 1-12	<i>International Tax Reform – Pillar Two Model Rules</i>	1 January 2023

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them. Management anticipates that the adoption of these new and revised SFRS(I) pronouncements in future periods will not have a material impact on the Group's and the Company's accounting policies in the period of their initial application.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1	<i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 16	<i>Lease Liability in a Sale and Leaseback</i>	1 January 2024

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 1-7 and SFRS(I) 7	<i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to SFRS(I) 1-21	<i>Lack of Exchangeability</i>	1 January 2025
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>	Yet to be determined

The Group has performed a preliminary assessment and the directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2(d) Material accounting policy information

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 and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

Subsidiary

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. Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Consolidation (Cont'd)

Subsidiary (Cont'd)

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

In the Company's separate financial statements, investment in subsidiaries are carried at cost less any impairment losses. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investment is recognised in profit or loss.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Changes in ownership interests in subsidiaries resulting in loss of control

When the Group loses control over a subsidiary, it:

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

A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combination

Business combination is accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether it includes, at a minimum, an input and substantive process, and whether the acquired set has the ability to produce outputs.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Business combination (Cont'd)

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional 'concentration test' is met, and the acquired set of activities and assets is not a business, if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill arising from acquisition of associates represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associates and joint ventures is included in the carrying amount of the investments.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, an associate or a joint venture, the attributable amount of goodwill is included in the determination of the gain or loss on disposal of the entity or the relevant cash-generating unit.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

Buildings	30 years
Office equipment	5 to 10 years
Motor vehicles	5 years
Work in progress are not depreciated.	

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the income statement.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Leases (Cont'd)

The Group as lessee (Cont'd)

Lease liability (Cont'd)

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Group has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use asset

The right-of-use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Land use right	70 years
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If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line item in the consolidated statement of financial position.

The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(I) Financial assets

Measurement

Initial recognition and measurement

Financial assets are recognised when, only when the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. 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 third party if the trade receivables do not contain a significant financing component at initial recognition.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are "solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated as fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

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

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

(I) Financial assets (Cont'd)

Measurement (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at amortised cost (debt instruments) (Cont'd)

The Group's financial assets at amortised cost include trade receivables and other receivables (excludes prepayments, value added tax recoverable and advances to suppliers).

Financial assets at fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Financial assets designated as fair value through other comprehensive income ("OCI") (equity instruments)

The Group subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument – by – instrument basis. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Changes in fair value of financial assets at FVOCI recognised in OCI are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss statement in the period in which it arises. Interest income from these financial assets is included in the finance income.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

(I) Financial assets (Cont'd)

Measurement (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at fair value through profit or loss (Cont'd)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. ECL 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 – months ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group measures the loss allowance at an amount equal to the lifetime expected credit losses. 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 has established a provision matrix that is based on its historical credit loss experience, adjusted for forward – looking factors specific to the debtors and the economic environment.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

(I) Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

The Group considers a financial asset in default when contractual payments are 30 days due. However, in certain cases, the Group may also consider 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.

(II) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. These financial liabilities comprised trade and other payables (excludes advance payments from customer).

Subsequent measurement

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(III) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Development properties

Developed properties for sale are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less selling expenses.

Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the asset.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customers. If the Group transferred goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Contract balances (Cont'd)

Trade receivables

A receivable represents the Group right to an amount of consideration that is unconditional i.e. only the passage of time is required before a payment of the consideration is due.

Contract liabilities

Contract liabilities relate to the progress billing issued in excess of the Group's right to the consideration.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Provision is made for obsolete, slow-moving and defective inventories in arriving at the net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Statutory reserves

Statutory reserves represent the amount transferred from profit after tax of the subsidiaries incorporated in the People's Republic of China (the "PRC") in accordance with the PRC requirement. These subsidiaries are required to set aside 10% of profit after tax annually to statutory reserve. The statutory reserves cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount either in setting off the accumulated losses or increasing capital.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, if any.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Income taxes (Cont'd)

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases and decommissioning liabilities.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Employee benefits

Short-term employee benefits

Short-term benefit obligations, including accumulated compensated absences, are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonuses if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Employee benefits (Cont'd)

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Directors and certain key executive officers are considered key management personnel.

Related parties

A related party is defined as follows:

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

Impairment of non-financial assets

The carrying amounts of the Group's and the Company's non-financial assets, other than inventories, subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash-generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Impairment of non-financial assets (Cont'd)

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity. An impairment loss, except for goodwill, is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Revenue recognition

Revenue is measured based on the consideration specified in contracts with customers. The Group recognises revenue when it transfers control over a good or service to the customer.

Sale of health and nutrition products

Revenue is recognised when the goods are delivered to the customers and all criteria for acceptance have been satisfied.

Revenue from completed properties for sale

Revenue from the sale of property is recognised at a point in time when the completed property is delivered to the customers and the customers have accepted it in accordance with the sales contract.

Interest income

Interest income is recognised using the effective interest method.

Foreign currency transactions and translation

The individual financial statements of each group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and equity of the Company are presented in RMB, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

2(d) Material accounting policy information (Cont'd)

Foreign currency transactions and translation (Cont'd)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker has been identified as the Executive Officer who makes strategic resources allocation decisions and assesses segment performance.

3 Revenue

The Group	2023 RMB'000	2022 RMB'000
Timing of revenue recognition		
At a point in time:		
Sale of completed properties	1,152	-
Sale of health and nutrition products	34,266	15,791
	35,418	15,791

4 Right-of-use asset

The Group	Land use rights RMB'000
<u>Cost</u>	
At 1 January 2022, 31 December 2022 and 31 December 2023	17,379
<u>Accumulated depreciation</u>	
At 1 January 2022	3,633
Depreciation	272
At 31 December 2022	3,905
Depreciation	272
At 31 December 2023	4,177
<u>Carrying amount</u>	
At 31 December 2023	13,202
At 31 December 2022	13,474

Right-of-use asset represents prepaid lease premium for land use rights (land located at Jingwei 7th Road, Jinghe Industrial Zone, Gaoling County, Xi'an City, Shaanxi, PRC, with a land use term expiring on 10 November 2079) granted by the local authorities in the PRC to a subsidiary. The underlying land has been earmarked for future property development.

Depreciation of right-of-use asset is included in the line item "General and administrative expenses" in profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

5 Property, plant and equipment

The Group	<u>Buildings</u> RMB'000	<u>Office equipment</u> RMB'000	<u>Motor vehicles</u> RMB'000	<u>Work in progress</u> RMB'000	<u>Total</u> RMB'000
<u>Cost</u>					
At 1 January 2021, at 31 December 2021 and at 31 December 2022	10,646	295	50	-	10,991
Write-off	(10,646)	-	-	-	(10,646)
Additions	-	38	-	228	266
Deconsolidation of a subsidiary	-	(3)	-	-	(3)
At 31 December 2023	-	330	50	228	608
<u>Accumulated depreciation and impairment loss</u>					
At 1 January 2022	10,646	162	48	-	10,856
Depreciation for the year	-	16	-	-	16
At 31 December 2022	10,646	178	48	-	10,872
Write-off	(10,646)	-	-	-	(10,646)
Depreciation for the year	-	17	-	-	17
Deconsolidation of a subsidiary	-	(2)	-	-	(2)
At 31 December 2023	-	193	48	-	241
<u>Net book value</u>					
At 31 December 2023	-	137	2	228	367
At 31 December 2022	-	117	2	-	119

The buildings, located at Jingwei 7th Road, Jinghe Industrial Zone, Gaoling County, Xi'an City, Shaanxi, PRC had not been in use since the Group ceased production of pharmaceutical ingredient products in prior years.

6 Subsidiaries

The Company	2023 RMB'000	2022 RMB'000
Unquoted equity investments, at cost	51,614	51,614
Amount due from a subsidiary	79,792	79,792
	131,406	131,406

Amount due from a subsidiary is deemed as part of the investment in subsidiary as there is no contractual obligation for repayment by the subsidiary.

Details of the subsidiaries are as follows:

<u>Name of subsidiaries</u>	<u>Country of incorporation/ principal place of business</u>	<u>Ownership interest</u>		<u>Principal activities</u>
		2023	2022	
<u>Held by the Company</u>				
China Green Eco-Holding Pte Ltd ⁽¹⁾	Singapore	100%	100%	Investment holding company
Xi'an Santar Eco-city Co., Ltd ⁽²⁾	PRC	100%	100%	Property development

NOTES TO FINANCIAL STATEMENTS

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6 Subsidiaries (Cont'd)

<u>Name of subsidiaries</u>	<u>Country of incorporation/ principal place of business</u>	<u>Ownership interest</u>		<u>Principal activities</u>
		2023	2022	
<u>Held by subsidiaries</u>				
Wuping Suntar Eco-city Development Co., Ltd ⁽²⁾	PRC	100%	100%	Eco-tourism development
Wuping Lan County Real Estate Development Co., Ltd ⁽²⁾	PRC	100%	100%	Property development
Xiamen DaLan Technology Co., Ltd ⁽²⁾	PRC	100%	100%	Medical research and development, sale of healthcare product and investment consulting
Yan'an Water Ecological Town Development Co., Ltd ⁽²⁾	PRC	100%	100%	Eco-tourism development
Xi'an Ruijin Biological Pharmaceutical Co., Ltd. ⁽²⁾ #	PRC	-	100%	Development and manufacture of medical supplies, biological and pharmaceutical products and health products
Fujian Liangye Mountain Mineral Water Co., Ltd. ⁽²⁾	PRC	51%	51%	Manufacture and sale of bottle drinking water

⁽¹⁾ Audited by Foo Kon Tan LLP.

⁽²⁾ Audited by Foo Kon Tan LLP for consolidation purposes.

De-recognition of a subsidiary

On 7 February 2023, Xi'an Ruijin Biological Pharmaceutical Co., Ltd. was struck off with the fair values of identifiable assets and liabilities at that date as follows:

	RMB'000
<u>Effect on deconsolidation</u>	
Plant and equipment	1
Other receivables	119
Other payables	(2)
Amount due to a fellow subsidiary	(916)
	(798)
Amount due to a fellow subsidiary, previously impaired	916
Net	118
Loss on deconsolidation	(118)
Cash and cash equivalents disposed of	-
Net cash outflow from the deconsolidation	-

No revenue contributed by Xi'an Ruijin Biological Pharmaceutical Co., Ltd. and net loss, representing total comprehensive loss, of RMB1,600 to profit or loss for the period from 1 January 2023 to 7 February 2023.

Non-controlling interests

The non-controlling interests related to the Group's non-100% owned subsidiary is considered not material to the reporting entity. Therefore, summarised financial information in respect of non-controlling interests is not presented.

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7 Associates

The Group	2023 RMB'000	2022 RMB'000
Unquoted equity investments, at cost	25,260	25,260
Share of profit of associates	9,442	6,262
	34,702	31,522

Details of the associates are as follows:

<u>Name of associate</u>	<u>Country of incorporation/ principal place of business</u>	<u>Ownership interest</u>		<u>Principal activities</u>
		2023	2022	
<u>Held by Xi'an Suntar Eco-city Co., Ltd</u>				
North China Pharmaceutical Hebei Huawei Health Industry Co., Ltd ⁽¹⁾	PRC	26%	26%	Manufacture and distribution of health and nutrition product
<u>Held by Wuping Lan County Real Estate Development Co., Ltd</u>				
Wuping Hailan Real Estate Development Co., Ltd ⁽¹⁾	PRC	40%	40%	Property development

⁽¹⁾ Audited by Foo Kon Tan LLP for equity accounting purposes.

The following table summarises the information of the associates, which are equity accounted, modified for fair value adjustments on acquisition. The summarised financial information is not adjusted for percentage ownership held by the Group.

The Group	North China Pharmaceutical Hebei Huawei Health Industry Co., Ltd		Wuping Hailan Real Estate Development Co., Ltd	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Revenue	276,433	246,526	-	-
Profit/(loss) for the year	15,710	16,555	(2,263)	(1,960)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	15,710	16,555	(2,263)	(1,960)
Attributable to investee's shareholders				
Current assets	179,911	153,477	250,862	191,602
Non-current assets	24,895	21,690	3,797	1,329
Current liabilities	(81,265)	(67,083)	(248,883)	(184,891)
Non-current liabilities	(88)	(337)	-	-
Net assets attributable to investee's shareholders	123,453	107,747	5,776	8,040
Group's interest in net assets of investee at beginning of the year				
Equity investment	28,306	24,001	3,216	4,000
Group's share of:				
Profit/(loss) for the year, representing total comprehensive income for the year	4,085	4,305	(905)	(784)

NOTES TO FINANCIAL STATEMENTS

31 December 2023

7 Associates (Cont'd)

Reconciliation of the above summarised financial information for the carrying amount of the interest in the associates recognised in the Group's consolidated financial statements are as follows:

	North China Pharmaceutical Hebei Huawei Health Industry Co., Ltd		Wuping Hailan Real Estate Development Co., Ltd	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
The Group				
Net asset of the associate	123,453	107,747	5,776	8,040
Proportion of the Group's ownership interest in the associate	26%	26%	40%	40%
Share of net assets of the associate	32,100	28,015	2,311	3,216
Goodwill	291	291	-	-
Carrying amount of Group's interest in the associate	32,391	28,306	2,311	3,216

8 Deferred tax assets

	2023 RMB'000	2022 RMB'000
The Group		
Deferred tax assets	292	229

The movement in deferred tax assets are as follows:

	Completed properties for sale RMB'000
The Group	
At 1 January 2022	-
Recognised in profit or loss (Note 20)	229
At 31 December 2022	229
Recognised in profit or loss (Note 20)	63
At 31 December 2023	292

9 Trade receivables

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Trade receivables	2,113	1,069	-	-
Less: allowance for impairment loss	(525)	(525)	-	-
	1,588	544	-	-

The average credit period for sale of goods is 60 days (2022 - 60 days). No interest is charged on the trade receivables on the outstanding balance.

There were no movements in allowance for impairment loss during the years ended 31 December 2023 and 2022.

Trade receivables are denominated in Renminbi.

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10 Other receivables

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Prepayments	103	55	-	-
Advances to suppliers	-	104	-	-
Advance to an associate	19,600	48,000	-	-
Advances to staff	21	16	-	-
Tax recoverable	-	698	-	-
Other receivables				
- third parties	423	48	-	-
- subsidiary	-	-	133	100
	20,147	48,921	133	100

Advances to staff are interest free, unsecured and repayable on demand.

Advance to an associate relates to the amount the Group extended to Wuping Hailan Real Estate Development Co., Ltd (“Wuping Hailan”) for its share of the latter’s cost of acquisition of a land plot for property development. Wuping Hailan’s cost of acquisition of the land plot is funded with advances from the Group and the other shareholders in proportion to their subscription to the registered capital. Advance to an associate is unsecured, interest-free and repayable on demand.

Other receivables are denominated in the following currencies:

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Singapore dollar	-	-	133	100
Renminbi	20,147	48,921	-	-
	20,147	48,921	133	100

11 Completed properties for sale

The Group	2023 RMB'000	2022 RMB'000
Completed properties for sale (Current assets)	9,513	10,790

The Group recognised a write-down in value of completed properties for sale related to car parks of RMB254,000 (2022: RMB914,000) for the year ended 31 December 2023.

Details of completed properties for sale held by the Group as at 31 December 2023 and 2022 are as follows:

Location	Description	Gross floor area (square metre)	% Owned	Tenure
龙岩市武平县工业区新洲路 1 号	四季花园	2,059.72 (2022: 2,464.95) square metres comprising residential units, shops and car parks	100	Leasehold

NOTES TO FINANCIAL STATEMENTS

31 December 2023

12 Inventories

	2023 RMB'000	2022 RMB'000
The Group		
Raw materials, at cost	265	-
Finished goods, at cost	57	179
	322	179

As at 31 December 2022 and 31 December 2023, finished goods comprise nano purified water products and nutrition products.

13 Cash and cash equivalents

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Cash at bank	38,653	10,330	440	350

Cash and cash equivalents are denominated in the following currencies:

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
United States dollar	122	120	122	120
Singapore dollar	382	293	318	230
Renminbi	38,149	9,917	-	-
	38,653	10,330	440	350

Renminbi is not freely convertible to other currencies as such amounts were held by the subsidiaries located in PRC. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange Renminbi for foreign currencies only through banks that are authorised to conduct foreign exchange business. These local exchange control regulations imposed restriction on exporting capital from the country, other than through normal dividends.

14 Share capital

	2023 No. of ordinary shares	2022 No. of ordinary shares	2023 RMB'000	2022 RMB'000
The Company				
Ordinary shares issued and fully paid, with no par value				
Balance at beginning and at end of year	62,759,999	62,759,999	162,713	162,713

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

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15 Reserves

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Statutory reserves	1,102	1,070	-	-
Accumulated losses	(73,169)	(73,780)	(50,053)	(48,131)
	(72,067)	(72,710)	(50,053)	(48,131)

The Group

The Articles of Association of the PRC subsidiaries require the appropriation of 10% of its profit after tax each year, as shown in the PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC, to the statutory reserve until the balance reaches 50% of the registered share capital. According to the provision of the Articles of Association, in normal circumstances, the statutory reserve shall only be used for making up losses, capitalisation into share capital and expansion of the production and operation of the subsidiary.

16 Trade payables

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Trade payables	1,921	2,093	-	-
Advance payment from customers	4,527	4,527	-	-
	6,448	6,620	-	-

The average credit period granted by suppliers is 60 days (2022 - 60 days).

Trade payables are denominated in Renminbi.

17 Other payables

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Accrued expenses	2,011	1,825	1,766	1,561
Advances from a director	17,563	15,723	17,553	15,713
Other payables	711	484	-	-
	20,285	18,032	19,319	17,274

Advances from a director, who is also the Company's ultimate controlling shareholder, are unsecured, interest-free and repayable on demand.

Other payables are denominated in the following currencies:

	The Group		The Company	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
Singapore dollar	1,766	1,561	1,766	1,561
Renminbi	18,519	16,471	17,553	15,713
	20,285	18,032	19,319	17,274

NOTES TO FINANCIAL STATEMENTS

31 December 2023

18 Other operating income

The Group	2023 RMB'000	2022 RMB'000
Interest income	26	-
Interest income from structured deposits	389	46
Rental income	180	108
Government grant	-	1
Others	28	(12)
	623	143

19 Profit before taxation

The following items have been included in arriving at profit before taxation:

The Group	Note	2023 RMB'000	2022 RMB'000
Depreciation of right-of-use asset	4	272	272
Audit fees			
- paid/payable to the Company's auditor		1,094	903
Depreciation of property, plant and equipment	5	17	16
Loss on deconsolidation of a subsidiary	6	118	-
Write-back of other payables		(42)	-
Write-down in value of completed properties for sale	11	254	914
Cost of inventories recognised as an expense		34,277	15,021
Directors' fees	22	294	276
Foreign exchange loss, net		28	38
Land use and land value incremental tax		898	233
Short-term employee benefits		328	369
Contribution to defined contribution plans		88	113

20 Tax credit

The Group	2023 RMB'000	2022 RMB'000
Current taxation		
- Current year	17	6
- Adjustments in respect of prior years	(32)	93
	(15)	99
Deferred tax taxation		
- Current year (Note 8)	(63)	(229)
	(78)	(130)

Income tax is calculated by applying the PRC statutory tax rate at 25% (2022: 25%) of the estimated assessable loss for the year. Taxation for other jurisdictions is calculated at the prevailing corporate tax rates in the relevant jurisdictions.

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20 Tax credit (Cont'd)

The Group	2023 RMB'000	2022 RMB'000
Profit before taxation	643	409
Tax at statutory tax rate of 25% (2022: 25%)	161	102
Expenses not deductible for tax purposes ⁽¹⁾	334	259
Effect of different tax rates of group entities operating in other jurisdictions	88	144
Effect of share of results of associates	(795)	(880)
Tax rebates and others	-	(58)
Utilisation of deferred tax assets not recognised	-	(15)
Effect of tax losses not recognised	166	225
Adjustments in respect of prior years	(32)	93
	(78)	(130)

⁽¹⁾ Expenses not deductible for tax purposes relate mainly to tax loss of the Company not allowed for carry-forward and disallowable expenses incurred in the ordinary course of business.

At the reporting date, the Group has not recognised deferred tax assets in respect of unutilised tax loss due to unpredictability of future profit streams. The unutilised tax losses are subject to agreement by the tax authority and compliance with tax regulations in the PRC in which the subsidiaries operate. The tax losses will expire between 2025 and 2029 (2022: expire between 2024 and 2028).

The Group	2023 RMB'000	2022 RMB'000
At beginning of year	14,342	19,022
Arising	665	900
Utilised	-	(61)
Expired	(7,656)	(5,519)
At end of year	7,351	14,342
Deferred tax assets not recognised	1,838	3,585

21 Earnings per share

The Group	2023 RMB'000	2022 RMB'000
Profit for the year attributable to owners of the Company	643	465
Weighted average number of ordinary shares in issue during the year ('000)	62,760	62,760
Earnings per share (fen):		
- Basic	1.02	0.74
- Diluted	1.02	0.74

Diluted earnings per share is the same as the basic earnings per share because the Group had no dilutive potential ordinary shares in issue for the years ended 31 December 2023 and 2022.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

22 Related party transactions

Other than as disclosed elsewhere in these financial statements, the following transactions took place between the Group and these related parties at terms agreed between the parties:

The Group	2023 RMB'000	2022 RMB'000
Sale of completed properties to related parties	390	-

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

The Group	2023 RMB'000	2022 RMB'000
Directors' fees	294	276

Purchase of health and nutrition product

During the financial year ended 31 December 2023, the Group purchased health and nutrition products of RMB 30,993,111 (2022 - RMB13,182,000) from an associate.

23 Operating segments

For management reporting purposes, the Group is organised into the following reportable operating segments which are the Group's strategic business units:

- (1) Property development is in the business of sales of properties to individual buyers in the China domestic market
- (2) Health and nutrition products deal in sales of health and nutrition products to distributors in the China domestic market

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2(d). Segment profit represents the profits earned by each segment without allocation of central administration costs, independent directors' fees, interest income, foreign exchange gains or losses and finance costs at corporate level. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

As the Group's non-current assets and revenue are in People's Republic of China, accordingly, no geographical segment information is presented.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

23 Operating segments (Cont'd)

The following is an analysis of the Group's revenue and results by reportable segments:

	Health and Nutrition		Property development		Unallocated		Total
	2023	2022	2023	2022	2023	2022	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue:							
External customers	34,266	15,791	1,152	-	-	-	35,418
							15,791
Segment results:							
Segment results	307	144	(1,717)	(1,438)	(1,127)	(1,818)	(2,537)
Share of profit of associates	4,085	4,305	(905)	(784)	-	-	3,180
Tax expense	-	-	-	-	-	-	78
Profit for the year							721
							539
Segment assets:							
Segment assets	35,763	28,681	82,579	86,974	-	-	118,342
Unallocated assets	-	-	-	-	444	453	444
Total assets							118,786
							116,108
Segment liabilities:							
Segment liabilities	887	863	7,276	7,253	-	-	8,163
Unallocated liabilities	-	-	-	-	19,855	17,945	19,855
Total liabilities							28,018
							26,061

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23 Operating segments (Cont'd)

	Health and Nutrition		Property development		Unallocated		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Other segment information:								
Capital expenditure	(228)	-	(38)	-	-	-	(266)	-
Depreciation of property, plant and equipment	-	-	(17)	(16)	-	-	(17)	(16)
Depreciation of right-of-use assets	-	-	(272)	(272)	-	-	(272)	(272)
Write-down in value of completed properties for sale	-	-	(254)	(914)	-	-	(254)	(914)
Loss on deconsolidation of a subsidiary	-	-	-	-	(118)	-	(118)	-
Write-back of other payables	-	-	42	-	-	-	42	-
Interest income on structured deposits placed and matured during the year	-	7	389	39	-	-	389	46

Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the financial years ended 31 December 2023 and 2022.

Information about major customers

During the financial years ended 31 December 2023, sales to 2 (2022 - 1) customer accounted for more than 10% of the Group's total revenue.

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24 Financial risk management

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance.

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

The carrying amounts of financial assets and financial liabilities at the reporting date by categories are as follows:

The Group	Financial assets at amortised cost RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
31 December 2023			
Financial assets at amortised cost			
Trade receivables (Note 9)	1,588	-	1,588
Other receivables (Note 10) #	20,044	-	20,044
Cash and cash equivalents (Note 13)	38,653	-	38,653
	60,285	-	60,285
Financial liabilities at amortised cost			
Trade payables (Note 16) @	-	1,921	1,921
Other payables (Note 17)	-	20,285	20,285
	-	22,206	22,206
31 December 2022			
Financial assets at amortised cost			
Trade receivables (Note 9)	544	-	544
Other receivables (Note 10) #	48,064	-	48,064
Cash and cash equivalents (Note 13)	10,330	-	10,330
	58,938	-	58,938
Financial liabilities at amortised cost			
Trade payables (Note 16) @	-	2,093	2,093
Other payables (Note 17)	-	18,032	18,032
	-	20,125	20,125

excludes prepayments, advances to suppliers and value added tax recoverable

@ excludes advance payment from customers

The Company	Financial assets at amortised cost RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
31 December 2023			
Financial assets			
Other receivables (Note 10)	133	-	133
Cash and cash equivalents (Note 13)	440	-	440
	573	-	573
Financial liabilities			
Other payables (Note 17)	-	19,319	19,319

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31 December 2023

24 Financial risk management (Cont'd)

The Company	Financial assets at amortised cost RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
31 December 2022			
Financial assets			
Other receivables (Note 10)	100	-	100
Cash and cash equivalents (Note 13)	350	-	350
	450	-	450
Financial liabilities			
Other payables (Note 17)	-	17,274	17,274

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group or the Company to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual growth while minimising losses arising from credit risk exposure. Credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

At the reporting date, the Group reviews the recoverable amount of debtors to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Significant concentrations of credit risk

Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. At the reporting date, five (2022 - one) customers accounted for approximately 65% (2022 - 74%) of trade receivables.

Exposure to credit risk

A summary of the Group's and the Company's exposures to credit risk for trade receivables and other receivables is as follows:

The Group		12-month/ Lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
31 December 2023					
Trade receivables (Note 9)	(1)	Lifetime ECL	2,113	(525)	1,588
Other receivables (Note 10) #	(2)	Lifetime ECL	20,044	-	20,044
31 December 2022					
Trade receivables (Note 9)	(1)	Lifetime ECL	1,069	(525)	544
Other receivables (Note 10) #	(2)	Lifetime ECL	48,064	-	48,064

excludes prepayments, advances to supplier and value added tax recoverable

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31 December 2023

24 Financial risk management (Cont'd)

Credit risk (Cont'd)

Exposure to credit risk (Cont'd)

The Company		<u>12-month/ Lifetime ECL</u>	<u>Gross carrying amount RMB'000</u>	<u>Loss allowance RMB'000</u>	<u>Net carrying amount RMB'000</u>
31 December 2023					
Other receivables (Note 10)	(2)	Lifetime ECL	133	-	133
31 December 2022					
Other receivables (Note 10)	(2)	Lifetime ECL	100	-	100

(1) Trade receivables

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix by reference to historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. At the reporting date, no loss allowance for trade receivables was required.

(2) Other receivables

Loss allowance for other receivables is measured at an amount equal to lifetime expected credit losses ("ECL"), which is consistent with the approach adopted for trade receivables. The ECL on other receivables are estimated by reference to track record of the counterparties, their business and financial conditions where information is available, and knowledge of any events or circumstances impeding recovery of the amounts. At the reporting date, no loss allowance for other receivables was required.

Cash and cash equivalents

The cash and cash equivalents are held with banks of good credit ratings.

Interest rate risk

Interest rate 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 interest rates.

At the reporting date, the Group does not hold any variable rate financial assets and liabilities. Accordingly, no sensitivity analysis is presented.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group entities conduct transactions in their respective functional currencies, and hence are not exposed to significant currency risk.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

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24 Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

The Group	Carrying amount RMB'000	-----Contractual undiscounted cash flows-----			
		Total RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2023					
Trade payables @	1,921	1,921	1,921	-	-
Other payables	20,285	20,285	20,285	-	-
	22,206	22,206	22,206	-	-
As at 31 December 2022					
Trade payables @	2,093	2,093	2,093	-	-
Other payables	18,032	18,032	18,032	-	-
	20,125	20,125	20,125	-	-

The Company	Carrying amount RMB'000	-----Contractual undiscounted cash flows-----			
		Total RMB'000	Less than 1 year RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2023					
Other payables	19,319	19,319	19,319	-	-
As at 31 December 2022					
Other payables	17,274	17,274	17,274	-	-

@ excludes advance payment from customers

25 Fair value measurement

Fair values

Definition of fair value

FRSs define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables (excluding prepayments, advances to suppliers and value added tax recoverable), cash and bank balances, and trade and other payables approximate their fair values because of the short period to maturity.

NOTES TO FINANCIAL STATEMENTS

31 December 2023

26 Capital management

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 stakeholders.

The Group monitors capital based on total equity as presented in the balance sheet.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic and financial market conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2023 and 31 December 2022.

The Group is not subject to any externally imposed capital requirements.

STATISTICS OF SHAREHOLDINGS

As at 18 March 2024

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	0	0.00	0	0.00
100 - 1,000	251	50.50	141,499	0.22
1,001 - 10,000	175	35.21	739,100	1.18
10,001 - 1,000,000	67	13.48	6,412,200	10.22
1,000,001 and above	4	0.81	55,467,200	88.38
TOTAL	497	100.00	62,759,999	100.00

TWENTY-ONE LARGEST SHAREHOLDERS AS AT 18 MARCH 2024

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	SUNTAR INVESTMENT PTE LTD	47,213,600	75.23
2	CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	3,663,600	5.84
3	UOB KAY HIAN PTE LTD	2,576,400	4.11
4	PHILLIP SECURITIES PTE LTD	2,013,600	3.21
5	HONG WANJIN	669,000	1.07
6	CHENG YE	486,400	0.78
7	LIU TIANRONG	400,600	0.64
8	YE JIAHONG	342,000	0.54
9	RAFFLES NOMINEES (PTE) LIMITED	268,400	0.43
10	WAN HUAYIN	268,000	0.43
11	LIAO LIANGDONG	263,200	0.42
12	TANG JIA JING	249,400	0.40
13	HOE JUAN JOK	230,000	0.37
14	CHONG PAULINE	198,800	0.32
15	CHEN YAN FENG	170,000	0.27
16	LIU XINHONG	167,000	0.27
17	SIM LAI HEE	140,000	0.22
18	ZOU XIN	140,000	0.22
19	ZHONG WENDE	138,000	0.22
20	LIN JING	122,000	0.19
21	ZHENG CONGMING	122,000	0.19
	Total:	59,842,000	95.37

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of SUNTAR ECO-CITY LIMITED (the “**Company**”) will be held at 3 Tuas Link 1, Singapore 638584 on Monday, 29 April 2024 at 10:00 a.m., for the following purposes:

AS ORDINARY BUSINESSES

1. To receive and adopt the Directors’ Statement and Audited Financial Statements of the Company and of the Group for the financial year ended 31 December 2023 together with the Auditors’ Report thereon.
(Resolution 1)
2. To re-elect Mr Foong Daw Ching, a Director who is retiring pursuant to Regulation 93 of the Company’s Constitution. [See Explanatory Note (i)]
(Resolution 2)
3. To re-elect Mr Pan Shimo, a Director who is retiring pursuant to Regulation 93 of the Company’s Constitution. [See Explanatory Note (ii)]
(Resolution 3)
4. To approve the payment of Directors’ fees of [SGD54,689.00] for the financial year ended 31 December 2023. (2022: SGD54,956.00)
(Resolution 4)
5. To re-appoint Messrs Foo Kon Tan LLP, Public Accountants and Chartered Accountants, as the Company’s Auditors and to authorise the Directors of the Company to fix their remuneration.
(Resolution 5)
6. To transact any other ordinary business which may properly be transacted at an AGM.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without any modifications:

7. Authority to allot and issue shares of up to fifty per centum (50%) of Company’s total number of issued shares excluding treasury shares and subsidiary holdings.

“That, pursuant to Section 161 of the Companies Act 1967 and Rule 806(2) of the Listing Manual of the SGX-ST”, authority be and is hereby given to the Directors of the Company to: -

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed twenty per centum (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares and subsidiary holdings will not require further shareholder approval, and will not be included in the aforementioned limits.
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares and subsidiary holdings shall be based on the Company's total number of issued Shares excluding treasury shares and subsidiary holdings at the time of the passing of this Resolution, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities or exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraph (2)(i) above is only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Constitution; and
 - (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."
- [See Explanatory Note (iii)]

(Resolution 6)

By Order of the Board

Sharon Lim Siew Choo
Company Secretary

Singapore, 12 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) In view of the new requirements that impose a hard tenure limit for Independent Directors, Mr Foong Daw Ching will be considered as non-independent upon the conclusion of the forthcoming AGM and he will be stepping down as the Lead Independent Director upon the conclusion of the AGM.

Mr Foong Daw Ching will, upon re-election as a Director of the Company, re-designate as the Non-Independent Non-Executive Director, a member of the Audit Committee, the Nominating Committee, and the Remuneration Committee. Mr Foong Daw Ching will not be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Please refer to pages 18 to 20 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.

- (ii) Mr Pan Shimo will, upon re-election as a Director of the Company, appoint as Independent Chairman of the Board and remain as Independent Non-Executive Director, Chairman of Nominating Committee, and Remuneration Committee, member of Audit Committee. Mr Pan Shimo will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST. There are no relationships (including immediate family relationships) between Mr Pan Shimo and the other Directors of the Company, the Company, its related corporations, its substantial shareholders or its officers, which may affect his independence. Please refer to pages 18 to 20 of the Corporate Governance Report in the Annual Report for the detailed information as required pursuant to Rule 720(6) of the Listing Manual of the SGX-ST.
- (iii) Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM of the Company, to issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may issue under this Resolution, up to a number not exceeding, in total, fifty per centum (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings. For issues of shares other than on a pro rata basis to shareholders, the aggregate number of shares to be issued up to twenty per centum (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings. This authority will, unless previously revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

- (1) The AGM of the Company will be held, in a wholly physical format at 3 Tuas Link 1, Singapore 638584 on Monday, 29 April 2024 at 10:00 a.m.. There will be no option for members to participate virtually.
- (2) In view of the guidance note issued by the Singapore Exchange Regulation, members may also submit questions relating to the resolutions to be tabled for approval at the AGM in the following:
- (a) submitting question via mail to the Company's registered office at 3 Tuas Link 1, Singapore 638584, or email to [contactsg@suntar.com] prior to the AGM manner by 10:00 a.m. on 19 April 2024; or
- (b) "live" at the AGM.

When submitting the questions, please provide the Company with the following details, for verification purpose:-

- (i) Full name;
- (ii) NRIC number;
- (iii) current address;
- (iv) contact number; and
- (v) number of Shares held.

Please also indicate the manner in which you hold Shares in the Company (e.g. via CDP, CPF or SRS).

Shareholders are encouraged to submit their questions before 10:00 a.m. on 19 April 2024 as this will allow Company to have sufficient time to address all substantial and relevant submitted questions. The Company will respond to these questions and published it on the (i) SGX's website and (ii) the Company's corporate website on or before 25 April 2024 (forty-eight (48) hours prior to the closing date and time for the lodgement of the proxy forms). The minutes of the AGM will be published on (i) the SGX's website (ii) the Company's corporate website, within one (1) month after the date of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

- (3) A member who is not a Relevant Intermediary*, entitled to attend, speak and vote at the AGM is entitled to appoint not more than two proxies or Chairman to attend, speak and vote in his/her stead at the AGM of the Company. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy in the form of proxy. A proxy need not be a member of the Company.
- (4) A member who is a Relevant Intermediary* may appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Relevant Intermediary has the meaning ascribed to it in section 181 of the Companies Act.

*Relevant Intermediary is either:

- (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or
 - (iii) the Central Provident Fund ("CPF") Board established by the Central Provident Fund Act 1963, in respect of shares purchased on behalf of CPF investors.
- (5) In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
- (6) The instrument appointing a proxy(ies) must be under the hand of the appointor or of their attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
- (7) Investors who hold shares through CPF Investment Scheme or Supplementary Retirement Scheme ("SRS"):-
- (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
 - (b) may appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes

at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on 17 April 2024).

- (8) The instrument appointing a proxy(ies) must be deposited to the Company in the following manner:
- (a) mail to the Company's Share Registrar business office at 9 Raffles Place, Republic Plaza, Tower I, #26-01, Singapore 048619; or
 - (b) email to contactsg@suntar.com.

in each case, by **10:00 a.m. on 27 April 2024**, being no later than 48 hours before the time fixed for the AGM.

- (9) The Company shall be entitled to reject the instrument appointing the proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the proxy or proxies (including any related attachment or supporting documents) (such as in the case where the appointor submits more than one instrument appointing the proxy or proxies).
- (10) In the case of a member whose Shares are entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), the Company may reject any instrument appointing the proxy or proxies lodged if such member, being appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

NOTICE OF ANNUAL GENERAL MEETING

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or (b) submitting any question prior or at the AGM of the Company in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing, administration and analysis by the Company (or its agents) of proxy(ies) and representative(s) appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”);
- (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes;
- (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions;
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities; and
- (v) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

The member's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company's verification and record purposes. Photographic, sound and/or video recordings of the AGM of the Company may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member (such as his name, his presence at the AGM of the Company and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

SUNTAR ECO-CITY LIMITED

Company Registration No. 200613997H
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

- 1. The AGM of the Company will be held, in a wholly physical format at 3 Tuas Link 1, Singapore 638584, on Monday, 29 April 2024 at 10:00 a.m. There will be no option for members to participate virtually.
- 2. For investors who have used their CPF monies to buy the Company's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR THEIR INFORMATION ONLY.
- 3. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- 4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2024.
- 5. A relevant intermediary may appoint more than two proxies to attend the AGM and vote (please see Note 3 for the definition of "relevant intermediary").

PLEASE READ THE NOTES TO THE PROXY FORM

*I/We, _____ (Name), _____ (NRIC/Passport No./Company Registration No.)
of _____ (Address)

being a *member/members of SUNTAR ECO-CITY LIMITED (the "Company") hereby appoint:-

Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%
and/or (delete as appropriate)				
Name	Address	NRIC/Passport Number	Proportion of Shareholdings	
			No. of Shares	%

or failing *him/her/them, Chairman of the Annual General Meeting ("AGM"), as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be convened at 3 Tuas Link 1, Singapore 638584 on Monday, 29 April 2024 at 10:00 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting on the resolutions are given, the *proxy/proxies may vote or abstain from voting at *his/her/their direction and any other matters arising at the AGM and at any adjournment thereof. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as *my/our proxy for that resolution will be treated as invalid.

Note: Please indicate with an "X" or number of votes in the spaces provided whether you wish your vote(s) to be cast for or against or abstain the resolutions as set out in the Notice of AGM. If you mark the abstain box for a particular resolution, you are directing the proxy(ies) or Chairman of the AGM not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

No.	Resolutions relating to:	No. of votes 'For'**	No. of votes 'Against'**	No. of votes 'Abstain'**
Ordinary Business				
1	Adoption of Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2023			
2	Re-election of Mr Foong Daw Ching as a Director of the Company			
3	Re-election of Mr Pan Shimo as a Director of the Company			
4	Approval of Directors' fees for the financial year ended 31 December 2023			
5	Re-appointment of Messrs Foo Kon Tan LLP as Auditors and authority to Directors to fix remuneration			
Special Business				
6	Authority to issue shares			

* Delete where inapplicable.

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of AGM for the full purpose and intent of the Resolutions to be passed.

Dated this _____ day of _____ 2024

Total no. of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	



Signature of Member(s)
and/or Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy(ies) shall be deemed to relate to all the Shares held by you.
2. A member of the Company (other than a Relevant Intermediary*) entitled to attend, speak and vote at a meeting of the Company is entitled to appoint not more than two proxies. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument. A proxy need not be a member of the Company.
3. Pursuant to Section 181 of the Companies Act 1967, any member who is a Relevant Intermediary* is entitled to appoint more than two proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two proxies, the appointments shall be invalid unless the member specifies the number of Shares in relation to which each proxy has been appointed.

*Relevant Intermediary is either:

- (i) a banking corporation licensed under the Banking Act 1970 or its wholly-owned subsidiary which provides nominee services and holds shares in that capacity;
 - (ii) a capital markets services license holder which provides custodial services for securities under the Securities and Futures Act 2001 and holds shares in that capacity; or
 - (iii) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1963, in respect of shares purchased on behalf of CPF investors.
4. The instrument appointing a proxy(ies) must be deposited at the Share Registrar business office at 9 Raffles Place, 26-01 Republic Plaza, Singapore 048619 by mail or to contactsg@suntar.com by email, in either case, by 10:00 a.m. on 27 April 2024 being not less than forty-eight (48) hours before the time appointed for holding the Meeting.
 5. The instrument appointing a proxy(ies) must be under the hand of the appointor or of their attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy(ies) as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
 6. A corporation which is a member may authorize by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, 1967.
 7. Investors who hold Shares through Relevant Intermediaries, including under the Central Provident Fund Investment Scheme ("**CPF Investor**") or the Supplementary Retirement Scheme ("**SRS Investor**"), (a) may vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes, at least seven (7) working days before the AGM (i.e. by 10:00 a.m. on 17 April 2024).
 8. The Company shall be entitled to reject an instrument appointing a proxy(ies) which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument appointing a proxy(ies).
 9. In the case of members whose shares entered against their names in the Depository Register, the Company may reject an instrument appointing a proxy(ies) if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies), the member of the Company is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of the Meeting dated 12 April 2024.