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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

Issuer: Suntar Eco-City Limited

Stock code: BKZ

Meeting details:

Date: 29 Apr 2024

Time: 10.00 a.m.

Venue: 3 Tuas Link 1, Singapore 638584

Q1. Since its listing on SGX in 2007, the company has transitioned from its pharmaceutical ingredients products business to focus on eco-tourism and real estate development and management. Presently, the company operates in two divisions: the property development segment and the health and nutrition segment.

In FY 2023, the group's revenue increased by RMB 19.63 million to RMB 35.42 million, primarily attributed to the Health and Nutrition segment, which contributed RMB 34.27 million. This growth was complemented by the steady expansion of the bottled water business and the increasing revenue from the health supplements segment, driven by the deepening of channels and product diversification efforts.

- (i) **Can management provide an overview of the group's health and nutrition business? What are the brands and the major products, such as nano purified water and nutrition products? Please also include details about the business model, the value proposition and the current scale of the business.**
- (ii) **What are the URLs to the brands' website(s), social media pages, ecommerce storefronts, and any mobile application?**
- (iii) **Would the board consider including these details in future annual report?**
- (iv) **What are the profiles of the two major customers, each contributing more than 10% of the group's total revenue? What was the total amount generated from the two major customers in 2023?**
- (v) **Is the group fully dependent on North China Pharmaceutical Hebei Huawei Health Industry Co., Ltd for the supply of its products? What was the contribution by Fujian Liangye?**
- (vi) **Has management developed its expansion plans to bring its products to Southeast Asia and other markets?**

Q2. In the property development segment, the group generated RMB 1.15 million from sales of the Lanjun County residential project. The carrying value of “Completed properties for sale” amounted to RMB9.5 million as at 31 December 2023 (Note 11 Completed properties for sale; page 71).

- (i) **How many units of the 四季花园 project remain unsold as at the end of the reporting period?**
- (ii) **What are the current trends in property prices in 龙岩市 (Longyan City)?**
- (iii) **Can management help shareholders better understand the current sentiments among buyers in the cities where the group operates? How strong are these sentiments and why does the group expect a “favourable homebuyer response” despite media reports indicating ongoing and prolonged market weakness in China?**
- (iv) **In addition, can management clarify whether the RMB1.15 million of sales recognised in the 2023 consolidated financial statements originated from the Lanjun County residential project? Is that the same project as the “Lanjun Jiangnan” project launched by the group’s indirect associate, Wuping Hailan Real Estate Development Co., Ltd.?**

Q3. On 11 January 2023, Singapore Exchange Regulation (SGX RegCo) announced that it will limit the tenure of independent directors (IDs) serving on the boards of listed issuers to nine years¹. This stemmed from recommendations by the Corporate Governance Advisory Committee (CGAC). There was broad market support for this change during the public consultation carried out by SGX RegCo.

Mr Foong Daw Ching, having served on the board since 19 June 2007, will step down as independent director at the conclusion of the forthcoming annual general meeting as he will no longer be deemed independent.

Mr Tan Boon Gin, CEO of SGX RegCo, also noted that the limit on tenure of IDs provides an opportunity for companies to inject new skills, experience and knowledge into their boards, all of which will be invaluable in guiding the business for the long term.

- (i) **Has the nominating committee (NC) reviewed the current competency matrix of the board and identified any gaps in skills or competencies that need to be addressed in future director appointments?**

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. Mr Hu Yu Gan will be also appointed as the chairman of the audit committee, and member of NC and remuneration committee respectively.

- (ii) **Having already identified the new director, what are the reasons for the delayed appointment of Mr Hu Yu Gan to until after the AGM? Is it considered good practice to defer a director's appointment and re-election to the next AGM when the decision to appoint him has been made before this year's AGM?**
- (iii) **Is the NC appointing a second (or more) ID to the board to ensure compliance with Provision 2.2 of the Code of Corporate Governance 2018 which stipulates that independent directors must constitute a majority of the board where the chairman is not independent?**
- (iv) **Alternatively, has the NC evaluated the benefits of appointing an independent chairman to lead the board?**

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

¹ <https://www.sgxgroup.com/media-centre/20230111-sgx-regco-caps-independent-directors-tenure-enhances-remuneration>



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