Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Starland Holdings Limited

Stock code: 5UA

Meeting details:
Date: 5 June 2020
Time: 10.30 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with better clarity on the following operational/strategic matters? Specifically:

(i) **Chinese development properties: How is the group marketing the remaining units of 18 residential units and 23 commercial units in Singapore Garden? What is the profile of the past buyers? Given that the project was completed in August 2015, what are management's pro-active plans to find buyers for these units to de-risk the group and to monetise the completed units?**

(ii) **Car park lots: Can management help shareholders understand the carrying value of the carpark lots in the two projects? Would potential buyers of the carpark lots come from the limited pool of residents in the project? As such, is it possible that there is an over-supply of carpark lots?**

(iii) **Fuling land:** On 27 March 2019, the company announced that the Fuling District local authority had issued a repossession notice to the group to acquire the 25,560 sqm land. The group currently has plans to develop it into a residential project. **Has management carried out a valuation of the land?** The carrying value of the land is RM8.6 million.

Q2. In February 2020, the group made an acquisition of a 51% interest in Luminor Capital (Malaysia) Sdn. Bhd. via the exercise of the option for the convertible loan agreement ("CLA") to expand its business activities to include financial solution businesses.

It was further stated that option price has been reduced from RM4.0 million as originally set out in the CLA to RM1.96 million (approximately S$653,344) following further negotiations between the parties.

(i) **Can the independent directors help shareholders understand the basis of the valuation?** It appears that the option price was arbitrarily reduced from RM 4 million to RM1.96 million. As disclosed, Luminor Malaysia incurred a loss after tax of RM(655,462) and had a net tangible asset of RM230,151 as at 31 December 2019.

In addition, the deemed interest held by both Mr Kwan Chee Seng ("KCS") and his daughter (through Luminor Capital Pte Ltd ("LCPL")) in Luminor Malaysia is 19.99%.

This is below the 20% threshold which would make Luminor Malaysia is an associate of KCS. Accordingly, the company considers Luminor Malaysia not an interested person under Chapter 9 of the Catalist Rules. Therefore, the exercise of the option to convert part of the convertible loan to 51% equity interest in Luminor Malaysia does not constitute an Interested Person Transaction.

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(ii) **Can the independent directors elaborate further on the roles they played in the decision to convert and in the negotiation of the conversion price? Specifically, did they consider that this transaction could be regarded as an interest person transaction as it might appear that the 19.99% holdings by LCPL was kept below 20% since that would be the threshold making the transaction an interested person transaction?**

(iii) **What was the role played by Mr Kwan Chee Seng in the company's deliberation to exercise the CLA option and in the price negotiation?**

(iv) **What was the view of the sponsor in whether the transaction could be considered as an interested person transaction?**

Q3. The independent auditor has given a qualified opinion in the Report on the audit of the financial statements for the financial year ended 31 December 2019.

The basis for the qualified opinion was as follows:

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

The audit committee comprises Mr Foong Daw Ching (chairman), Mr Tan Chade Phang and Mr Lim See Yong. In particular, Mr Foong is an experienced audit partner as it was stated that 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.

(i) **Can the audit committee help shareholders understand the audit evidence required by the independent auditors? Why was the group unable to provide the independent auditors with the appropriate and sufficient audit evidence?**

(ii) In the company's announcement dated 15 April 2020, the company has stated that it had obtained a legal opinion from "a firm of PRC legal counsel" to confirm that such transfers did not contravene any PRC laws or regulations. **Can the company explain why a legal opinion was sought?**

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(iii) **How familiar is management with the PRC's capital outflow control laws and regulations?**

(iv) **Would the company post the legal opinion on SGXNet? Please also identify the PRC legal counsel.**

(v) **Did the company provide the independent auditor with the legal opinion? If so, why was it not accepted by the independent auditors?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)