



LUMINOR
FINANCIAL
THE FUTURE GLOWS

ANNUAL REPORT 2021

TRANSFORMED
FOR IMPACT

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	PROXY FORM

The Directors (including any person who may have been delegated detailed supervision of this Annual Report) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Annual Report are fair and accurate and that no material facts have been omitted from this Annual Report which might cause this Annual Report to be misleading in any material respect, and they jointly and severally accept responsibility accordingly.

This Annual Report has been prepared by Luminor Financial Holdings Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

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

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

CORPORATE **PROFILE**

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

The Company has two core businesses:

1. Financial Solutions
2. Property Development

OUR **BUSINESSES**

1. FINANCIAL SOLUTIONS

Following a shareholders’ vote to approve diversification into the financial solutions business, the Group presently focuses on developing and expanding this segment. The Group aims to provide innovative financing solutions to SMEs across the region. Our offerings include:



FACTORING

A healthy cashflow is critical to sustainability and growth of every business. Our factoring solution lets businesses monetise its receivables and receive cash upfront (versus a typical collection period of three months), allowing them to increase the amount of working capital available and direct resources towards business operations, financial planning, and future growth.



SUPPLY CHAIN FINANCING

Corporates consistently need to manage working capital against their cash conversion cycle. We offer trade finance solutions through accounts receivable purchase with credit protection. This allows clients to free up valuable cash stuck in the supply chain by offering clients a line of credit while mitigating buyer credit risks.



CORPORATE ADVISORY

We provide comprehensive financial advice and execution expertise, encompassing mergers, acquisitions, divestitures, capital raising, project finance, privatisations and Public Private Partnership services to corporates.

OUR BUSINESSES

2. COMPLETED PROPERTY DEVELOPMENT

The Group first started out as a Singaporean-owned and managed property developer for quality integrated residential commercial properties in the People's Republic of China ("PRC") and Singapore. Our projects are as follows:

SINGAPORE GARDEN 新加坡花苑



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

UNIVERSITY TOWN 学府新城



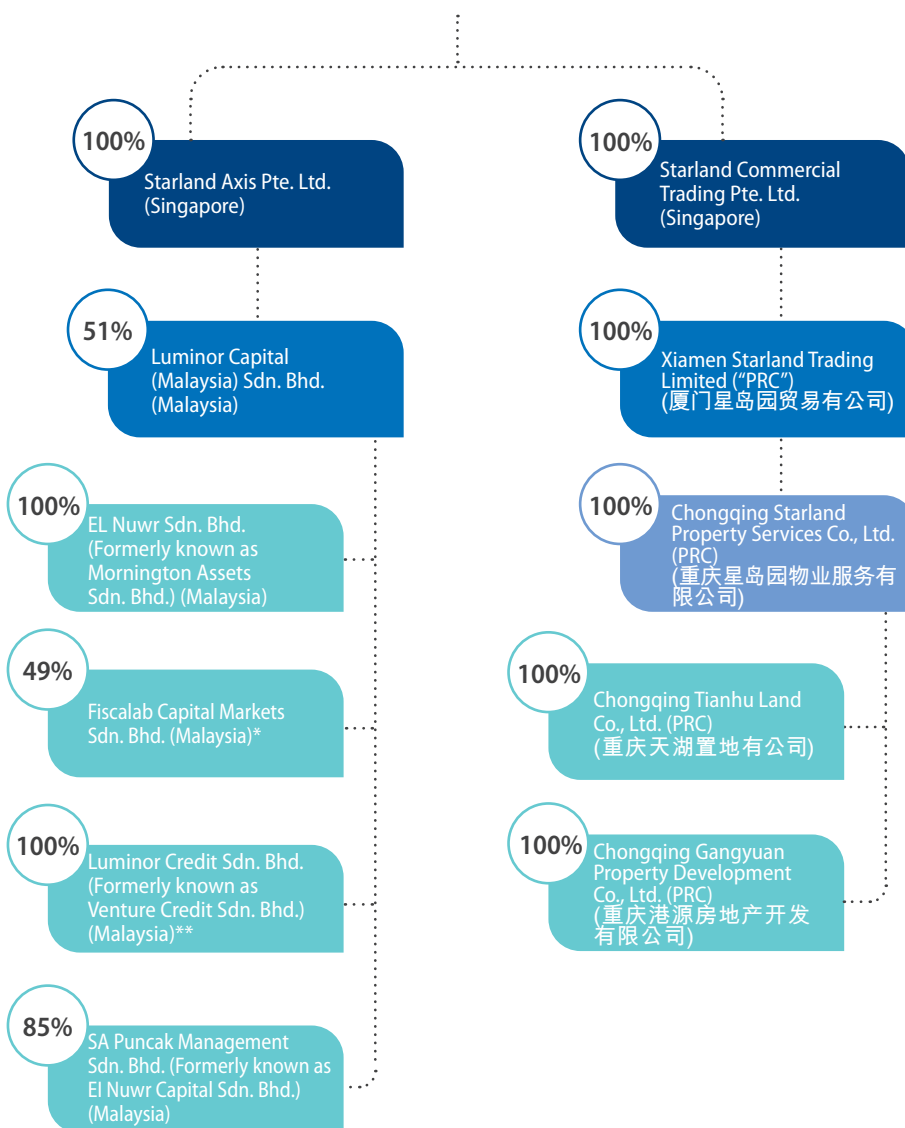
PERCENTAGE INTEREST	100%
LOCATION	89 Julong Avenue, Lidu, Fuling District, Chongqing
EXISTING USE	Residential and Commercial
TARGET MARKET	Mass
LAND TENURE	Leasehold
SITE AREA (SQ M)	19,330
TOTAL GFA (SQ M)	43,284
STAGE OF COMPLETION	Completed
DATE OF COMPLETION	April 2011

OUR **BUSINESSES**

JALAN NIPAH



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

CORPORATE **STRUCTURE****LUMINOR FINANCIAL HOLDINGS LIMITED
(SINGAPORE)**

* Fiscalab Capital Markets Sdn. Bhd. is an associate of the Group.

** On 1 October 2021, Luminor Credit Sdn. Bhd. is a wholly-owned subsidiary of Luminor Capital (Malaysia) Sdn. Bhd. (Malaysia) and is a 51% owned subsidiary of the Group

OUR MILESTONES

2011

APRIL

Successfully completed our first property development, the University Town Project with a development value of approximately RMB257.7 million

OCTOBER

Incorporation of Luminor Financial Holdings Limited, formerly known as Starland Holdings Limited

2015

AUGUST

Successfully completed our second integrated residential and commercial property development, the Singapore Garden Project, comprising residential and commercial units with a GFA of approximately 92,390 & 4,250 square metres respectively.

2019

OCTOBER

Shareholders' approval of diversification into Financial Solutions Business.

2020

FEBRUARY

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

2012

APRIL

Admission of 144,733,000 ordinary shares to the Official List of SGX-Catalist Board

2016

JANUARY

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

2013

JANUARY

Incorporated Starland Axis Pte. Ltd.

Incorporated Starland Commercial Trading Pte. Ltd.

Launched our second property development project Singapore Garden

2018

JUNE

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

2021

DECEMBER

Shareholders' approval of the distribution of the shares of LFHL to the shareholders of the GRP Limited, former ultimate holding company via a distribution in specie.

Pursuant to the distribution in specie of shares, GRP Limited and GRP Chongqing Land Pte. Ltd. ceased to be the ultimate holding company and immediate holding company of the LFHL respectively.

CHAIRMAN'S MESSAGE



DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Luminor Financial Holdings Limited (the "Company" and together with its subsidiaries, the "Group"), I am pleased to present to you the Annual Report of the Group for the financial year ended 31 December 2021 ("FY2021").

It has been almost two years since the start of the COVID-19 pandemic, which drastically changed how we live and work. The pandemic brought about much uncertainty and impacted businesses significantly. Nonetheless, we remain cautiously optimistic that the worst appears to be over.

Despite the challenging operating environment, I am pleased to share that the Group achieved satisfactory results at the operating level. For FY2021, the Group reported a net loss after tax of RMB3.3 million, compared to a net loss after tax of RMB5.0 million for the financial year ended 31 December 2020 ("FY2020"). This was due largely to a one-off penalty of RMB6.8 million. Net loss after tax of the Group narrowed, despite a decline in revenue from RMB37.4 million to RMB27.1 million. In addition, our financial position remains strong, with gearing of 0.122 and cash and cash equivalents of RMB62.5 million.

REVIEW OF OPERATIONS

Revenue for FY2021 was RMB27.1 million, RMB10.3 million lower than the revenue of RMB37.4 million in FY2020. This was due to lower sales for the property business (RMB4.6 million in FY2021 vs RMB35.0 million in FY2020) as the Company has reached the tail end of its projects with only 9 residential units, 23 commercial units and 27 carpark spaces left for the Singapore Garden project, 2 commercial units and 32 carpark spaces left for the University Town project as at 31 December 2021. The decline in revenue from the property business was offset by the growth of the financial solutions business, with revenue for the financial solutions business rising from RMB2.4 million in FY2020 to RMB22.5 million in FY2021.

There has been a significant change in the composition of revenue (shown in Figure 1 on Page 7 of this Annual Report), with the financial solutions business contributing to 83.2% of total revenue during FY2021 compared to only 6.4% for FY2020. This shift in composition is in line with the Group's long-term goal of switching from the property business to the financial solutions business. It is important to note that net loss after tax of the Group narrowed, despite the significant decline in revenue by RMB10.3 million, demonstrating the profitability of the financial solutions business and supports our decision to shift towards the financial solutions business.

CHAIRMAN'S MESSAGE

Figure 1: Composition of Revenue



In FY2021, the Company accepted an offer of RMB42,940,100 from Fuling District local authority as compensation for the repossession of land the Company held as land bank. As at 31 December 2021, the Group had development properties of RMB8.2 million pertaining to the carrying value of this land.

On 19 June 2020, the Group became aware that Bank of China and Industrial and Commercial Bank of China, had frozen the bank accounts of two of our wholly owned subsidiaries in the PRC ("**PRC Subsidiaries**"). The affected bank accounts were "unfrozen" as announced on 24 November 2020, and the PRC Subsidiaries resumed use of the funds in the affected bank accounts in our normal business operations since then. On 15 November 2021, the Group received Notices of Administrative Penalty ("**Notices**") from the State Administration of Foreign Exchange Hanzhong City Central Branch ("**SAFE**"). The Company accepted the Notices and the imposed penalty amounting to RMB6.8 million and such amount was paid to SAFE on 3 December 2021. The matter is now closed.

LOOKING AHEAD

Going forward, the Group plans to continue to grow its financial solutions business, where we see opportunities to serve the underserved SME lending and consumer loan markets. The Group will continue to sell the remaining units of the Singapore Garden and University Town projects.

IN APPRECIATION

On behalf of the Board of Directors of Luminor Financial Holdings Limited, I would like to take this opportunity to thank all our business associates and shareholders for their continued support.

To the management team and all our staff, we appreciate your hard work and dedication. It has been very challenging and we are very glad to have made it through.

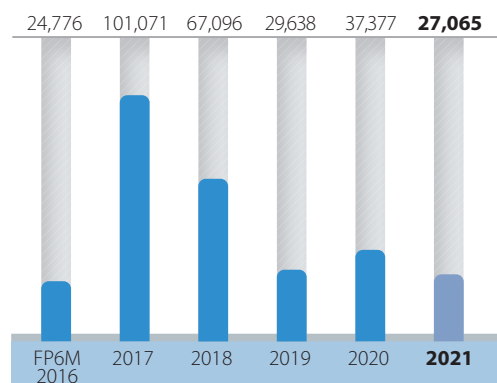
For and on behalf of the Board of Directors

MR. FOONG DAW CHING

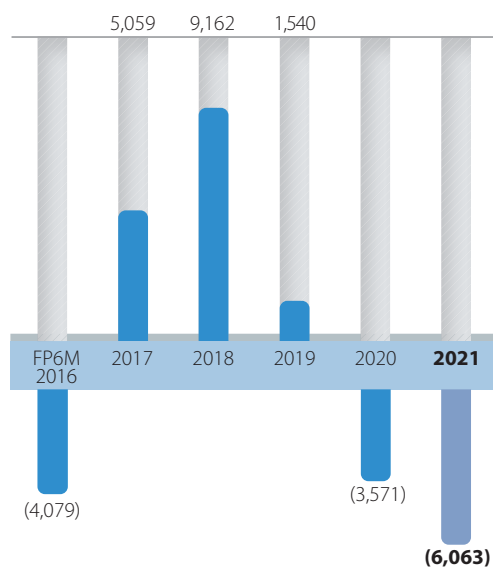
Non-Executive Independent Chairman
Luminor Financial Holdings Limited

FINANCIAL HIGHLIGHTS

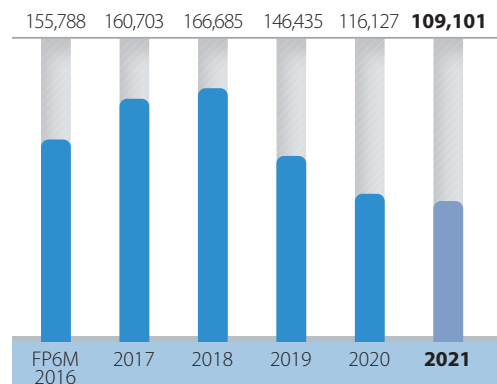
REVENUE (RMB'000)



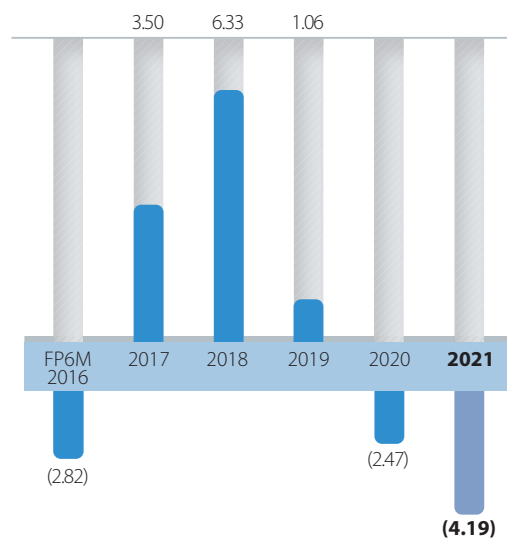
NET (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RMB'000)



SHAREHOLDERS' EQUITY (RMB'000)



(LOSS)/EARNINGS PER SHARE (RMB CENTS)



OPERATING AND FINANCIAL REVIEW

REVENUE

Our revenue is derived from the sale of properties, rental income from leasing of our properties in the PRC, interest income and fees from loans and invoice factoring services provided in Malaysia by Luminor Capital (Malaysia) Sdn. Bhd. and its subsidiaries ("Luminor Malaysia"). Overall revenue for FY2021 was RMB27.1 million compared to RMB37.4 million for FY2020. Revenue from the financial solutions business increased significantly from RMB2.4 million in FY2020 to RMB22.5 million in FY2021, reflecting the growth of the financial solutions business. The decline in revenue was largely due to lower sales for the property business given that the Company has reached the tail end of its projects with only 9 residential units, 23 commercial units and 27 carpark spaces left for the Singapore Garden project, 2 commercial units and 32 carpark spaces left for the University Town project as at 31 December 2021. A breakdown of the revenue can be seen from the table below:

	FY2021		FY2020	
	RMB'000	% of Total Revenue	RMB'000	% of Total Revenue
Sales of properties	3,442	12.7%	33,755	90.3%
Rental income	1,110	4.1%	1,245	3.3%
Interest income and fees from loans and invoice factoring	22,513	83.2%	2,377	6.4%
	27,065		37,377	

COST OF SALES AND GROSS PROFIT

Gross profit increased from RMB8.2 million in FY2020 to RMB24.8 million in FY2021. Gross profit margins also increased from 22.0% in FY2020 to 91.7% in FY2021 due to lower cost of sales. Cost of sales for the property business mainly comprises costs incurred directly for our property development activities. It is determined by apportionment of the total land costs and development costs during the development period with such apportionment based on the Gross Floor Area ("GFA") of which the properties have been successfully delivered to the customers. Cost of sales for Luminor Malaysia mainly comprises commission paid to sales staff. A summary of the gross profit margin can be seen from the table below:

	Property Businesses		Financial Solutions		Group	
	FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000	FY2021 RMB'000	FY2020 RMB'000
Revenue	4,552	35,000	22,513	2,377	27,065	37,377
Gross profit	3,235	5,866	21,583	2,342	24,818	8,208
Profit Margin	71.1%	16.8%	95.9%	98.5%	91.7%	22.0%

OPERATING AND **FINANCIAL REVIEW**

EXPENSES

Two major components of the Group's expenses are administrative expenses and other expenses.

1. Administrative Expenses

Administrative expenses comprise mainly staff costs, depreciation, management fee payable to former ultimate holding company, travelling and transport, professional expenses and value added taxes ("VAT") payable to the PRC tax authority.

Administrative expenses increased by RMB4.8 million in FY2021. This was mainly due to additional staff costs incurred by the financial solutions business (headcount increased from 13 in FY2020 to 33 in FY2021) and depreciation incurred by Luminor Malaysia during FY2021.

2. Other Expenses

Other expenses of RMB7.6 million in FY2021 was due to an impairment charge of RMB0.8 million on investment in associates and non-recurring penalty amount of RMB6.8 million for the funds transferred from PRC bank accounts to Singapore in FY2019 arising from the property business in the PRC. The other expenses of RMB2.1 million in FY2020 was due to non-cash impairment charge on goodwill arising from the acquisition of Luminor Malaysia.

NET LOSS AFTER TAX

For FY2021, the Group recorded a loss after tax of RMB3.3 million compared to a loss after tax of RMB5.0 million in FY2020. This was largely due to a one-off penalty of RMB6.8 million. Despite a decline in revenue by RMB10 million and an increase in administrative expenses due to additional staff costs incurred. This demonstrates higher profitability for the financial solutions business.

BOARD OF DIRECTORS



MR FOONG DAW CHING

*Non-Executive
Independent Chairman*

MR FOONG DAW CHING is our **Non-Executive Independent Chairman** and was appointed to the Board of our Company on 26 March 2012. Mr Foong is the chairman of the Board of Directors. He has more than 30 years of audit experience and was the managing partner of Baker Tilly TFW LLP and the Regional Chairman of Baker Tilly International Asia Pacific Region. He 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 Suntar Eco-city Limited. All these companies are listed on the SGX-ST. He was awarded the Merit Service Award by the Institute of Certified Public Accountants of Singapore in 2000, and a Public Service Medal (Pingat Bakti Masyarakat) by the President of Singapore in 2003.

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



MR KWAN CHEE SENG

Non-Executive Director

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

In 2009, Mr Kwan began his Fund management business with Luminor Capital Pte Ltd, a manager of private equity funds, as a founding director. Thus, he brings to the Board an unique set of skills with a M&A angle.

BOARD OF DIRECTORS



MS KWAN YU WEN
Executive Director

MS KWAN YU WEN is our **Executive Director** and was appointed to the Board of our Company on 21 December 2020. She is also a Non-Executive Director of GRP Limited, the Company's former ultimate holding company.

She was the Assistant Director, Operations and Business Development of Luminor Capital Pte Ltd from January 2017 to February 2019.

Ms Kwan graduated from the Singapore Management University with a Bachelor of Science (Economics) degree in 2015.

Ms Kwan is the daughter of Mr Kwan Chee Seng, Non-Executive Director of our company, Executive Director and substantial shareholder of GRP Limited, the Company's former ultimate holding company.



MR TAN CHADE PHANG
Independent Director

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

Mr Tan is an Independent Director of OUE Lippo Healthcare Limited (formerly known as International Healthway Corporation Ltd) and REVEZ Corporation Ltd. He was also appointed as an Independent Director of Y Ventures Group Ltd in 2021.

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



MR LIM SEE YONG
Independent Director

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

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

KEY MANAGEMENT

MR KELVIN KWAN CHEE HONG

General Manager, Property

MR KELVIN KWAN CHEE HONG was appointed as **General Manager** of our Company on 18 February 2016. Prior to joining our Company, he was the General Manager of the Property Division of GRP Limited the Company's former ultimate holding company. Mr Kwan was the Investment Director of Van der Horst Holdings Pte Ltd in 2013. He was the Assistant General Manager of GKE International Ltd

from 2008 to 2012. He has more than 30 years of manufacturing and sales experience.

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

Note: Mr Kwan ceased to be the General Manager of the Company as of 1 April 2022.

MS ANNIE XIONG YING

Finance Manager

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

Ms Xiong has more than 10 years of experience in the field of accountancy.

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

MR LUO DENG XIAO

Deputy General Manager, Property

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

July 1983 to March 1992, where he was in charge of its production plans and supervised the production departments.

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

MR PAUL OW PENG YONG

Chairman and Executive Director, Financial Solutions Business ("FSB")

MR PAUL OW PENG YONG was appointed as **Chairman and Executive Director** of Luminor Malaysia in February 2019 and is one of the founders of the company. He was previously the chairman of Macquarie Capital Securities Malaysia and an

executive director of the Macquarie Bank Group Australia.

Mr Ow holds a degree in Economics from University of Western Australia.

KEY MANAGEMENT

MR WISUN SOON

Chief Executive Officer and Executive Director, FSB

MR WISUN SOON was appointed as [Chief Executive Officer and Executive Director](#) of Luminor Malaysia in February 2019 and is one of the founders of the company. He was previously Head of Corporate Finance of KAF Investment Bank Malaysia.

Mr Soon holds a degree in Finance and Economics from the University of Technology Sydney Australia.

MR LIM AIK TEONG (RICHARD)

Chief Operating Officer and Executive Director, FSB

MR LIM AIK TEONG (RICHARD) was appointed as [Chief Operating Officer and Executive Director](#) of Luminor Malaysia in February 2019 and is one of the founders of the company. He was previously with KAF Investment Bank Malaysia.

Mr Lim holds a degree in Finance and Information Technology from the University of Technology Sydney Australia.

MS LOH YOOK MUN (IVANNA)

Chief Executive Officer, SA Puncak Management Sdn Bhd and Executive Director, FSB

MS LOH YOOK MUN (IVANNA) was appointed as [Chief Executive Officer](#) of SA Puncak Management Sdn Bhd in 2021 and is one of the founders of the company. She was previously overseeing the client coverage, deal analysis and execution for debt and equity capital market related deals at Well-Cept

Equity Partners Sdn. Bhd.. Her former employers include a Big-4 audit firm in Malaysia.

Ms. Loh holds a degree in Applied Accounting and is a member of the Association of Chartered Certified Accountants.

CORPORATE INFORMATION

FULL NAME OF COMPANY

Luminor Financial Holdings Limited

(Formerly Known As: Starland Holdings Limited)

(Company registration number: 201131382E)

BOARD OF DIRECTORS

Foong Daw Ching

(Non-Executive Independent Chairman)

Kwan Chee Seng

(Non-Executive Director)

Kwan Yu Wen

(Executive Director)

Tan Chade Phang

(Independent Director)

Lim See Yong

(Independent Director)

COMPANY SECRETARY

Belinda Low Chou Yen

REGISTERED OFFICE

30 Cecil Street

#10-01 / 02

Prudential Tower

Singapore 049712

TEL: (65) 6865 9960

FAX: (65) 6536 0688

SHARE REGISTRAR &

SHARE TRANSFER OFFICE

Tricor Barbinder Share Registration Services

80 Robinson Road #02-00

Singapore 068898

CATALIST SPONSOR

UOB Kay Hian Private Limited

8 Anthony Road #01-01

Singapore 229957

INDEPENDENT AUDITOR

Baker Tilly TFW LLP

Public Accountants and Chartered Accountants, Singapore

600 North Bridge Road

#05-01 Parkview Square

Singapore 188778

Partner-in-charge:

Lee Chee Sum Gilbert

(Appointed since financial year ended

31 December 2021)

PRINCIPAL BANKERS

United Overseas Bank

大华银行

OCBC Bank

华侨银行

Bank of China

中国银行

REPORT ON CORPORATE GOVERNANCE

DISCLOSURE TABLE FOR ANNUAL REPORT IN COMPLIANCE TO THE CODE OF CORPORATE GOVERNANCE 2018 AND CATALIST RULES

The Board of Directors (the “**Board**”) of Luminor Financial Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) is committed to maintaining high standards of corporate governance and places importance on its corporate governance processes and systems so as to ensure greater transparency, accountability and maximisation of long-term shareholder value.

This corporate governance report, set out in tabular form, outlines the Company’s corporate governance structures and practices that were in place during the financial year ended 31 December 2021 (“**FY2021**”), with specific reference made to the principles and provision of the Code of Corporate Governance 2018 (the “**Code**”).

I. BOARD MATTERS

The Board’s Conduct of Affairs

Principle 1: The Company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the Company.

1.1

Principal Duties of the Board

Currently, the Board has 5 members and comprises the following:

Table 1.1 – Composition of the Board	
Name of Director	Designation
Mr Foong Daw Ching	Non-Executive Independent Chairman
Ms Kwan Yu Wen	Executive Director
Mr Kwan Chee Seng	Non-Executive Director
Mr Tan Chade Phang	Independent Director
Mr Lim See Yong	Independent Director

The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. In addition to its statutory duties, the Board’s principle functions are:

- review and advise on overall strategic plans, key operational initiatives, performance of management of the Company; and
- to assume responsibility for overall corporate governance of the Group and to ensure that the Group’s strategies are in the interests of the Group.

Independent Judgement

All Directors exercise due diligence and independent judgement in dealing with the business affairs of the Group and are obliged to act in good faith and to make objective decisions in the interest of the Group.

REPORT ON **CORPORATE GOVERNANCE**

	Conflict of interest	Each Director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively make decisions in the interest of the Company. Any Director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict.						
1.2	Directors' Orientation and Training	<p>The Company ensures that incoming new Directors are given guidance and orientation program to get them familiarised with the Group's businesses, organisation structure, corporate strategies and policies and corporate governance practices upon their appointment and to facilitate the effective discharge of their duties.</p> <p>For new Directors who do not have prior experience as a Director of a public listed company in Singapore, they will have to undergo training programme, particularly courses conducted by the Singapore Institute of Directors ("SID"), to develop the requisite individual skills, such as knowledge on the Companies Act 1967 and the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.</p> <p>They will be given training appropriate to the level of their previous experience and will be provided with extensive background information about the Group's history and core values, its strategic direction and corporate governance practices as well as industry-specific knowledge. The Directors will also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations.</p> <p>Trainings and/or seminars attended by the Directors during FY2021 are listed below:</p> <table><tr><th>Name of Directors</th><th>Title of Trainings/Seminars</th></tr><tr><td>Ms Kwan Yu Wen</td><td>LED1 – Listed Entity Director Essentials LED2 – Board Dynamics LED3 – Board Performance LED4 – Stakeholder Engagement</td></tr><tr><td>Mr Foong Daw Ching</td><td>SGX Regulatory Symposium 2021 ACRA-SGX-SID Audit Committee Seminar 2021</td></tr></table> <p>A formal letter of appointment is provided to every new Director, setting out his/her duties and obligations.</p> <p>All Directors are updated regularly on key accounting and regulatory changes. Where necessary, the Company will arrange for presentations by external professionals, consultants and advisers on topics that would have an impact on the regulations, accounting standards and the implications of certain regulatory changes that may affect the Group and responsibilities of the Directors.</p>	Name of Directors	Title of Trainings/Seminars	Ms Kwan Yu Wen	LED1 – Listed Entity Director Essentials LED2 – Board Dynamics LED3 – Board Performance LED4 – Stakeholder Engagement	Mr Foong Daw Ching	SGX Regulatory Symposium 2021 ACRA-SGX-SID Audit Committee Seminar 2021
Name of Directors	Title of Trainings/Seminars							
Ms Kwan Yu Wen	LED1 – Listed Entity Director Essentials LED2 – Board Dynamics LED3 – Board Performance LED4 – Stakeholder Engagement							
Mr Foong Daw Ching	SGX Regulatory Symposium 2021 ACRA-SGX-SID Audit Committee Seminar 2021							

REPORT ON **CORPORATE GOVERNANCE**

1.3	Board Approval	<p>Matters that require the Board’s approval include the following:</p> <ul style="list-style-type: none">• strategic direction of the Group;• business practices and risk management of the Group;• annual budgets, major funding proposals, investment and divestment of proposals;• the Group’s internal control, financial performance, compliance practices and resources allocation;• material acquisitions and disposal of assets;• convening of shareholders’ meetings;• corporate or financial restructuring;• share issuance, dividends and other returns to shareholders; and• interested person transaction.																														
1.4	Delegation by the Board	<p>Board committees, namely the Audit Committee (the “AC”), the Nominating Committee (the “NC”), the Remuneration Committee (the “RC”), the Risk Management Committee (the “RMC”) (collectively the “Board Committees”) have been constituted to assist the Board in the discharge of its responsibilities. The duties, authorities and responsibilities of each committee are set out in their respective terms of reference.</p> <table><tr><th colspan="5">Table 1.4 – The compositions of the Board Committees</th></tr><tr><th></th><th>AC</th><th>NC</th><th>RC</th><th>RMC</th></tr><tr><td>Chairman</td><td>Foong Daw Ching</td><td>Tan Chade Phang</td><td>Tan Chade Phang</td><td>Lim See Yong</td></tr><tr><td>Member</td><td>Tan Chade Phang</td><td>Foong Daw Ching</td><td>Foong Daw Ching</td><td>Foong Daw Ching</td></tr><tr><td>Member</td><td>Lim See Yong</td><td>Lim See Yong</td><td>Lim See Yong</td><td>Tan Chade Phang</td></tr><tr><td>Member</td><td>–</td><td>Kwan Chee Seng</td><td>–</td><td>–</td></tr></table>	Table 1.4 – The compositions of the Board Committees						AC	NC	RC	RMC	Chairman	Foong Daw Ching	Tan Chade Phang	Tan Chade Phang	Lim See Yong	Member	Tan Chade Phang	Foong Daw Ching	Foong Daw Ching	Foong Daw Ching	Member	Lim See Yong	Lim See Yong	Lim See Yong	Tan Chade Phang	Member	–	Kwan Chee Seng	–	–
Table 1.4 – The compositions of the Board Committees																																
	AC	NC	RC	RMC																												
Chairman	Foong Daw Ching	Tan Chade Phang	Tan Chade Phang	Lim See Yong																												
Member	Tan Chade Phang	Foong Daw Ching	Foong Daw Ching	Foong Daw Ching																												
Member	Lim See Yong	Lim See Yong	Lim See Yong	Tan Chade Phang																												
Member	–	Kwan Chee Seng	–	–																												

REPORT ON **CORPORATE GOVERNANCE**

1.5	Board Meetings and Attendance	<p>The Board meets at least twice yearly and additional meetings for particular matters are convened as and when they are deemed necessary. In FY2021, the number of Board and Board Committee meetings held and the attendance of each Board member is shown below:</p> <table><tr><th colspan="5">Table 1.5 – Board and Board Committees Meeting in FY2021</th></tr><tr><th></th><th>Board</th><th>AC</th><th>NC</th><th>RC</th></tr><tr><td>Number of Meetings held</td><td>3</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Name of Director</td><td colspan="4">No. of Meetings Attended</td></tr><tr><td>Foong Daw Ching</td><td>3</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Kwan Yu Wen</td><td>3</td><td>4*</td><td>1*</td><td>1*</td></tr><tr><td>Kwan Chee Seng</td><td>3</td><td>4*</td><td>1</td><td>1*</td></tr><tr><td>Tan Chade Phang</td><td>3</td><td>4</td><td>1</td><td>1</td></tr><tr><td>Lim See Yong</td><td>3</td><td>4</td><td>1</td><td>1</td></tr></table> <p>* Attendance by invitation</p> <p>The Company's constitution (the "Constitution") allows for teleconferencing and videoconferencing meetings.</p>	Table 1.5 – Board and Board Committees Meeting in FY2021						Board	AC	NC	RC	Number of Meetings held	3	4	1	1	Name of Director	No. of Meetings Attended				Foong Daw Ching	3	4	1	1	Kwan Yu Wen	3	4*	1*	1*	Kwan Chee Seng	3	4*	1	1*	Tan Chade Phang	3	4	1	1	Lim See Yong	3	4	1	1
Table 1.5 – Board and Board Committees Meeting in FY2021																																															
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Lim See Yong	3	4	1	1																																											
1.6	Access to Information	<p>The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The management provides the Board with half-yearly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All Directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary.</p>																																													

REPORT ON **CORPORATE GOVERNANCE**

Table 1.6 – Types of information provided by key management personnel to Directors		
S/N	Information	Frequency
1.	Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)	Quarterly*
2.	Updates to the Group's operations and the markets in which the Group operates in	As and when relevant
3.	Budgets and/or forecasts (with variance analysis), management accounts (with financial ratios analysis), and External Auditors' ("EA") report(s)	Half-yearly
4.	Reports on on-going or planned corporate actions	As and when relevant
5.	Enterprise risk framework and internal auditors' ("IA") report(s)	Yearly
6.	Shareholding statistics	Yearly
<p>*Note: The Company is required under Catalist Rule 705(2) to report its financial statements quarterly, commencing with the third quarter ended 30 September 2021.</p> <p>Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects.</p>		
1.7	Access to Management and Company Secretary	<p>The Board, particularly the Independent Directors who are Non-Executive Directors, are kept well informed of the Group's business and are knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to Management, and have sufficient time and resources to discharge their functions effectively.</p> <p>The Board has separate and independent access to the Company Secretary and the Management at all times through emails, telephone and face-to-face meetings. Any additional materials or information requested by the Directors to make informed decisions is promptly furnished.</p>

REPORT ON **CORPORATE GOVERNANCE**

		<p>The role of the Company Secretary is as follows:</p> <ul style="list-style-type: none"> • assist the Chairman and the Chairman of each Board Committee in the development of the agenda for the various Board and Board Committees' meetings; • administers and attends all Board and Board Committees' meetings and prepares minutes of meetings; • ensuring that Board procedures are observed and that applicable rules are complied with; and • advising the Board in implementing and strengthening corporate governance practices and processes, with a view to enhance long-term shareholder value, as well as assisting the Chairman in ensuring good information flows within the Board and its Board Committees. <p>The appointment and the removal of the Company Secretary are subject to the approval of the Board.</p>
	Independent Professional Advice	<p>Where the Directors, whether individually or collectively, require independent professional advice in furtherance of their duties, the Company Secretary may assist in appointing a professional advisor to render the advice and keep the Board informed of such advice. The cost of obtaining such professional advice will be borne by the Company.</p>

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

2.1 2.2	Board Independence	<p>Currently, the Board consists of 5 Directors, of whom 3 are considered independent by the Board, which complies with the Code's provisions whereby Independent Directors are to make up majority of the Board.</p> <p>The Board believes there is a strong element of independence in the Board as the Independent Directors constitute majority of the Board, and that no individual or small group of individuals dominates the Board's decision-making process. The Board exercises independent judgement on corporate affairs and provides Management with a diverse, professional and objective perspective on issues.</p> <p>The independence of each Director is assessed and reviewed annually by the NC.</p> <p>The Independent Directors, Mr Foong Daw Ching, Mr Tan Chade Phang and Mr Lim See Yong had confirmed their independence during the Company's NC meeting held on 23 February 2022.</p>
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REPORT ON **CORPORATE GOVERNANCE**

		<p>The Independent Directors do not have any relationship as stated in the Code that would otherwise deem him not to be independent.</p> <p>Apart from Mr Foong Daw Ching, none of the Independent Directors on the Board has served for a period exceeding nine years from the date of his first appointment. Mr Foong Daw Ching has served as Independent Director of the Company for an aggregate period of more than 9 years and his continued appointment as an Independent Director of the Company has been sought and approved at last year's annual general meeting of the Company held on 27 April 2021.</p> <p>The Board is of the view that the independence of the Independent Directors must be based on the substance of their professionalism, integrity and objectivity, and not merely based on form such as the number of years which they have served on the Board. The Board conducted rigorous review by examining any conflicts of interest, their review and scrutiny of matters and proposals put before the Board, their exercise of independent judgement, the effectiveness of their oversight role as a check and balance on the acts of the Executive Directors and the Management as well as their role in enhancing and safeguarding the interests of the Company and its shareholders. Upon review, the Board considers Mr Foong Daw Ching to remain independent.</p>
2.3	Proportion of Non-Executive Directors	The majority of the Board are Non-Executive Directors.
2.4	Board Composition	The profile of the Directors and key information is set out on pages 11 and 12 of this Annual Report.
	Board Diversity	<p>The NC is responsible for examining the size and composition of the Board and Board Committees. Taking into account the nature and scope of the Group's business and the number of Board Committees, in concurrence with the NC, the Board believes that the current size and composition provide sufficient diversity without interfering with efficient decision making.</p> <p>The Board's primary consideration in identifying Director nominees is to have an appropriate mix of members with core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience, customer-based experience or knowledge.</p>

REPORT ON **CORPORATE GOVERNANCE**

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

Table 2.4 – Balance and Diversity of the Board

	Number of Directors	Proportion of Board (%)
Core Competencies		
Accounting or finance	3	60
Business management	5	100
Legal or corporate governance	5	100
Relevant industry knowledge or experience	2	40
Strategic planning experience	5	100
Customer based experience or knowledge	5	100
Gender		
Male	4	80
Female	1	20

Whilst the Company has not adopted a formal board diversity policy, in practice the Board observes and applies the key tenets of diversity. The Board has taken the following steps to maintain or enhance its balance and diversity:

- Annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
- Annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

With the introduction of Catalist Rule 710(A) effective for the financial year beginning on or after 1 January 2022, a board diversity policy that address gender, skills, experience, and any other relevant aspects of diversity, and describe such policy will be implemented during FY2022, and describe such policy in the Company's Annual Report for the financial year ending 31 December 2022.

The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors. This ensures that collectively, the Board has an appropriate level of diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company.

REPORT ON **CORPORATE GOVERNANCE**

2.5	Meeting of Independent Directors without Management	<p>The Independent Directors discuss and/or meet on a need-basis without the presence of the Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Director.</p> <p>The Independent Directors have met without the presence of Management in FY2021 as required.</p>
Chairman and Chief Executive Officer		
Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.		
3.1 3.2 3.3	Separation of the Role of Chairman and the CEO	<p>The Board recognises the Code's recommendation that the Chairman and the Chief Executive Officer ("CEO") should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.</p> <p>Though the Company does not have a CEO in place, the responsibilities of the Group's business are undertaken by a collaborative effort between the Executive Director, Ms Kwan Yu Wen and the Management.</p> <p>The Non-Executive Independent Chairman of the Company, Mr Foong Daw Ching, bears the responsibility for the effective conduct of the Board. The Chairman is not related to the Executive Director or the Management.</p> <p>The Chairman schedules Board meetings as and when required and sets the agenda for the Board meetings. He sets guidelines and ensures the quality, quantity, completeness, adequacy, and timeliness of information flow between the Board and Management of the Company.</p> <p>The Chairman also builds constructive relations within the Board and between the Board and the Management, and facilitates the effective participation of Non-Executive Directors by promoting a culture of openness and debate at the Board. The Chairman further ensures effective communication with shareholders and promotes high standards of corporate governance.</p>

REPORT ON **CORPORATE GOVERNANCE****Board Membership**

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

4.1 4.2	NC Composition and Role	<p>The NC comprises 4 Directors, the majority of whom, including the Chairman of the NC are independent.</p> <p>Please refer to Provision 1.4 table above on the names of the members and the composition of the NC. The NC holds at least one meeting in each financial year.</p> <p>The NC is guided by key terms of reference as follows:</p> <p>(1) To make recommendations to the Board on relevant matters relating to:</p> <ul style="list-style-type: none"> (a) review of board succession plans for Directors; (b) development of a process for evaluation of the performance of the Board, the Board Committees and individual Director; (c) review of training and professional development programs for the Board; (d) review and approve any new employment of related persons and proposed terms of their employment; (e) decide whether or not a Director is able to and has been adequately carrying out his duties as a Director; and (f) Board appointment and re-nominations of existing Directors for re-election in accordance with the Constitution (including alternate Directors, if applicable) after having considered important issues, as part of the process for the selection, appointment and re-appointment of Directors, as to composition and progressive renewal of the Board and each Director's competencies, commitment, contribution and performance (e.g. attendance, preparedness, participation, candour) including, if applicable, as an Independent Director. All Directors submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years. <p>(2) To determine annually the independence of a Director;</p> <p>(3) To regularly review the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary;</p>
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REPORT ON **CORPORATE GOVERNANCE**

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

REPORT ON **CORPORATE GOVERNANCE**

Process for Selection and Appointment of New Directors	Table 4.1(a) – Process for the Selection and Appointment of New Directors		
	1.	Determination of selection criteria	The NC, in consultation with the Board, would identify the current needs of the Board in terms of expertise and skills that are required in the context of the strengths and weaknesses of the existing Board to complement and strengthen the Board.
	2.	Search for suitable candidates	The NC would tap on the Directors' personal contacts and recommendations and/or through search companies in identifying suitable candidates for new appointment as Director.
	3.	Assessment of shortlisted candidates	The NC would first assess and interview proposed candidates after taking into consideration the qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives.
	4.	Appointment of Director	The NC would recommend the selected candidate to the Board for consideration and approval.
	The Board is also advised by the Company's sponsor, UOB Kay Hian Private Limited, on appointment of Directors as required under Catalist Rule 226(2)(d).		

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	Process for Re-appointment of Directors	Table 4.1(b) – Process for the Re-electing Incumbent Directors		
		S/No	Information	Frequency
		1.	Assessment of Director	<ul style="list-style-type: none"> The NC would assess performance of the Director in accordance with the performance criteria set by the Board, which included, inter-alia, commitment of time, knowledge and abilities, teamwork and overall effectiveness; and Individual assessment of each Director is undertaken annually.
		2.	Re-appointment of Director	<ul style="list-style-type: none"> Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the Director to the Board for its consideration and approval.
<p>All Directors submit themselves for re-nomination and re-appointment at regular intervals of at least once every three years. Article 89 of the Company's Constitution provides that one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not lesser than one-third) shall retire from office by rotation and be eligible for re-election at the Company's Annual General Meeting (the "AGM").</p> <p>In addition, Article 88 of the Company's Constitution stipulates that a Director newly appointed by the Board during the financial year must retire and submit himself/herself for re-appointment at the next AGM following his/her appointment. Thereafter, he/she is subject to be re-appointed at least once every three years at the Company's AGM.</p>				

REPORT ON **CORPORATE GOVERNANCE**

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

Name of Director	Designation	Date of initial appointment	Date of last re-election/ re-appointment	Directorship in other listed companies	
				Current	Past 3 Years
Foong Daw Ching	Non-Executive Independent Chairman	26 March 2012	27 April 2021	(1) Travelite Holdings Ltd. (2) Suntar Eco-City Limited	ayondo Ltd (delisted from the Singapore Exchange)
Kwan Yu Wen	Executive Director	21 December 2020	27 April 2021	GRP Limited (Non-Executive)	Nil
Kwan Chee Seng	Non-Executive Director	18 February 2016	5 June 2020	GRP Limited	Variscan Mines Limited
Tan Chade Phang	Independent Director	18 February 2016	27 April 2021	(1) REVEZ Corporation Ltd. (2) OUE Lippo Healthcare Limited (3) Y Ventures Group Ltd.	(1) Camsing Healthcare Limited (2) Dapai International Holdings Co. Ltd. (3) TIH Limited (4) TBK & Sons Holdings Limited
Lim See Yong	Independent Director	01 July 2019	27 April 2021	Nil	Western Plains Resources Ltd

Ms Kwan Yu Wen and Mr Kwan Chee Seng (collectively, the **"Retiring Directors"**) will retire and submit themselves for re-election at the forthcoming AGM pursuant to Article 89 of the Company's Constitution. The Retiring Directors have offered themselves for re-election. The Board has accepted the recommendation of the NC.

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

Ms Kwan Yu Wen will, upon re-election as a Director, remain as an Executive Director of the Company. Mr Kwan Chee Seng will, upon re-election as a Director, remain as a Non-Executive Director and a member of NC of the Company.

The shareholdings of the individual Directors of the Company are set out on page 70. None of the Directors hold shares in the subsidiaries of the Company. Other information such as the experience and the professional qualifications of the Directors are set out on pages 11 and 12.

Information relating to the Directors who are seeking re-appointment at the forthcoming AGM to be held by 27 April 2022 is stated in the Notice of AGM.

REPORT ON **CORPORATE GOVERNANCE**

4.4	Continuous Review of Directors' Independence	<p>The NC is charged with determining the independence of the Directors as set out under Provision 2.1 above.</p> <p>The Board, after taking into consideration the views of the NC, is of the view that Mr Foong Daw Ching, Mr Tan Chade Phang and Mr Lim See Yong are independent and that, no individual or small group of individual dominates the Board's decision-making process.</p> <p>During FY2021, the Company did not have any alternate Directors.</p>
4.5	Directors' Time Commitments	<p>The NC ensures that new Directors are aware of their duties and obligations.</p> <p>The NC has reviewed the time spent and attention given by each of the Directors to the Company's affairs, and is satisfied that all Directors have discharged their duties adequately for FY2021.</p> <p>The NC has fixed a maximum limit of 5 on the number of directorships a Director can hold in publicly listed companies.</p> <p>The considerations in assessing the capacity of Directors include the following:</p> <ul style="list-style-type: none"> • Expected and/or competing time commitments of Directors; • Geographical location of Directors; • Size and composition of the Board; and • Nature and scope of the Group's operations and size.
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.		
5.1 5.2	Board Evaluation Process Chairman Evaluation Individual Director Evaluation	<p>The NC implements annual assessment for the evaluation of the effectiveness of the Board as a whole and its Board Committees and for assessing the contribution by the Chairman and each individual Director.</p>

REPORT ON **CORPORATE GOVERNANCE**

		<p>During the financial year, all Directors are requested to complete a Board Evaluation Questionnaire designed to seek their view on the various aspects of the Board performance so as to assess the overall effectiveness of the Board. To ensure confidentiality, the completed evaluation forms are submitted to the Company Secretary for collation. The consolidated responses are presented to the NC for review before submitting to the Board for discussion and determining areas for improvement and enhancement of the Board effectiveness. Following the review in FY2021, the Board is of the view that the Board has met its performance objectives and the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.</p> <p>The Board has not engaged any external consultant to conduct an assessment of the performance of the Board, and its Board Committees and each individual Director. Where relevant and when the need arises, the NC will consider such an engagement.</p>												
	Board Evaluation Criteria	<p>Table 5 sets out the performance criteria, as recommended by the NC and approved by the Board, to be relied upon to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board:</p> <table> <tr> <th colspan="3">Table 5</th></tr> <tr> <th>Performance Criteria</th><th>Board and Board Committees</th><th>Individual Directors</th></tr> <tr> <td>Qualitative</td><td> 1. Size and composition 2. Information to the Board 3. Board procedures 4. Strategic planning and accountability 5. Attendance record at meetings </td><td> 1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness </td></tr> <tr> <td>Quantitative</td><td> 1. Measuring and monitoring performance 2. Financial Reporting </td><td> 1. Attendance at Board and Board Committee meetings </td></tr> </table>	Table 5			Performance Criteria	Board and Board Committees	Individual Directors	Qualitative	1. Size and composition 2. Information to the Board 3. Board procedures 4. Strategic planning and accountability 5. Attendance record at meetings	1. Commitment of time 2. Knowledge and abilities 3. Teamwork 4. Independence 5. Overall effectiveness	Quantitative	1. Measuring and monitoring performance 2. Financial Reporting	1. Attendance at Board and Board Committee meetings
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Quantitative	1. Measuring and monitoring performance 2. Financial Reporting	1. Attendance at Board and Board Committee meetings												

REPORT ON **CORPORATE GOVERNANCE**

II. REMUNERATION MATTERS		
Procedures for Developing Remuneration Policies		
Principle 6: The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No Director is involved in deciding his or her own remuneration.		
6.1 6.2 6.3 6.4	RC Composition and Role	<p>The RC comprises three Directors, all of whom including the Chairman of the RC, are independent.</p> <p>Please refer to Provision 1.4 table above on the names of the members and the composition of RC.</p> <p>The RC is guided by key terms of reference as follows:</p> <ul style="list-style-type: none"> (a) to review and recommend to the Board a general framework of remuneration for the Board and key management personnel, as well as specific remuneration packages for each Director and key management personnel of the Company; (b) to review annually the remuneration of the key management personnel and Director including the terms of renewal for their service agreements; (c) to consider, review and approve and/or to vary (if necessary) the entire remuneration package, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, and benefits in kind; (d) to review the Company's obligations arising in the event of termination of the Executive Director and key management personnel's contracts of service and to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC should aim to be fair and avoid rewarding poor performance; (e) to review and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate and commercially competitive to attract, retain and motivate (i) the Directors to provide good stewardship of the Company; and (ii) key management personnel to successfully manage the Company;

REPORT ON **CORPORATE GOVERNANCE**

		<p>(f) to review and consider whether Executive Director and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. Executive Director and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability;</p> <p>(g) the RC's recommendations should be submitted for endorsement by the entire Board; and</p> <p>(h) to oversee the administration of Starland Performance Share Plan (the "Starland PSP") (or such other similar share plans as may be implemented by the Company from time to time) upon the terms of reference as defined in the said plan.</p> <p>The Board has not engaged any external remuneration consultant to advice on remuneration matters.</p>
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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.

7.1 7.3	Remuneration of Executive Directors and KMPs	<p>In determining the level of remuneration, the RC shall ensure that performance-related remuneration system was implemented to ensure that the interests of the shareholders are aligned with the Board and Management in order to promote the long-term success of the Company;</p> <p>The Company has a staff remuneration policy which comprises a fixed component and a variable component. The fixed and variable components are in the form of as base salary and variable bonus that is linked to the performance of the Company and individual.</p> <p>Having reviewed and considered the variable components of the Executive Director and the key management personnel, which are moderate, the RC is of the view that there is no requirement to institute contractual provisions to allow the Company to reclaim incentive components of their remuneration paid in prior years in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss.</p> <p>In addition, the Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.</p>
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REPORT ON **CORPORATE GOVERNANCE**

7.2	Remuneration of Non-Executive Directors	<p>The Board concurred with the RC that the proposed Non-Executive Directors' fees are appropriate and that the Non- Executive Directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised.</p> <p>Non-Executive Directors' fees are recommended by the Board for approval by the shareholders at the AGM of the Company.</p>									
Disclosure on Remuneration											
Principle 8: The Company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.											
8.1 8.2 8.3	Remuneration Criteria	<p>The Company's remuneration policy comprises a fixed component and a variable component. The fixed and variable components are in the form of a base salary and variable bonus that is linked to the performance of the Company and individual.</p> <p>The remuneration received by the Executive Director and key management personnel takes into consideration his or her individual performance and contribution towards the overall performance of the Group for FY2021. Their remuneration is made up of fixed and variable compensations. The fixed compensation consists of base salary and variable bonus that is linked to the performance of the Company and individual.</p> <p>The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Director and key management personnel to work in alignment with the goals of all stakeholders:</p> <table border="1"> <caption>Table 8.1</caption> <thead> <tr> <th>Performance Conditions</th><th>Short-term Incentives (such as performance bonus)</th><th>Long-term Incentives (such as the Starland PSP)</th></tr> </thead> <tbody> <tr> <td>Qualitative</td><td> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td><td> 1. Leadership 2. People development 3. Commitment 4. Teamwork </td></tr> <tr> <td>Quantitative</td><td>1. Relative financial performance of the Group to its industry peers.</td><td>1. Relative financial performance of the Group to its industry peers.</td></tr> </tbody> </table> <p>The RC has reviewed and is satisfied that the performance conditions were met in FY2021.</p>	Performance Conditions	Short-term Incentives (such as performance bonus)	Long-term Incentives (such as the Starland PSP)	Qualitative	1. Leadership 2. People development 3. Commitment 4. Teamwork	1. Leadership 2. People development 3. Commitment 4. Teamwork	Quantitative	1. Relative financial performance of the Group to its industry peers.	1. Relative financial performance of the Group to its industry peers.
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REPORT ON **CORPORATE GOVERNANCE**

(a) Remuneration of Directors	<p>The breakdown for the remuneration of the Directors for FY2021 is as follows:</p> <table><tr><th colspan="7">Table 8 (a) – Directors’ Remuneration</th></tr><tr><th>Name</th><th>Remuneration (SGD)</th><th>Salary (%)</th><th>Bonus (%)</th><th>Benefits-in-kind (%)</th><th>Directors’ Fees (%)</th><th>Total (%)</th></tr><tr><td>Kwan Chee Seng</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Kwan Yu Wen</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Foong Daw Ching</td><td>41,740</td><td>–</td><td>–</td><td>–</td><td>100</td><td>100</td></tr><tr><td>Tan Chade Phang</td><td>41,740</td><td>–</td><td>–</td><td>–</td><td>100</td><td>100</td></tr><tr><td>Lim See Yong</td><td>36,520</td><td>–</td><td>–</td><td>–</td><td>100</td><td>100</td></tr></table>	Table 8 (a) – Directors’ Remuneration							Name	Remuneration (SGD)	Salary (%)	Bonus (%)	Benefits-in-kind (%)	Directors’ Fees (%)	Total (%)	Kwan Chee Seng	–	–	–	–	–	–	Kwan Yu Wen	–	–	–	–	–	–	Foong Daw Ching	41,740	–	–	–	100	100	Tan Chade Phang	41,740	–	–	–	100	100	Lim See Yong	36,520	–	–	–	100	100						
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(b) Remuneration of key management personnel	<p>The breakdown for the remuneration of the Company’s key executive officers (who are not Directors or the CEO) for FY2021 is as follows:</p> <table><tr><th colspan="5">Table 8.3 (b) – Remuneration of Key Management Personnel</th></tr><tr><th>Name</th><th>Salary⁽¹⁾ (%)</th><th>Bonus (%)</th><th>Benefits-in-kind (%)</th><th>Total (%)</th></tr><tr><td colspan="5">Between S\$100,000 to S\$250,000</td></tr><tr><td>Kelvin Kwan Chee Hong⁽²⁾</td><td>59</td><td>12</td><td>29</td><td>100</td></tr><tr><td>Luo Deng Xiao</td><td>92</td><td>8</td><td>–</td><td>100</td></tr><tr><td>Paul Ow Peng Yong</td><td>–</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Wisun Soon</td><td>–</td><td>–</td><td>–</td><td>–</td></tr><tr><td>Lim Aik Teong, Richard</td><td>85</td><td>15</td><td>–</td><td>100</td></tr><tr><td>Loh Yook Mun, Ivanna</td><td>85</td><td>15</td><td>–</td><td>100</td></tr><tr><td colspan="5">Below S\$100,000</td></tr><tr><td>Annie Xiong Ying</td><td>82</td><td>14</td><td>4</td><td>100</td></tr></table> <p>Notes:</p> <p>(1) The salary amounts shown are inclusive of Central Provident Fund contributions.</p> <p>(2) Mr Kelvin Kwan Chee Hong has resigned as General Manager (Property Operations) on 1 April 2022.</p> <p>The Company has 7 key management personnel as at 31 December 2021. There were no termination, retirement and post-employment benefits granted to 7 key management personnel in FY2021.</p>	Table 8.3 (b) – Remuneration of Key Management Personnel					Name	Salary ⁽¹⁾ (%)	Bonus (%)	Benefits-in-kind (%)	Total (%)	Between S\$100,000 to S\$250,000					Kelvin Kwan Chee Hong ⁽²⁾	59	12	29	100	Luo Deng Xiao	92	8	–	100	Paul Ow Peng Yong	–	–	–	–	Wisun Soon	–	–	–	–	Lim Aik Teong, Richard	85	15	–	100	Loh Yook Mun, Ivanna	85	15	–	100	Below S\$100,000					Annie Xiong Ying	82	14	4	100
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REPORT ON **CORPORATE GOVERNANCE**

		<p>For competitive reasons and in view of confidentiality of remuneration matters, the Board is of the opinion that it is in the best interest of the Group not to disclose the exact remuneration of key management personnel, in the Annual Report.</p> <p>The total remuneration paid to 7 key management personnel for FY2021 was S\$576,050.</p>
	(c) Remuneration of immediate family members of CEO and Executive Directors (remuneration amount exceed \$100,000 in FY2021)	<p>Save as disclosed below, there was no other employee of the Group who was an immediate family member of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeded S\$100,000 in FY2021.</p> <p>Mr Kelvin Kwan Chee Hong, the former General Manager of the Company, is the brother of Mr Kwan Chee Seng, who is the Non-Executive Director of the Company and Executive Director and substantial shareholder of GRP Limited, the former ultimate holding company. He is also the uncle of Ms Kwan Yu Wen, who is the Executive Director of the Company and Non-Executive Director of GRP Limited, the former ultimate holding company of the Company.</p> <p>The remuneration of Mr Kelvin Kwan Chee Hong was between S\$150,000 to S\$200,000 in FY2021.</p>
	(d) Please provide details of the employee share scheme(s).	<p>The Company has adopted the Starland PSP at the Company's extraordinary general meeting held on 11 April 2012. The details of the Starland PSP can be found in the offer document of the Company dated 19 April 2012.</p> <p>The objectives of Starland PSP are to:</p> <ul style="list-style-type: none"> (a) foster a culture of ownership within the Group which aligns the interests of employees and Directors with the interests of the shareholders; (b) motivate participants of the Starland PSP to achieve key financial and operational goals of the Group and/or their respective business units and encourage greater dedication and loyalty to the Group; and (c) make total employee remuneration sufficiently competitive to recruit new employees and/or retain existing employees whose contributions are important to the long term growth and profitability of our Group. <p>The Starland PSP is administered by the RC comprising 3 Directors, Mr Tan Chade Phang, Mr Foong Daw Ching and Mr Lim See Yong. The Chairman of the RC is Mr Tan Chade Phang.</p> <p>Since the commencement of the Starland PSP up to the date of this report, no shares have been awarded under the Starland PSP. Our existing PSP is valid for 10 years and expires on 10 April 2022. The Company will look to implement a new performance share plan as and when necessary.</p>

REPORT ON **CORPORATE GOVERNANCE****III. 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.

9.1	Risks management and internal controls	<p>The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of operational, financial and compliance risks. The Board approves the key management policies and ensures a sound system of risk management and internal controls. In addition, the Board sets and instils the right risk-focused culture throughout the Group for effective risk management.</p> <p>The RMC comprises 3 Directors, all of whom including the Chairman of the RMC, are independent. Please refer to Provision 1.4 table above on the names of the members and the composition of RMC.</p> <p>The RMC reviewed and assessed the adequacy and effectiveness of the Group's internal controls that address the Group's financial, operational, compliance and information technology risks, with the assistance of the internal and external auditors and the Management.</p> <p>Management highlights and discusses (if any) salient risk management matters to the Board on a half-yearly basis. The Company's risk management framework and internal control system covers financial, operational, compliance and information technology risks and internal controls. Internal audit is outsourced to a third-party professional firm.</p>
9.2	Assurance from the CEO, CFO and KMPs	<p>The Board has received assurance from the Executive Director and Finance Manager ("FM") that the financial records have been properly maintained and the financial statements for FY2021 give a true and fair view of the Company's operations and finances and the Company's risk management and internal control systems are adequate and effective.</p> <p>In addition, based on the work performed by the Internal Auditor ("IA") and External Auditor ("EA"), the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2021.</p>

REPORT ON **CORPORATE GOVERNANCE****Audit Committee**

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

10.1 10.2 10.3	AC Composition and Role	<p>The AC comprises three Non-Executive Directors, all of whom including the Chairman of the AC are independent.</p> <p>The AC has at least two members, including the AC Chairman, who have recent and relevant accounting and related financial management expertise and experience.</p> <p>In addition, the AC are continuously briefed and updated by the EA on the changes or amendments to the accounting standards which have a direct impact on the financial statements.</p> <p>None of the members of the AC (i) is a former partner or Director of the Company's existing auditing firm or auditing corporation within the previous two years and/or (ii) holds any financial interest in the auditing firm or auditing corporation.</p> <p>Please refer to Provision 1.4 above on the names of the members and the composition of AC.</p> <p>The duties and roles of the AC are guided by the following key terms of reference:</p> <ul style="list-style-type: none"> (a) to review the financial statements and results announcement before submission to the Board for approval, focusing in particular, on changes in accounting policies and practices, major risks areas, significant adjustments resulting from the audit, the going concern statement, compliance with accounting standards as well as compliance with the Catalyst Rules and any other statutory/regulatory requirements; (b) to review with the EA their audit plan including the nature and scope of the audit, their evaluation of the system of internal controls, their audit report, their management letter and the management's response; (c) to review annually the scope and results of the audit and its cost effectiveness as well as the independence and objectivity of the EA. Where the EA also provide non-audit services to the Company, to review the nature and extent of such services in order to balance the maintenance of objectivity and value for money, and to ensure that the independence of the EA would not be affected; (d) to make recommendation to the Board on the proposals to the shareholder on the appointment or re-appointment of the EA and matters relating to resignation or removal of the EA, and approving the remuneration and terms of engagement of the EA;
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REPORT ON **CORPORATE GOVERNANCE**

		<ul style="list-style-type: none">(e) to review with the IA their internal audit plan and their evaluation of the adequacy of the internal control and accounting system before submission of the results of such review to the Board for approval and its assessment in relation to the adequacy of internal controls prior to the incorporation of such results in the Annual Report;(f) to review the internal control and procedures and ensure co-ordination between the Management and each of the EA and IA, reviewing the assistance given by the Management to the auditors, and discuss problems and concerns, if any, arising from the interim and/or final audits, and any matters which the IA and EA may wish to discuss in the absence of Management where necessary;(g) to review and discuss with any professional, including the Company's sponsor, the EA and IA any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position with Management's response;(h) to review and approve transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules;(i) to review and ratify any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules as may be amended from time to time and such other rules and regulations under the Catalist Rules that may be applicable in relation to such matters from time to time;(j) to review potential conflicts of interest (if any) and to set out a framework to resolve or mitigate any potential conflicts of interests;(k) to conduct periodic review of hedging policies (if any) undertaken by the Group;(l) to review the Group's compliance with such functions and duties as may be required under the relevant statutes and regulations or the Catalist Rules, including such amendments made thereto from time to time;(m) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
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REPORT ON **CORPORATE GOVERNANCE**

		<p>(n) to review at least annually the Group's key financial risk areas, with a view to provide an independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the Annual Report of the Company or, where the findings are material, to announce such material findings immediately via SGXNET;</p> <p>(o) to review and sight at least annually all resignation and authorisation letters of the legal representatives of the Company's subsidiaries in People's Republic of China which have been signed in advance and such letters shall be held in custody by the Company Secretaries;</p> <p>(p) to ensure effective co-ordination where more than one audit firm is involved;</p> <p>(q) to investigate any matter within its terms of reference, with full access to and co-operation by the Management and full discretion to invite any Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly;</p> <p>(r) to commission an annual internal controls audit until such time as the AC is satisfied that the Group's internal controls are robust and effective enough to mitigate the Group's internal control weaknesses (if any), and prior to the decommissioning of such annual internal controls audit, the Board is required to report to the SGX-ST and the Sponsor on how the key internal control weaknesses have been rectified, and the basis for the AC's decision to decommission the annual internal controls audit;</p> <p>(s) to review the adequacy and effectiveness of the internal audit function and to ensure that it is adequately resourced and has appropriate standing within the Company. The internal audit function should be staffed with persons with the relevant qualifications and experience. The IA should carry out its function according to the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors. The IA's primary line of reporting should be to the Chairman of the AC although he would also report administratively to the Executive Director;</p> <p>(t) to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced. The IA should have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC;</p>
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REPORT ON **CORPORATE GOVERNANCE**

		<p>(u) to review and report to the Board at least annually the adequacy and effectiveness of the Group's material internal controls with the Head of Finance (or its equivalent rank), the IA and EA, including financial, operation, compliance and information technology controls via reviews carried out by the IA;</p> <p>(v) to review the whistle-blowing policy and procedures by which employees of the Group may, in confidence, report to the Chairman of the AC, possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for independent investigation and follow-up actions thereto;</p> <p>(w) to ensure that if different auditors are appointed for its subsidiaries or significant associated companies, such appointment would not compromise the standard and effectiveness of the audit of the Company;</p> <p>(x) to review the policy and arrangement by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The AC's objective should be to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken;</p> <p>(y) to undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;</p> <p>(z) to undertake such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time;</p> <p>(aa) to review with the EA the impact of any new or proposed changes in accounting policies or regulatory requirements on the financial statements of the Group;</p> <p>(bb) to assess whether the person to be appointed FM (or its equivalent rank) does have the competence, character and integrity expected of a FM (or its equivalent rank) of a listed issuer;</p> <p>(cc) to review the co-operation given by the management to the EA;</p> <p>(dd) to meet with the EA and IA without the presence of the Management at least once a year;</p>
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REPORT ON **CORPORATE GOVERNANCE**

		<p>(ee) to review the performance of Executive Director/FM on an annual basis to ensure satisfactory performance;</p> <p>(ff) to review filings with the SGX-ST or other regulatory bodies which contain the Group's financial statements and ensure proper disclosure; and</p> <p>(gg) to commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a material impact on the Group's operating results and/or financial position.</p> <p>The AC will also commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any Singapore law, rules or regulations which have or is likely to have a materials impact on the Group's operating results and/or financial position. In the event that a member of the AC is interested in any matter being considered by the AC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.</p>
10.1 10.4	Financial Reporting Matters	<p>The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.</p> <p>The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the SGX-ST Listing Manual Section B: Rules of Catalist (the "Catalist Rules"), where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.</p> <p>Management provides appropriately detailed management accounts of the Group's performance on a half-yearly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group.</p>

REPORT ON **CORPORATE GOVERNANCE**

		<p><u>AC comments on the auditor's report</u></p> <p>The AC met with the EA to discuss the audit findings as well as their audit.</p> <p>The management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements. They are determination of functional currency, these also required the making of assumptions regarding uncertain future events including those relating to the estimation of the net realisable value of development properties and properties held for sale, calculation of loss allowance and income taxes. The financial reporting matters that required significant judgements and estimates are fully described in Note 3 to the accompanying financial statements.</p> <p>The AC also considered the key audit matters ("KAMs") reported by the EA. The KAM relates to impairment assessment of trade receivables.</p> <p>The AC and the EA discussed these KAMs, their reason for justifying them as KAMs and the approach they took in their audit of these account balances. The AC also concurs with the basis and conclusions included in the independent auditor's report with respect to these KAMs.</p>
	Internal Controls & Regulatory Compliance	<p>The AC evaluates the findings of the EA and IA on the Group's internal controls annually.</p> <p>Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost-effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.</p> <p>Based on the internal control established, and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FM, as well as reviews performed by management and the various Board Committees, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2021.</p>

REPORT ON **CORPORATE GOVERNANCE**

	External Audit	<p>The AC has reviewed the non-audit services provided by the EA and is satisfied that the nature and extent of such services would not prejudice the independence of the EA, and has recommended the re-appointment of the EA at the forthcoming AGM.</p> <table border="1" data-bbox="563 445 1204 670"> <tr> <th colspan="3">Table 10 – Fee Paid/Payable to the EA and its affiliates for FY2021</th></tr> <tr> <th></th><th>S\$</th><th>% of total</th></tr> <tr> <td>Audit Fees</td><td>156,800</td><td>100</td></tr> <tr> <td>Non-audit fees</td><td>–</td><td>–</td></tr> <tr> <td>Total</td><td>156,800</td><td>100</td></tr> </table> <p>The AC reviews the independence of the EA annually. The AC has conducted an annual review of the volume of non-audit services provided by the EA and is satisfied that the nature and extent of such services will not prejudice the independence of the EA. The EA has also provided confirmation on their independency.</p> <p>The Company has complied with Rules 712 and 715 of the Catalyst Rules in relation to its EA.</p>	Table 10 – Fee Paid/Payable to the EA and its affiliates for FY2021				S\$	% of total	Audit Fees	156,800	100	Non-audit fees	–	–	Total	156,800	100
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	S\$	% of total															
Audit Fees	156,800	100															
Non-audit fees	–	–															
Total	156,800	100															
	Internal Audit	<p>The Board recognises the importance of maintaining a system of internal controls to safeguard the shareholders' investments and the Company' assets. The Company has outsourced its internal audit functions of the Group to Yang Lee & Associates ("YLA") to perform the review and test of controls of its processes.</p> <p>YLA reports directly to the AC and responsible for assessing the reliability, adequacy and effectiveness of the system of internal controls are in place to protect the fund and assets of the Group to ensure control procedures are complied with, assessing the operations of the business processes under review are conducted efficiently and effectively and identifying and recommending improvements to internal control procedures, where required. The AC is responsible for the hiring, removal, evaluation and compensation of the accounting or auditing firm or corporation which the internal audit function of the Company is outsourced to.</p>															

REPORT ON **CORPORATE GOVERNANCE**

		<p>The AC would review and approve the internal audit plan on an annual basis and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group given its involvement in certain AC meetings and its unfettered access to all the Group’s documents, records, properties and personnel, including direct access to the AC.</p> <p>The AC has reviewed the internal audit reports and its evaluation of the system of internal controls, their audit findings and the management’s response to those findings for FY2021. The AC is satisfied that the internal audit functions have been adequately carried out.</p>				
	Whistle blowing Policy	<p>The Company has in place a whistle-blowing policy and arrangements by which staff may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters. To ensure independent investigation of such matters and for appropriate follow-up action, all whistle-blowing reports are to be sent to the AC Chairman.</p> <table><tr><th>Name</th><th>Email Address</th></tr><tr><td>Foong Daw Ching</td><td>dawching23@gmail.com</td></tr></table> <p>Details of the whistle-blowing policy and arrangements are given to all staff for their easy reference. New staff are briefed on the policy during the orientation programme.</p> <p>The AC is responsible for oversight and monitoring of whistleblowing and the AC reviews all whistleblowing complaints, if any, at its quarterly meetings to ensure independent thorough investigation and appropriate follow-up actions are taken. The Company will treat all information received as confidential and will protect the identity of all whistleblowers from reprisal. It is also committed to ensuring that whistleblowers will be treated fairly, and protected against detrimental or unfair treatment for whistleblowing in good faith.</p> <p>During FY2021, there was no incident of concern reported to the AC.</p>	Name	Email Address	Foong Daw Ching	dawching23@gmail.com
Name	Email Address					
Foong Daw Ching	dawching23@gmail.com					
10.5	Meeting Auditors without the Management	<p>The AC has met with the IA and the EA in the absence of key management personnel twice during FY2021.</p>				

REPORT ON **CORPORATE GOVERNANCE**

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT		
Shareholder Rights and Conduct of General Meetings		
Principle 11: The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.		
11.1 11.2 11.3	Conduct of General Meeting	<p>Due to the COVID-19 situation and in accordance with the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the conduct of AGM FY2021 would be different from past years' AGMs.</p> <p>Shareholders are usually informed of shareholders' meetings through notices contained in the Annual Reports or circulars sent to all shareholders. These notices would also be published in the Business Times and posted onto the SGXNET. Annual reports are usually also distributed to all shareholders 14 days before the scheduled AGM date.</p> <p>However, the notice and the accompanying Annual Report and Proxy Form for AGM FY2021 were made available to members solely by electronic means via publication on the Company's website and the SGXNET.</p> <p>A shareholder may vote "live" at the Company's AGM FY2021 by electronic means or submit a proxy form to appoint proxy(ies) or the Chairman of the AGM as his/her/its proxy to attend and vote on his/her/its behalf at the AGM, if such shareholder wishes to exercise his/her/its rights at the AGM. Details of the steps for pre-registration, submission of question, and proxy form are set out in the Company's Notice of AGM FY2021.</p> <p>The Constitution allows for absentia voting (including but not limited to voting by mail, electronic email or facsimile). However, the Board does not implement absentia voting until issues on security and integrity are satisfactorily resolved.</p>

REPORT ON **CORPORATE GOVERNANCE**

		<p>At general meetings, separate resolutions are set out on distinct issues for approval by shareholders. Where the resolutions are “bundled”, the company explains the reasons and material implications in the notice of meeting. All resolutions at the Company’s general meetings will be voted on by way of poll, and their detailed results will be announced via SGXNET after the conclusion of the general meeting. The Company Secretary is present to brief the attendees on the rules governing the general meetings, including voting procedures, upon requested by the shareholder. The proceeding of the general meetings is properly recorded, including all comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. All minutes of general meetings will be published on the Company’s website and SGXNet within one month from the general meetings. The Company held two shareholders’ meeting in FY2021, where the entire board was present.</p> <p>For the Company’s AGM FY2021, shareholders are required to submit their questions relating to the resolutions set out in the notice of the AGM and in advance.</p> <p>The Company addressed the substantial and relevant questions from the Securities Investors Association (Singapore), if any, and shareholders before the AGM by electronic means via publication on the Company’s website and the SGXNET.</p> <p>The Company is committed to maintaining high standards of corporate disclosure and transparency.</p> <p>Shareholders, the investment community, media and analysts are kept informed of the Group’s performance, progress and prospects and major developments of the Company on a timely basis through various means of communication as follows:</p> <ol style="list-style-type: none"> 1. Announcements including periodic announcements of financial results, price sensitive information, significant transactions or other announcements or press release through SGXNET; 2. Annual Reports and notices of general meetings issued to all shareholders; 3. Company’s general meetings; and 4. Corporate website of the Company at https://www.luminorfinancialholdings.com/
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REPORT ON **CORPORATE GOVERNANCE**

11.4	Shareholders' Participation	<p>The Company supports active shareholder participation at general meetings. Annual Reports are issued to all shareholders 14 days before the scheduled AGM date. All shareholders are encouraged to attend the general meetings to ensure high level of accountability and to stay informed of the Group's strategies and visions.</p> <p>If shareholders are unable to attend the meetings, the Constitution of the Company allows for shareholders who are not more than two proxies to attend, speak and vote at general meetings in their absence, and shareholders who are relevant intermediaries to appoint more than two proxies to attend, speak and vote at general meetings. In order to have a valid registration of proxy, the proxy forms must be sent in advance to the place(s) as specified in the notice of the general meetings at least 72 hours before the time set for the general meetings.</p> <p>However, shareholders would be allowed to observe and/or listen to the AGM proceedings, submit their questions to the Company in advance or "live" at the AGM, addressing of substantial and relevant questions at the AGM and voting 'live' at the AGM or by appointing proxy(ies) or the Chairman of the AGM to vote at the AGM FY2021. Details of the steps for submission of question and proxy form are set out in the Notice of AGM FY2021.</p>
11.5	Minutes of General Meetings	In FY2021, all minutes of general meetings were made available by electronic means via publication on the Company's website and SGXNET.
11.6	Dividend Policy	<p>The Company does not have a formal dividend policy. The form, frequency and amount of future dividends on the shares will depend on the Company's level of cash and retained earnings, actual and projected financial performance, projected levels of capital expenditure and other investment plans and restrictions on payment of dividends imposed by financial arrangements (if any).</p> <p>The Company is not recommending any dividend for FY2021 in view of the weak market conditions, the Company will preserve its cash balances for expansion in the financial solutions business in Malaysia.</p>

REPORT ON **CORPORATE GOVERNANCE**

Engagement with shareholders

Principle 12: The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the Company.

12.1 12.2 12.3	Disclosure of information on timely basis	The Company does not have a formalised investor relations policy at the moment due to the size of its business. As and when the need arises, the Company will implement the necessary investor relations policy.
	Investor Relations Practices	<p>The Company's investor relations function is led by the Executive Director, who has the strategic management responsibility to integrate finance, accounting, corporate communication to enable effective communication between the Company and all shareholders, stakeholders, analysts and media.</p> <p>Apart from the SGXNET announcements and its Annual Report, the Company updates shareholders on its corporate developments through its corporate website. Shareholders may also direct queries to investor@luminorfinancialholdings.com.</p>

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the Company are served.

13.1 13.2	Stakeholders' Engagement	<p>The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Company's business and operations. Six stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, suppliers, customers, employees, community, investors and regulators.</p> <p>The Company has undertaken a process to determine the environmental, social and governance (ESG) issues which are important to these stakeholders. These issues form the materiality matrix upon which targets, performance and progress are reviewed and endorsed by the Board annually.</p> <p>More details on Company's approach to stakeholder engagement and materiality assessment are disclosed on pages 57 to 58 of this Annual Report.</p> <p>Having identified the stakeholders and the material issues, the Company has mapped out the key areas of focus in relation to the management of the respective stakeholder relationships.</p> <p>Please refer to the Sustainability Report on pages 54 to 68 of this Annual Report for further details.</p>
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REPORT ON **CORPORATE GOVERNANCE**

13.3	Corporate Website	All material information on the performance and development of the Company is disclosed in a timely, accurate and comprehensive manner through SGXNET and the Company's website. The Company does not practice selective disclosure of material information. All materials on the periodic financial results are available on the Company's website at www.luminorfinancialholdings.com , which is updated regularly contains various information on the Company which serves as an important resource for investors and all stakeholders.
VI. COMPLIANCE WITH APPLICABLE CATALIST RULES		
Catalist Rule	Rule Description	Company's Compliance or Explanation
711A and 711B	Reporting	Our annual sustainability report is prepared with reference to the Global Reporting Initiative Standards. More details and information can be seen on pages 54 to 68 of this Annual Report.
712, 715 or 716	Appointment of Auditors	The Company confirms its compliance to the Catalist Rules 712 and 715 in the appointment of its auditors.
1204(8)	Material Contracts	<p>As set out in the Company's announcement dated 2 March 2022, the Company entered into a shareholder's loan agreement ("SLA") with Mr Kwan Chee Seng ("Mr Kwan"), Non-Executive Director of the Company, pursuant to which Mr Kwan will extend an unsecured loan facility of up to an aggregate principal amount of S\$8,000,000 ("Principal Amount") to the Company on the terms and conditions set out in the SLA ("Loan").</p> <p>Purpose of the Loan: The Company will use the proceeds of the Loan solely for the following purposes, unless otherwise agreed by Mr Kwan in writing:</p> <ul style="list-style-type: none"> (a) the Proposed Acquisition of shares in the capital of (i) Luminor Capital (Malaysia) Sdn. Bhd. and (ii) Funded Here Pte. Ltd.; (b) the working capital of the Company and its operating subsidiaries in Singapore and Malaysia; and (c) any commitments or investment that the Company or its subsidiaries may pursue, up to a maximum sum of S\$500,000. <p>Interest: The rate per annum of the interest payable on any sums drawn down under the Loan outstanding for the time being of the Loan shall be 6.5% and is on the same commercial terms applied to the Company's shareholder loan to LCM.</p>

REPORT ON **CORPORATE GOVERNANCE**

		<p>Repayment: The Company shall pay the outstanding drawn down amounts under the Loan by the maturity date, being 12 months from the date of drawdown or such later date as may be requested by the Company and which will be subject to consent from Mr Kwan.</p> <p>Save for the above, there are no material contracts entered into by the Company or any Director or controlling shareholder of the Company, either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.</p>
1204(10)	Confirmation of adequacy of internal controls	Based on the internal control established, and maintained by the Group, work performed by the IA and EA, assurance from the Executive Director and FM, as well as reviews performed by Management and the various Board Committees, the AC and the Board are of the opinion that the Group's internal controls and risk management systems, addressing financial, operational, compliance, and information technology risks, were adequate and effective for FY2021.
1204(10C)	AC's comment on Internal Audit Function	<p>The Company internal audit function is outsourced to Yang Lee & Associates ("YLA"). The internal audit function is independent of the external audit. YLA is a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. The firm was set up in the year 2005 and currently maintains an outsourced internal audit portfolio of more than 25 SGX-ST listed companies in distribution, manufacturing, services, food & beverage, retail and property development industries. The Engagement Team for this engagement comprises two Directors, a Manager and supported by an Associate. Each of the two Directors has more than 20 years of relevant experience whilst the Manager has more than 10 years of relevant experience. The AC reviews the internal audit function on an annual basis and is satisfied that YLA is adequately qualified, resourced, and being aligned to the International Standards for the professional practice of Internal Auditing issued by the Institute of Internal Auditors, has the appropriate standing in the Company to discharge its duties effectively.</p> <p>Every year, the AC reviews and approves the internal audit plan to ensure the adequacy of the scope of audit. An internal audit plan entails the review of selected functions of the Group and is developed and agreed by the AC. The internal audit plan has been advised in such a way that all the major functions would be audited within an internal-audit cycle. The AC met with the IA and reviewed the IA's reports, their audit findings and management's response to those findings for FY2021, the AC is satisfied that the internal audit functions are adequate and effective.</p>

REPORT ON **CORPORATE GOVERNANCE**

1204(17)	Interested Persons Transaction ("IPT")	<p>The AC is satisfied that the review procedures for IPTs and the reviews to be made periodically by the AC in relation thereto are adequate to ensure that the IPTs will be transacted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.</p> <p>IPTs with value of S\$100,000 or more entered into during FY2021 are as follows:</p> <table border="1" data-bbox="563 556 1204 1123"> <thead> <tr> <th data-bbox="563 556 779 870">Name of interested person</th><th data-bbox="779 556 991 870">Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)</th><th data-bbox="991 556 1204 870">Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)</th></tr> </thead> <tbody> <tr> <td data-bbox="563 870 779 1012">GRP Limited (former ultimate holding company) – Management fee expense</td><td data-bbox="779 870 991 1012">S\$420,000 (RMB2,044,000)</td><td data-bbox="991 870 1204 1012">–</td></tr> <tr> <td data-bbox="563 1012 779 1123">Kwan Chee Seng – Interest expense on amount due to director</td><td data-bbox="779 1012 991 1123">RM135,200 (RMB211,236)</td><td data-bbox="991 1012 1204 1123">–</td></tr> </tbody> </table> <p>GRP Limited which was the Group's ultimate holding company, had ceased to be the holding company on 3 December 2021.</p> <p>Mr Kwan Chee Seng is the Non-Executive Director of the Company and Executive Director of GRP Limited, the former ultimate holding company. Mr Kwan is also a controlling shareholder of GRP Limited.</p> <p>The Group does not have a general mandate for IPT.</p>	Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	GRP Limited (former ultimate holding company) – Management fee expense	S\$420,000 (RMB2,044,000)	–	Kwan Chee Seng – Interest expense on amount due to director	RM135,200 (RMB211,236)	–
Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregated value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)									
GRP Limited (former ultimate holding company) – Management fee expense	S\$420,000 (RMB2,044,000)	–									
Kwan Chee Seng – Interest expense on amount due to director	RM135,200 (RMB211,236)	–									

REPORT ON **CORPORATE GOVERNANCE**

1204(19)	Dealing in Securities	In line with Catalist Rule 1204(19) on dealing in securities, the Company has in place a policy prohibiting share dealings by the Company, Directors and employees of the Group during the period commencing (i) two weeks before the announcement of the Company's quarterly financial statements, and (ii) one month before the announcement of the Company's full-year financial statements, as the case may be, and ending on the date of announcement of the relevant results. In addition, the Company, Directors and employees of the Group are discouraged from dealing in the Company's shares on short-term considerations. They are also reminded to observe the insider trading laws at all times even when dealing in securities within permitted trading period.
1204(21)	Non-sponsor fees	No non-sponsor fees were paid to the Company's sponsor, UOB Kay Hian Private Limited for FY2021.
1204(22)	Use of Proceeds	There were no outstanding proceeds arising from initial public offering and/or any offerings pursuant to Chapter 8 of the Catalist Rules.

SUSTAINABILITY REPORT

BOARD STATEMENT

Luminor Financial Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is into the fifth year of our sustainability report initiative. In this report, we continue to present the progress of our sustainability efforts and the next phase of our journey towards achieving sustainable growth.

FY2021 was another challenging year for the global economies, yet again with COVID-19 pandemic still impacting all the business segments of the Group. This is still attributed by the various social distancing and movement restrictions that were implemented by the authorities in all 3 countries where we operate, namely Singapore, People’s Republic of China (“**PRC**”) and Malaysia. The Group has two operating segments: the financial solutions business and the property development business.

For the property development business, our main focus is to ensure that we deliver quality products to our customers at all times. As at the end of FY2021, the bulk of the properties have been sold, with only a few remaining units left in inventory in PRC. In light of the continued challenging market in PRC, the Group’s intention is to sell-down the remaining units in the PRC and transition into the financial solutions business.

For the financial solutions business, we aim to provide innovative financial solutions to small and medium enterprises (“**SMEs**”) and consumers across the region. We offer financial solutions such as factoring and supply chain financing, consumer loans as well as corporate advisory services.

We are committed to deliver value, sustain growth in all areas of our businesses, empower our staff and nurture the communities where we operate.

The Board is pleased to share in this report our sustainability approach, in relation to Environmental, Social and Governance (“**ESG**”) matters, as well as updates on our sustainability efforts and practices in FY2021.

ABOUT THIS REPORT

Description	Notes and Reference
Reporting period	1 January 2021 to 31 December 2021
Reporting cycle	Annual
Reporting framework and source of reference	This report is prepared with reference to the Global Reporting Initiative (“ GRI ”) Standards, and includes the “Core” reporting requirements. The report covers all primary components as stipulated in SGX-ST Listing Rules 711B.
Report boundary	Unless otherwise stated, the information provided in this Report focuses on the sustainability performance of the Company and our subsidiaries in FY2021
External assurance	We have not sought external assurance for FY2021, but may consider doing so in the future

SUSTAINABILITY REPORT

OUR APPROACH AND STRATEGY

Sustainability Commitment

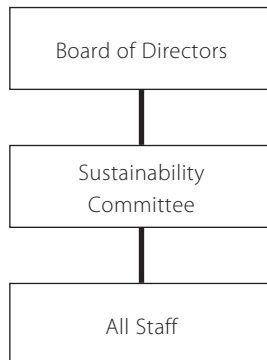
We recognise that sustainability is a key consideration in strategy formulation for the Company and aim to cover a comprehensive range of sustainability disclosures. We are confident that our commitment to sustainability will create both short and long-term value through growth and return on capital, both of which we believe will undoubtedly aid us in achieving our objectives of (i) enhancing our shareholder's returns; (ii) rewarding our employees; and (iii) ultimately contributing to the business continuity of the Group.

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

This report has been included in our annual report which is available at Company's website at <http://www.luminorfinancialholdings.com>.

Management and Staff involvement in implementing sustainability strategy

The Company has a dedicated sustainability committee, comprising the Executive Director, the General Manager and the Finance Manager ("**Sustainability Committee**") in FY2021. The Sustainability Committee has transparent and frequent communication with the Board and staff on sustainability issues. Sustainability and risk management are emphasized in the evaluation of all projects and investment opportunities.



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

SUSTAINABILITY REPORT

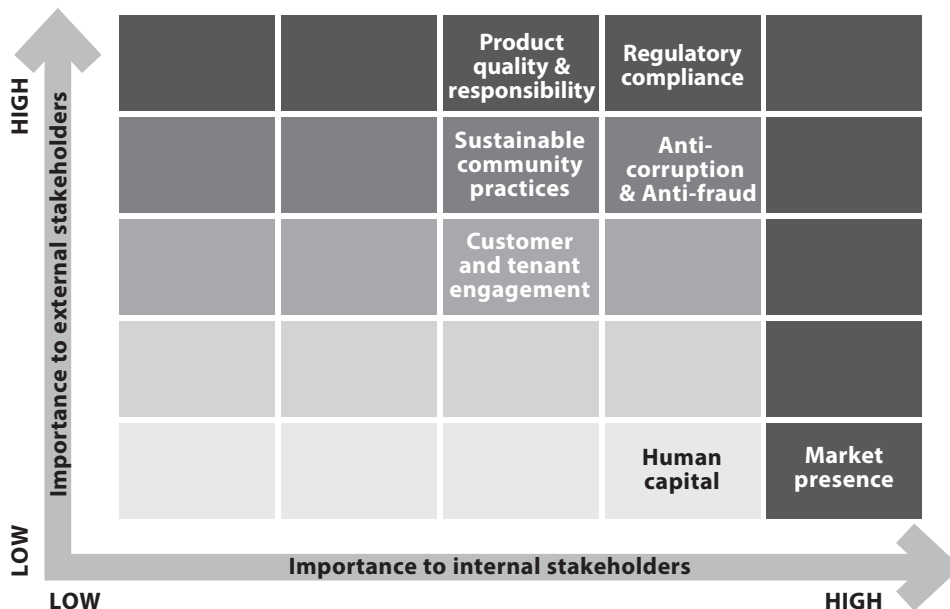
Materiality considerations

In FY2021, we assessed the ESG issues previously identified in FY2020 and concluded that they are still relevant to our business and stakeholders.

We continue to base on a Group-wide materiality assessment, and outline our strategic sustainability priorities through the following steps:

1. Define key issues which have impact on the execution of our business strategy
2. Identify critical areas that affect our businesses and stakeholders
3. Prioritise these critical factors and validate their importance internally
4. Embed these validated critical factors within our business operational processes, where applicable

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



The Committee members have also considered the insights that they have gained from their regular engagement with various stakeholders via regular dialogue and feedback sessions to establish the direction for our sustainability reporting. In addition, the Company has regular management and board meetings where business, operational and financial issues and performance are discussed.

SUSTAINABILITY REPORT

The Sustainability Committee examined and ranked the identified ESG factors in accordance to the interests of the stakeholders. The materiality matrix presents the identified material ESG factors for FY2021. The Board of Directors reviews and endorses the materiality assessment and priorities on a yearly basis.

Our findings and assessment are based on data and information collected for the period from 1 January 2021 to 31 December 2021.

Engaging Stakeholders

In order to ensure that our business interests are aligned with those of our stakeholders, we regularly communicate with them through various channels. This helps us understand and address their concerns, while improving our own services and product standards and business operations for long-term growth and sustainability.

Our stakeholders have been identified as those who are impacted by our business and operations and those who similarly are able to impact our business and operations. Six of these stakeholder groups have been assessed and identified according to their significance to our operations, namely, suppliers, customers, employees, community, investors and regulators.

Our stakeholder issues and engagement platforms are summarised in the Table 1 below.

Table 1

STAKEHOLDERS	KEY ISSUES	COVID-19 CONCERNS	ENGAGEMENT PLATFORMS
Suppliers	<ul style="list-style-type: none"> Product quality assurance Supply chain management Environmental compliance 	<ul style="list-style-type: none"> Management of contractual obligations 	<ul style="list-style-type: none"> Supplier's Code of Conduct
Customers – residents, shop tenants and borrowers	<ul style="list-style-type: none"> Customer satisfaction Quality products and services Borrowers' privacy Sustainability efforts 	<ul style="list-style-type: none"> Adherence to workplace safety and distancing guidelines 	<ul style="list-style-type: none"> Regular dialogue and feedback sessions with Customers Borrowers' background check through online searches Policies and process in place to ensure customers' information security and data privacy
Employees	<ul style="list-style-type: none"> Employee engagement Talent retention and attraction Employee safety and well-being Work-life balance 	<ul style="list-style-type: none"> Job security Company performance Enhanced safety protocols at the workplace 	<ul style="list-style-type: none"> Regular dialogue sessions with staff Training and development programmes Equal opportunities and reward based on meritocracy Whistle-blowing policy

SUSTAINABILITY REPORT

STAKEHOLDERS	KEY ISSUES	COVID-19 CONCERNS	ENGAGEMENT PLATFORMS
Community	<ul style="list-style-type: none"> Doing our part as a corporate citizen 	<ul style="list-style-type: none"> Possibility of transposing activities online Lack of human interaction with community initiatives 	<ul style="list-style-type: none"> Organise work and feedback sessions to ensure proper disposal of renovation waste for property segment
Investors	<ul style="list-style-type: none"> Operational efficiency and monetary savings Financial stability Risk management Corporate governance Sustainability efforts 	<ul style="list-style-type: none"> Business performance 	<ul style="list-style-type: none"> Investor relations website Periodic financial results announcements via SGXNet General Meetings Annual report Detailed minutes of general meetings available online
Regulators	<ul style="list-style-type: none"> Compliance with laws and regulations Anti-corruption and bribery 	<ul style="list-style-type: none"> Ability to operate effectively with restrictions Adherence to social distancing guidelines 	<ul style="list-style-type: none"> Maintain relationships and communication channels with the relevant government agencies and regulators

OUR FOCUSES, COMMITMENTS AND TARGETS

Following the identification of our material factors and key stakeholders, we have mapped out our sustainability priorities and their boundaries, impact to stakeholders, current performance and commitments and targets in the Table 2 below.

Table 2

FOCUSES	IMPACT TO STAKEHOLDERS	2021 PERFORMANCE	COMMITMENTS AND TARGETS
Supply Chain Management <ul style="list-style-type: none"> Engaging our Suppliers Customer satisfaction 	<p>In the property segment, property purchase is a significant investment to most individuals. Being a significant investment, quality of the property is of paramount importance to our customers.</p>	<p>We hold regular dialogue and feedback sessions with customers and potential customers to address their concerns and seek areas for improvement. We do regular upgrade of our Singapore Garden project so as to maintain the quality of the property project.</p>	<p>Continue to enhance Customer satisfaction level with improved product quality and service.</p>

SUSTAINABILITY REPORT

FOCUSES	IMPACT TO STAKEHOLDERS	2021 PERFORMANCE	COMMITMENTS AND TARGETS
	In the financial solutions business, we strive to provide products suited to the needs of our customers and commit to respond promptly to our customers' needs. Structuring products that meet the customers' needs and affordability are also of paramount importance.	In the financial solution business, we meet up with our customers on a regular basis to be assured of the financial position and repayment ability. We are also committed to support our customers during this difficult time.	
Environmental Initiatives <ul style="list-style-type: none"> • Energy and Emissions 	In line with Singapore's Climate Action Plan to build a "Climate-Resilient Singapore, for a Sustainable Future".	We started a new e-filing system in our Singapore office to reduce the use of paper.	Continue to contribute to this "Go Green" efforts at all entities in Singapore, China and Malaysia.
Corporate Governance <ul style="list-style-type: none"> • Corporate Governance • Risk Management 	Compliance with legislation as well as corporate governance, anti-corruption, risk management, environmental, safety, product, and social responsibility.	Results released on 13 August 2021 (First Half FY2021), 11 November 2021 (Q3 FY2021) and 28 February 2022 (Full Year FY2021)	Ensure compliance of all legislation and corporate governance requirements at all times.

SUPPLY CHAIN MANAGEMENT

Product quality and responsibility

The Group has reached the tail end of its property projects and there is no ongoing construction project. The Group's intention is to sell-down the inventory in the property segments and continue the expansion of the financial solutions business with a mix of recurring contracts with smaller bite sizes and non-recurring contracts with larger bite sizes.

SUSTAINABILITY REPORT

Customer and tenant engagement

For the property business, the former General Manager, Deputy General Manager and his team ("**Fuling management team**") are in constant engagement with the tenants and residents of the Group's Singapore Garden development. The Company handed over the service and management of the Singapore Garden project to the Fuling's residential committee, a grassroots mass autonomous organisation for self-management and self-service for residents in PRC ("**Residents' Committee**") and also signed a service and management contract with a third-party company to manage the car parks of the Singapore Garden project since FY2018. In FY2021, the Fuling management team, the Residents' Committee, the outsourced third-party company, the tenants and the residents continue to hold regular meetings so as to resolve issues and enhance the environment of Singapore Garden.

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

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

For the financial solutions business, we hold regular meetings with customers to perform on-going monitoring of their financial position, repayment ability as well as to understand the challenges faced by them, if any. We restructure products to meet the cashflow requirements of customers so that they can continue to run their operations and service the loans. Customers with a healthy repayment ability will contribute to our sustainability. We are committed to keeping our customers data safe as a critical priority for us, so that our customers entrust us with sensitive and confidential information. Safeguarding our customer privacy secures their confidence in our products and services, leading to customer loyalty. We will consistently put in place appropriate policies on the protection of personal data, which are to be reviewed on an annual basis and updated as and when necessary.

Market presence

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

For the financial solutions business, we aim to provide financial solutions to SMEs, which tend to be underserved in this sector. Our financial products are in line with customers' expectations, beliefs and preferences. There is no reported incident for non-compliance of regulations resulting in a significant fine, penalty or warning in respect of product and service information and marketing communication in FY2021. We aim to continue this performance in the following year.

SUSTAINABILITY REPORT

ENVIRONMENTAL INITIATIVES

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

Sustainable community practices

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

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

Minimising paper usage – going digital

In 2021, we started a new e-filing system in the Singapore office by utilising Microsoft Teams and OneDrive, minimising the printing of documents. Implementation is currently in the initial stage.

We have also ceased the mailing of printed hard copy annual reports, unless specially requested. Shareholders may instead obtain softcopies of our annual reports from SGXNet and our Company's website.

In the year ahead, we are continuing the next phase of our journey by building new digital capabilities to further enhance our productivity and competitiveness. The drive towards digitalisation is an on-going process within the Company.

Energy conservation

In the following year, we will start to remind our staff to reduce power consumption by shutting down their desktop computers and laptops and switching off the office lights before leaving the office premises. We will encourage our staff to adopt eco-friendly practices in their everyday activities, as well as look into other energy efficient practices.

SUSTAINABILITY REPORT

LABOUR PRACTICES & CONDUCIVE WORKPLACE

Human capital

The Company has a human capital strategy to recruit, develop and motivate employees. As part of our human rights policy, we treat employees with respect, dignity and fairly, regardless of nationality, race or religion. The Group had a total of 36 employees as at the end of FY2021, of which 42% of the total headcounts were female. Females made up 20% of the Board. We abide by labour laws and guidelines to promote fair employment practices, and we embrace the principles of fair employment. There is no breach of labour laws in FY2021. The Company aim to achieve zero breach in labour laws in FY2022. There is strictly no discrimination in the career advancement and recruitment practices. Our recruitment process is based on the Group's Human Resources policies. There are no preferences for any particular nationality, religion, age, ethnicity, race, physical disability or gender. We promote healthy competition and a performance-driven environment where employees are rewarded based on merit, competence and experience. We also believe in the benefits of re-employing older workers to retain and tap their wealth of experience.

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

Anti-corruption and anti-fraud

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

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

By doing so, our stakeholders can be assured that all reports or suspicions of potential breaches of our Code of Ethics are taken seriously by the Company. Our stakeholders can reach our Audit Committee Chairman, Mr Foong Daw Ching via his email address at dawching23@gmail.com. Please refer to our whistleblowing policy as described in the Corporate Governance section on page 45.

Over the reporting period, there was no reported incident of corruption or fraud. We aim to achieve zero incidents of corruption in FY2022 as well.

SUSTAINABILITY REPORT

Workplace Safety

In the last two years, we have implemented the following measures in Singapore in view of the ongoing COVID-19 situation:

- Mandatory download of Singapore's "Trace Together" app and use of "Safe Entry" system for all employees for contact tracing purposes;
- Arrangement for staff to work from home as default;
- Daily temperature check for staff who work in office;
- Safe distancing (1 metre) rules enforced at all times, minimising face-to-face meetings or staff gatherings;
- Masks to be worn at all times during working hours; and
- Meeting between staff, customers or service providers, are conducted via conference calls.

There was no breach of safe distancing measures in FY2021.

Regulatory Compliance

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

For the property business, the Group has put in place policies and procedures to ensure compliance with the relevant laws and regulations. This includes those relating to Singapore Land Authority ("SLA") in Singapore and Real Estate Management Bureau of Fuling, Chongqing (重庆市涪陵区房地产业管理局) in the PRC.

For the financial solutions business, the Group has realised the importance of strong governance for effective decision making and oversight to ensure long-term success. We are proactive in safeguarding our borrowers' data. Our staff are duly trained, enabling us to enhance customer loyalty and forge long-term relationships with our clients. We will consistently put in place appropriate policies on the protection of personal data, which are to be reviewed on an annual basis and updated as and when necessary. In FY2021, there was no legal proceedings taken against the Group in respect of any data privacy breach on the Group by the Malaysia data protection laws. We aim to continue our efforts in data protection in Malaysia and maintain this performance in the following year. At the corporate level, we also ensure that we are in compliance with the Listing Rules of SGX-ST, Securities and Futures Act and Singapore Companies Act.

In FY2021, to the best knowledge of the Group, there was no material breach of relevant local laws and regulations. We aim to maintain this good performance in the following year.

SUSTAINABILITY **REPORT****GRI Content Index**

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
GENERAL DISCLOSURE		
Organisational Profile		
102-1	Name of Organisation	Corporate Profile
102-2	Activities, brands, products, and services	Corporate Profile
102-3	Location of headquarters	Corporate Information Page 15
102-4	Location of operations	Corporate Information Page 15
102-5	Ownership and legal form	Corporate Information Page 15
102-6	Markets served	Corporate Profile
102-7	Scale of the organisation	Human capital Page 62 Financial Statements Page 69-158
102-8	Information on employees and other workers	Page 62
102-9	Supply chain	Page 58-59
102-10	Significant changes to the organisation and its supply chain	Page 58-59
102-11	Precautionary principle or approach	N.A.
102-12	External initiatives	LFHL has not adopted any external initiatives.
102-13	Membership of associations	N.A.
Strategy		
102-14	Statement from senior decision-maker	Board Statement Page 54
102-15	Key impacts, risks, and opportunities	Page 56-59
Ethics and Integrity		
102-16	Values, principles, standards and norms of behaviour	Page 54
102-17	Mechanisms for advice and concerns about ethics	Page 60-63

SUSTAINABILITY **REPORT**

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Governance		
102-18	Governance structure	Page 16-53
102-19	Delegating authority	Page 55
102-20	Executive-level responsibility for economic, environmental	Page 55
102-21	Consulting stakeholders on economic, environmental, and social topics	Page 57
102-22	Composition of the highest governance body and its committees	Page 18
102-23	Chair of the highest governance body	Page 16
102-24	Nominating and selecting the highest governance body	Page 18
102-25	Conflicts of interest	N.A.
102-26	Role of highest governance body in setting purpose, values, and strategy	Page 18
102-27	Collective knowledge of highest governance body	Page 22-23
102-28	Evaluating the highest governance body's performance	Page 30-31
102-29	Identifying and managing economic, environmental, and social impacts	Page 56-63
102-30	Effectiveness of risk management processes	Page 37
102-31	Review of economic, environmental, and social topics	Page 56-63
102-32	Highest governance body's role in sustainability reporting	Page 55
102-33	Communicating critical concerns	NA
102-34	Nature and total number of critical concerns	NA
102-35	Remuneration policies	Page 32-36
102-36	Process for determining remuneration	Page 34
102-37	Stakeholders' involvement in remuneration	NA

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
102-38	Annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment.
102-39	Percentage increase in annual total compensation ratio	Not disclosed due to commercial sensitivity given the highly competitive human resource environment.
Stakeholder Engagement		
102-40	List of stakeholder groups	Page 57-58. LFHL's largest stakeholder group will be its customers, tenants and borrowers.
102-41	Collective bargaining agreements	LFHL has not adopted any collective bargaining agreement
102-42	Identifying and selecting stakeholders	Page 57-58
102-43	Approach to stakeholder engagement	Page 57-58
102-44	Key topics and concerns raised	Page 57-59
102-45	Entities included in the consolidated financial statements	Page 4
102-46	Defining report content and topic boundaries	Page 54
102-47	List of material topics	Page 54
102-48	Restatements of information	N.A.
102-49	Changes in reporting	N.A.
102-50	Reporting period	Page 54
102-51	Date of most recent report	12 April 2021
102-52	Reporting cycle	Page 54
102-53	Contact point for questions	Page 15, 45, 62
102-54	Claims for reporting in accordance with the GRI standards	Page 54
102-55	GRI content index	Page 64-68
102-56	External assurance	N.A.

SUSTAINABILITY REPORT

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Management approach		
103-1	Explanation of the material topic and its boundary	Page 55-57
103-2	The management approach and its components	Page 55-57
103-3	Evaluation of the management approach	N.A.
MATERIAL FACTORS AND PERFORMANCE DATA		
Category: Economic		
Topic: Economic Performance		
201-1	Direct economic value generated and distributed	N.A.
201-2	Financial implications and other risks and opportunities due to climate change	N.A.
201-3	Defined benefit plan obligations and other retirement plans	N.A.
201-4	Financial assistance received from government	N.A.
Topic: Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Page 62
202-2	Proportion of senior management hired from the local community	Most senior managers are hired from the local community
Topic: Procurement Practices		
204-1	Proportion of spending on local suppliers	Page 60
Topic: Anti-corruption		
205-1	Operations assessed for risks related to corruption	Page 62
205-2	Communication and training about anti-corruption policies and procedures	Page 62
205-3	Confirmed incidents of corruption and actions taken	N.A.
Topic: Effluents and Waste		
306-2	Waste by type and disposal method	Page 61

SUSTAINABILITY **REPORT**

General Standard Disclosure		Page, Reference and reasons for omission, if applicable
Topic: Energy and Emissions		
302-1	Energy consumption within the organisation	Page 61
Aspect: Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data.	Page 60 There are no known incidents of complaints from our customers concerning breaches of privacy and loss of data

Note:

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

DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of Luminor Financial Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2021.

On 27 April 2021, the shareholders had approved at an extraordinary general meeting the change of name from Starland Holdings Limited to Luminor Financial Holdings Limited.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Foong Daw Ching
Kwan Chee Seng
Tan Chade Phang
Lim See Yong
Kwan Yu Wen

In accordance with Article 89 of the Company's Constitution, Kwan Chee Seng retires and, being eligible, offers himself for re-election.

In accordance with Article 89 of the Company's Constitution, Kwan Yu Wen retires and, being eligible, offers herself for re-election.

Arrangements to enable directors to acquire shares and debentures

Except as described in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Companies Act 1967, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year/ date of appointment	At the end of financial year	At the beginning of financial year/ date of appointment	At the end of financial year
<u>GRP Limited – Former ultimate holding company*</u> (Ordinary shares)				
Kwan Chee Seng ⁽¹⁾	64,064,440	–	–	–
Lim See Yong ⁽³⁾	3,530,600	–	–	–
<u>The Company</u> (Ordinary shares)				
Kwan Chee Seng ⁽¹⁾	6,921,713	49,631,339	120,376,155	245,797
Lim See Yong ⁽³⁾	466,304	2,820,036	65	65
<u>Subsidiary – Luminor Capital (Malaysia) Sdn. Bhd.</u> (Ordinary shares)				
Kwan Chee Seng ⁽²⁾	–	–	97,951	–
Kwan Yu Wen ⁽²⁾	–	–	97,951	–

* On 29 September 2021, GRP Limited ("GRP"), the former ultimate holding company of the Company, obtained approval from its shareholders at the extraordinary general meeting for the distribution of the Company's shares to the shareholders of GRP via a distribution in specie.

On 3 December 2021, GRP announced that an aggregate of 120,130,358 ordinary shares, representing approximately 83.0% of the total number of Company's shares had been distributed to the shareholders of the GRP. Pursuant to the distribution in specie of shares in the Company, GRP and GRP Chongqing Land Pte. Ltd. ceased to be the ultimate holding company and immediate holding company of the Company, respectively, with effect from 3 December 2021.

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (Continued)

- (1) Mr Kwan Chee Seng has a shareholding interest of 35.5% in GRP Limited. By virtue of Section 7 of the Companies Act 1967, Mr Kwan Chee Seng is deemed to be interested in the ordinary shares of the Company held by GRP Chongqing Land Pte. Ltd., a wholly owned subsidiary of GRP Limited.
- (2) Mr Kwan Chee Seng and Ms Kwan Yu Wen have a shareholding interest of 30% and 20% in Luminor Capital Pte. Ltd., respectively. By virtue of Section 7 of the Companies Act 1967, Mr Kwan Chee Seng and Ms Kwan Yu Wen are deemed to be interested in 97,951 ordinary shares representing 9.8% of Luminor Capital (Malaysia) Sdn. Bhd. ("Luminor Malaysia") held by Luminor Capital Pte. Ltd.. On 25 January 2021, Luminor Capital Pte. Ltd. divested its entire shareholding interest in Luminor Malaysia. And accordingly, Mr Kwan Chee Seng and Ms Kwan Yu Wen ceased to have any deemed interest in the 97,951 ordinary shares of Luminor Malaysia.
- (3) Mr Lim See Yong is deemed to be interested in the ordinary shares of the Company held by his spouse, Ms Sheng Qing.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year end and 21 January 2022.

Share options

(a) Options to take up unissued shares

During the financial year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of financial year, there were no unissued shares of the Company or any corporation in the Group under option.

Share awards

Starland Performance Share Plan

The Company has adopted the Starland Performance Share Plan (the "Starland PSP") which was approved at the Company's extraordinary general meeting held on 11 April 2012 and the authority to allot and issue shares pursuant to the Starland PSP was renewed at its previous year's Annual General Meeting held on 27 April 2021. The Starland PSP provides for the grant of fully-paid shares free-of-charge to employees and directors, when and after pre-determined performance or service conditions are accomplished.

DIRECTORS' STATEMENT

Share awards (Continued)

Starland Performance Share Plan (Continued)

The directors of the Company are allowed to allot and issue from time to time such number of ordinary shares in the capital of the Company as may be required to be issued pursuant to the vesting of the awards granted under the Starland PSP, provided always that the aggregate number of shares to be allotted and issued pursuant to the Plan, shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the date preceding the date of the relevant grant.

The Starland PSP is administered by the Remuneration Committee comprising Tan Chade Phang (Chairman), Foong Daw Ching and Lim See Yong.

The duration of the Starland PSP was 10 years commencing on 11 April 2012 and had accordingly expired on 10 April 2022 without being renewed. There was no shares granted under the Starland PSP since the commencement of the Starland PSP to the end of financial year under review and the end of share plan.

Audit committee

The members of the Audit Committee ("AC") at the end of the financial year were as follows:

- Foong Daw Ching (AC Chairman)
- Tan Chade Phang (Member)
- Lim See Yong (Member)

The AC carried out its functions in accordance with section 201B (5) of the Companies Act 1967, including the following:

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

DIRECTORS' STATEMENT

Audit committee (Continued)

- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators.
- Reviewed the cost effectiveness and the independence and objectivity of the independent auditor.
- Reviewed the nature and extent of non-audit services provided by the independent auditor.
- Recommended to the board of directors the independent auditor to be nominated, approved the compensation of the independent auditor, and reviewed the scope and results of the audit.
- Reported actions and minutes of the AC to the board of directors with such recommendations as the AC considered appropriate.
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

The AC is satisfied with the independence and objectivity of the independent auditor and has recommended to the board of directors that Baker Tilly TFW LLP be nominated for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

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

Auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the board of directors:

Foong Daw Ching
Director

Kwan Yu Wen
Director

Singapore
11 April 2022

INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Luminor Financial Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 79 to 158 which comprise the balance sheets of the Group and of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ["SFRS(I)"] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the financial 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.

Emphasis of Matter

We draw attention to Note 22 to the financial statements which describes the case of bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC").

In June 2020, the Group was informed that certain PRC banks had frozen certain PRC bank accounts of the Group's subsidiaries which were used in various fund transfers aggregating RMB68.0 million. Subsequently in November 2020, the Group had noted that the relevant frozen bank accounts have been "unfrozen" and that the affected subsidiaries may continue to use the funds in the bank accounts for normal business operations.

In November 2021, the affected subsidiaries have received Notices of Administrative Penalty from the State Administration of Foreign Exchange ("SAFE"), Hanzhong City Central Branch. The Notices serve as a warning not to repeat such transactions and to impose a penalty of 10% of the funds transferred in accordance with Article 45 of the Regulations of the People's Republic of China on Foreign Exchange Administration. The Group paid the final settlement of RMB6,803,000 to SAFE. The final settlement is recognised as penalty under other expenses as disclosed in Note 22 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

Emphasis of Matter (cont'd)

Consequent to the settlement, the case relating to the bank accounts and fund transfers of certain subsidiaries in the PRC has been resolved.

Our opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Emphasis of Matter section, we have determined the matter below to be the key audit matter to be communicated in our report.

Impairment assessment of trade receivables and factoring receivables from the Group's financial solutions business

As disclosed in Note 7 to the financial statements, the carrying amounts of the Group's trade and factoring receivables from the Group's financial solutions business amounted to RMB3,683,000 and RMB55,480,000 respectively as at 31 December 2021, after recognising expected credit loss ("ECL") of RMB25,000 and RMB1,064,000 respectively.

The measurement of allowance for ECL of trade and factoring receivables is considered a key audit matter because the carrying amounts of trade and factoring receivables is material to the consolidated financial statements. The determination of ECL is highly dependent on the Group's estimation of the likelihood of default by the debtor and the estimated future cash flows that the Group would expect to receive. As disclosed in Note 3.2 and Note 4(b)(iii), in determining the ECL, management considers both quantitative and qualitative information that is reasonable and supportable, including the creditworthiness of each individual debtor and their recent financial conditions and ability to repay.

Our procedures to address the key audit matter:

Our audit procedures include understanding the Group's processes and controls relating to the credit evaluation of the debtor, ongoing monitoring of the credit risk of the debtor and action plans taken by the Group when the credit risk of the debtor has increased significantly. In addition, we have evaluated reasonableness of management's judgement in identifying debtors with increased credit risk by considering both quantitative and qualitative information that is reasonable and supportable. These information include historical payment trend of the debtors and ability of the debtors to settle the outstanding receivables.

Our audit procedures also include reviewing and testing the accuracy of the debtor ageing analysis, corroborating representation and explanations from management to assess the recoverability of outstanding debts, where applicable. In addition, we also considered the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report 2021 but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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.

Responsibilities of Management and Directors for the Financial Statements

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

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.

INDEPENDENT AUDITOR'S REPORT

To the Members of Luminor Financial Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

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

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.
- 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.

INDEPENDENT **AUDITOR'S REPORT**

To the Members of Luminor Financial Holdings Limited

Report on the Audit of the Financial Statements (cont'd)

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

11 April 2022

BALANCE SHEETS

As at 31 December 2021

		Group		Company	
	Note	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
ASSETS					
Current assets					
Cash and cash equivalents	6	62,548	105,198	5,269	44,644
Trade and other receivables	7	65,684	17,853	81,254	51,105
Held for trading equity securities	8	–	–	–	–
Properties held for sale	9	25,101	26,344	–	–
Development properties	10	8,184	8,413	–	–
Income tax receivable		68	–	–	–
Total current assets		161,585	157,808	86,523	95,749
Non-current assets					
Trade and other receivables	7	1,788	1,972	–	–
Property, plant and equipment	11	1,975	3,576	13	19
Goodwill	13(a)	917	976	–	–
Intangible assets	13(b)	63	1	–	–
Investment in subsidiaries	14	–	–	–*	–*
Investment in associate	15	36	697	–	–
Deferred tax assets	16	931	937	–	–
Total non-current assets		5,710	8,159	13	19
Total assets		167,295	165,967	86,536	95,768
LIABILITIES AND EQUITY					
Current liabilities					
Lease liabilities	12	610	618	–	–
Trade and other payables	17	19,597	9,004	56,240	57,914
Contract liabilities	17	583	656	–	–
Income tax payables		34,008	32,948	–	–
Total current liabilities		54,798	43,226	56,240	57,914
Non-current liabilities					
Trade and other payables	17	–	2,114	–	–
Lease liabilities	12	–	649	–	–
Deferred tax liabilities	16	2,927	3,376	–	–
Provision for restoration		469	475	–	–
Total non-current liabilities		3,396	6,614	–	–
Total liabilities		58,194	49,840	56,240	57,914

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

BALANCE SHEETS

As at 31 December 2021

	Note	Group		Company	
		2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Equity					
Share capital	18	24,471	24,471	24,471	24,471
Other reserves	19	49,677	53,190	(1,934)	787
Retained earnings		32,702	38,765	7,759	12,596
Equity attributable to owners of the Company, total		106,850	116,426	30,296	37,854
Non-controlling interests		2,251	(299)	–	–
Total equity		109,101	116,127	30,296	37,854
Total liabilities and equity		167,295	165,967	86,536	95,768

* Denotes amounts less than RMB1,000

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

CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

For the financial year ended 31 December 2021

		Group	
	Note	2021	2020
		RMB'000	RMB'000
Revenue	20	27,065	37,377
Cost of sales		(2,247)	(29,169)
Gross profit		24,818	8,208
Other income		490	613
Interest income	21	712	2,195
Other expenses	22	(7,584)	(2,099)
Finance costs	23	(714)	(492)
Selling expenses		(20)	(21)
Administrative expenses		(17,334)	(12,521)
Impairment losses on trade and other receivables – net	24	(1,146)	–
Share of associate		16	(43)
Loss before tax	24	(762)	(4,160)
Income tax expense	25	(2,580)	(821)
(Loss)/Profit for the financial year		<u>(3,342)</u>	<u>(4,981)</u>
Other comprehensive loss, net of tax:			
Item that may be reclassified subsequently to profit or loss			
Foreign currency translation		(3,684)	(4,497)
Total comprehensive loss for the financial year		<u>(7,026)</u>	<u>(9,478)</u>
(Loss)/Profit attributable to:			
Owners of the Company		(6,063)	(3,571)
Non-controlling interests		2,721	(1,410)
		<u>(3,342)</u>	<u>(4,981)</u>
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(9,576)	(8,068)
Non-controlling interests		2,550	(1,410)
		<u>(7,026)</u>	<u>(9,478)</u>
Basic and diluted loss per share (RMB cents)	26	<u>(4.19)</u>	<u>(2.47)</u>

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

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2021

Group	Share capital RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2020	24,471	48,522	628	8,568	(31)	64,277	146,435	–	146,435
Loss for the financial year	–	–	–	–	–	(3,571)	(3,571)	(1,410)	(4,981)
Other comprehensive loss	–	–	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	(4,497)	–	(4,497)	–	(4,497)
Total comprehensive loss for the financial year	–	–	–	–	(4,497)	(3,571)	(8,068)	(1,410)	(9,478)
Acquisition of subsidiaries	–	–	–	–	–	–	–	1,111	1,111
Contributions by and distributions to owners	–	–	–	–	–	–	–	–	–
Dividends paid on ordinary shares (Note 27)	–	–	–	–	–	(21,941)	(21,941)	–	(21,941)
At 31 December 2020	24,471	48,522	628	8,568	(4,528)	38,765	116,426	(299)	116,127
(Loss)/Profit for the financial year	–	–	–	–	–	(6,063)	(6,063)	2,721	(3,342)
Other comprehensive loss	–	–	–	–	–	–	–	–	–
Foreign currency translation	–	–	–	–	(3,513)	–	(3,513)	(171)	(3,684)
Total comprehensive (loss)/profit for the financial year	–	–	–	–	(3,513)	(6,063)	(9,576)	2,550	(7,026)
At 31 December 2021	24,471	48,522	628	8,568	(8,041)	32,702	106,850	2,251	109,101

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

STATEMENTS OF **CHANGES IN EQUITY**

For the financial year ended 31 December 2021

Company	Share capital RMB'000	Merger reserve RMB'000	Translation reserve RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2020	24,471	628	3,640	39,190	67,929
Loss for the financial year	–	–	–	(4,653)	(4,653)
Other comprehensive loss					
Foreign currency translation	–	–	(3,481)	–	(3,481)
Total comprehensive loss for the financial year	–	–	(3,481)	(4,653)	(8,134)
Contributions by and distributions to owners					
Dividends paid on ordinary shares (Note 27)	–	–	–	(21,941)	(21,941)
At 31 December 2020	24,471	628	159	12,596	37,854
Loss for the financial year	–	–	–	(4,837)	(4,837)
Other comprehensive loss					
Foreign currency translation	–	–	(2,721)	–	(2,721)
Total comprehensive loss for the financial year	–	–	(2,721)	(4,837)	(7,558)
At 31 December 2021	24,471	628	(2,562)	7,759	30,296

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

CONSOLIDATED **CASH FLOW STATEMENT**

For the financial year ended 31 December 2021

	Note	Group	
		2021 RMB'000	2020 RMB'000
Operating activities			
Loss before tax		(762)	(4,160)
Adjustments for:			
Impairment of goodwill	13(a)	–	2,099
Depreciation of property, plant and equipment	11	1,529	1,241
Amortisation of intangible asset	13(b)	15	–
Amortisation of land use right	10	305	306
Interest income	21	(712)	(2,195)
Interest expense on other liabilities	23	669	422
Interest expense on lease liabilities	23	45	70
Impairment losses on investment in associate	22	781	–
Impairment losses on trade and other receivables – net		1,146	–
Share of result of associates		(16)	43
Unrealised foreign exchange differences		2,386	3,926
Operating cash flows before changes in working capital		6	1,752
Decrease in properties held for sale		1,243	19,281
Increase in development properties		(76)	(77)
Increase in trade and other receivables		(52,110)	(7,519)
Increase/(Decrease) in trade and other payables		166	(4,131)
Decrease in contract liabilities		(73)	(1,250)
Currency translation adjustment		(3,079)	(4,888)
Cash flows (used in)/generated from operations		(48,543)	3,168
Interest received		712	1,914
Interest paid on other liabilities		(1,091)	(422)
Interest paid on lease liabilities		(45)	(70)
Income tax paid		(1,767)	(1,171)
Net cash flows (used in)/generated from operating activities		(50,734)	3,419

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2021

	Note	Group	
		2021 RMB'000	2020 RMB'000
Investing activities			
Purchase of intangible asset		(52)	(1)
Purchase of property, plant and equipment	11	(110)	(1,729)
Acquisition of subsidiaries	14	–	4,069
Net cash flows (used in)/generated from investing activities		(162)	2,339
Financing activities			
Decrease in bank deposits pledged		–	4,048
Dividends paid	27	–	(21,941)
Repayment to former ultimate holding company		(32)	(162)
Due to non-controlling interests		11,245	579
Repayment of lease liabilities	12	(593)	(539)
Net cash flows generated from/(used in) financing activities		10,620	(18,015)
Net decrease in cash and cash equivalents		(40,276)	(12,257)
Effect of foreign exchange rate changes		(2,374)	(3,696)
Cash and cash equivalents at beginning of financial year		105,198	121,151
Cash and cash equivalents at end of financial year	6	62,548	105,198

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1. CORPORATE INFORMATION

Luminor Financial Holdings Limited (the “Company”) is a limited liability company incorporated and domiciled in the Republic of Singapore with its registered office at 30 Cecil Street, #10-01/02 Prudential Tower, Singapore 049712. On 27 April 2012, the Company was listed on Catalist, the sponsor-supervised board of the Singapore Exchange Securities Trading Limited.

On 27 April 2021, the shareholders had approved at an extraordinary general meeting the change of name from Starland Holdings Limited to Luminor Financial Holdings Limited.

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

The principal activities of the subsidiaries are disclosed in Note 14.

On 3 December 2021, the Company ceased to be a subsidiary of GRP Limited, after the completion of the distribution in specie of shares in the Company to shareholders of GRP Limited by way of capital reduction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) [“SFRS(I)”]. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of 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 and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 *Basis of preparation (Continued)*

Use of estimates and judgements (Continued)

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3.

The carrying amounts of cash and cash equivalents, trade and other current receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2.2 *New and revised standards that are adopted*

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ["SFRS(I) INT"] that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

2.3 *New and revised standards not yet effective*

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

2.4 *Basis of consolidation and business combinations*

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(a) Basis of consolidation (Continued)

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full. Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

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.

Non-controlling interests are that part of the net results of operations and of net assets of a subsidiary attributable to the interests which are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having a deficit balance.

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses as incurred.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability, will be recognised in profit or loss.

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(b) Business combinations and goodwill (Continued)

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

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

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

2.5 *Associated companies*

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 *Associated companies (Continued)*

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in associated companies. The Group determines at the end of each reporting period whether there is objective evidence that the investments in associated companies is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in profit or loss.

In the Company's financial statements, investments in associated company are carried at cost less accumulated impairment loss. On disposal of investment in associated company, the difference between the disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

2.6 *Foreign currencies*

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the Company is Singapore Dollars ("SGD"). The financial statements are presented in Renminbi as the Group's operations are mainly in the People's Republic of China ("PRC") during the financial year. The Group will reassess the presentation currency in the next financial year as the Group's operation will be mainly from financial solutions business in Malaysia.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under translation reserve in equity. The translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currencies (Continued)

(b) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into Renminbi as follows:

- (i) Assets and liabilities are translated at the closing rates at the date of the balance sheet;
- (ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in the currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities) are taken to the translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign Group entity, the cumulative amount of the translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost and subsequently carried at cost less accumulated depreciation and any accumulated impairment in value.

The cost of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 *Property, plant and equipment (Continued)*

Depreciation is calculated on a straight-line basis to allocate the depreciable amounts of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Office premises	–	3 years
Motor vehicles	–	3 to 4 years
Renovation, furniture, fixtures and equipment	–	3 to 10 years

The residual value, useful life and depreciation method are reviewed at each balance sheet date, and adjusted prospectively, if appropriate.

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

2.8 *Leases*

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

When a Group entity is the lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets. For these exempted 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

When a Group entity is the lessee (Continued)

Lease liabilities

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 its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the balance sheets.

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

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

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 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the cost relates 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 *Leases (Continued)*

When a Group entity is the lessee (Continued)

Right-of-use assets (Continued)

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within property, plant and equipment, and development properties in the balance sheets.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.12.

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not used this practical expedient.

2.9 ***Land use rights***

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

2.10 ***Development properties***

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 *Development properties (Continued)*

The costs of development properties recognised in the profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.11 *Properties held for sale*

Completed properties held for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and borrowing costs capitalised to the unsold properties with such apportionment based on floor area.

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

2.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 *Subsidiaries*

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

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments is recognised in profit or loss.

2.14 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

At initial recognition, the Group measures a financial asset at amortised cost based on its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset after deducting significant fees received that are an integral part of the effective interest rate of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Subsequent measurement

Debt instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(a) Financial assets (Continued)

Subsequent measurement (Continued)

Debt instruments (Continued)

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

Investments in equity instruments

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

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities at amortised cost are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 *Financial instruments (Continued)*

(b) *Financial liabilities (Continued)*

De-recognition

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

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 *Impairment of financial assets*

The Group recognises loss allowances for expected credit losses ("ECL") on financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

For trade receivables and contract assets that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. When measuring ECL, the Group uses reasonable and supportable information, which is based on management's estimation of the likelihood of default by a debtor and the estimated future cash flows that the Group would expect to receive.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 *Impairment of financial assets (Continued)*

General approach

The Group applies the general approach to provide for ECL on all financial instruments at amortised cost, except for purchased or originated financial assets that are credit-impaired on initial recognition. Under the general approach, loss allowance is measured at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assessed whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECL.

Measurement of ECL

They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive); or
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 *Impairment of financial assets (Continued)*

General approach (Continued)

Write-off

A financial asset is written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

2.16 *Cash and cash equivalents in the consolidated cash flow statement*

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents comprise cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value and excludes pledged deposits.

2.17 *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

2.18 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies and Malaysia companies in the Group make contributions to the Central Provident Fund scheme in Singapore and Employee Provident Fund in Malaysia, both being defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Pursuant to the relevant regulations of the PRC government, the PRC entities of the Group ("PRC subsidiaries") have participated in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC subsidiaries. The only obligation of the PRC subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlements*

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

2.20 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Revenue

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

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

(a) *Income from financial solutions*

The Group earns fee income from a diverse range of products and services provided to its customers. The Group generally satisfies its performance obligation and recognises the fee income on the following basis:

- Transaction-based fee is recognised on the completion of the transaction;
- For a service that is provided over a period of time, fee income is generally recognised over the period during which the related service is provided is undertaken. This basis of recognition most appropriately reflects the nature and pattern of provision of these services to the customers over time; and
- Interest income from financial solution and extension fee are recognised using the effective interest method.

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

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

(c) *Rental income*

Rental income arising from properties held for sale is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Interest income*

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes

(a) **Current income tax**

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) **Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associated companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Taxes (Continued)

(b) Deferred tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries and associated companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 *Taxes (Continued)*

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

2.23 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.24 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheets, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 *Intangible assets*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct expenditure, which enhances or extends the performance of computer software beyond its original specifications and which can be reliably measured, is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Acquired computer software licences are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised using the straight-line method over their estimated useful lives of 3 years.

2.26 *Dividend*

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

2.27 *Government grants*

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Determination of functional currency

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

3.2 *Key sources of estimation uncertainty*

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

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

Development properties and properties held for sale are stated at the lower of cost and estimated net realisable value ("NRV") in accordance with the accounting policies in Notes 2.10 and 2.11. The continually evolving situation due to COVID-19 pandemic has resulted in inherent uncertainty in the estimated net realisable value of the Group's properties. A slowdown in economic activity in the PRC might exert downward pressure on transaction volumes as well as property prices. This could lead to future trends in the market departing from known trends based on past experience.

The carrying amounts of the development properties and properties held for sale stated at the lower of cost and estimated net realisable value as at 31 December 2021 were RMB8,184,000 (2020: RMB8,413,000) and RMB25,101,000 (2020: RMB26,344,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)**3.2 Key sources of estimation uncertainty (Continued)***Calculation of loss allowance*

When measuring ECL, the Group uses reasonable and supportable information, which is based on management's estimation of the likelihood of default by a debtor and the estimated future cash flows that the Group would expect to receive. In determining the expected credit loss allowance, management considers both quantitative and qualitative information that is reasonable and supportable, including the creditworthiness of each individual debtor and their recent financial conditions and ability to repay.

As the calculation of loss allowance on trade and other receivables is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of trade and other receivables. Details of ECL measurement and carrying values of trade and other receivables at reporting date are disclosed in Note 4(b)(iii) and Note 7.

Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, the amount and timing of future taxable income and deductibility of certain expenditure. Accordingly, 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 issues based on reasonable 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. The carrying amounts of the Group's deferred tax assets, income tax payables and deferred tax liabilities at the reporting date are RMB931,000 (2020: RMB937,000), RMB34,008,000 (2020: RMB32,948,000) and RMB2,927,000 (RMB3,376,000) respectively.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT**(a) Categories of financial instruments**

Financial instruments at their carrying amounts at the balance sheet date are as follows:

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Financial assets carried at amortised cost	129,918	124,918	86,523	95,749
Financial liabilities carried at amortised cost	18,642	10,783	56,240	57,914

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)**(b) Financial risk management**

Management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

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

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

(i) Foreign currency risk

The Group's transactions are largely denominated in RMB, Singapore Dollars ("SGD") and Malaysia Ringgit ("RM"). The Group does not enter into derivative foreign exchange contracts and foreign currency borrowings to hedge its foreign exchange risk.

At the balance sheet date, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective functional currency of the Group entities and Company are as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
RMB	9,000	9,000	21,846	21,846
USD	443	122	–	–
SGD	2,853	492	70,702	25,120
Company				
RMB	–	–	21,846	21,846

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(i) Foreign currency risk (Continued)

Sensitivity analysis for foreign currency risk

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

		2021 RMB'000 Loss before tax	2020 RMB'000 Loss before tax
Group			
Increase/(decrease):			
RMB/SGD	– strengthened 5%	(642)	(642)
	– weakened 5%	642	642
RMB/USD	– strengthened 5%	22	6
	– weakened 5%	(22)	(6)
SGD/RMB	– strengthened 5%	(3,392)	(1,231)
	– weakened 5%	3,392	1,231
Company			
Increase/(decrease):			
RMB/SGD	– strengthened 5%	(1,092)	(1,092)
	– weakened 5%	1,092	1,092

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(ii) 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.

Interest rate risk is managed principally through having pre-approved limits for issuance of facilities to its customers.

At the reporting date, the interest rate profile of the interest-bearing financial assets, as reported to the management, was as follows:

	Group	
	2021 RMB'000	2020 RMB'000
Fixed rate instruments		
Financial assets	75,642	64,575
Financial liabilities	(13,360)	(6,659)
Net financial assets	62,282	57,916

These financial instruments are at fixed rates which expose the Group to fair value interest rate risk (i.e. the risk that the value of a financial instrument will fluctuate due to changes in market rates).

The sensitivity analysis for interest rate risk for those financial assets and financial liabilities at variable interest rates is not disclosed as the effect on the profit or loss is considered not significant.

(iii) Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing with high credit rating counter parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) *Financial risk management (Continued)*

(iii) Credit risk (Continued)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults.

For sales of properties, sales proceeds are generally fully settled concurrent with delivery of properties.

For its financial solutions business which provides factoring and loan services, credit evaluations are carried out for all customers through analysis of financial information and credit checks using independent sources of information prior to onboarding as client.

The Risk and Credit Department independently assesses the risk profile of all the customers and provides recommendation and/or risk mitigation measures, upon which the senior management staff assess, review and make decisions on credit risks of the Group, in accordance with the credit policies and procedures of the Group.

All credit evaluations and credit limits must be approved by a committee consisting of several senior management members in Luminor Capital (Malaysia) Sdn. Bhd. ("Luminor Malaysia") and its subsidiaries ("Luminor Malaysia subgroup") prior to issuance of the facility to the customer.

The Risk and Credit Department conducts review on existing clients, on a periodic basis. Established limits and levels of exposure are regularly reviewed and reported to the committee on a periodic basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iii) Credit risk (Continued)

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition	Lifetime ECL – not credit-impaired
Contractual payments are more than 120 days past due or there is evidence of credit impairment	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings	Write-off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) *Financial risk management (Continued)*(iii) Credit risk (Continued)Significant increase in credit risk (Continued)

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assume that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) *Financial risk management (Continued)*

(iii) Credit risk (Continued)

Definition of default

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is experiencing liquidity issues or when there is a breach of contract, such as a default of payment.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 120 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade and factoring receivables

Trade and factoring receivables relate to the Group's customers from its financial solutions business. The Group applies simplified approach to measure lifetime expected credit losses for all trade and factoring receivables taking into consideration the past business relationship and, where applicable, incorporating forward-looking information specific to the individual debtor and the economic environment in which the debtor operates. During the assessment, the Group reviewed the recent payments received, ongoing business relationship, any other relevant information concerning the creditworthiness of each individual debtor and their ability to repay, and considered the impact of COVID-19 on the ECL assessment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iii) Credit risk (Continued)

Trade and factoring receivables (Continued)

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

The table below details the credit quality:

		Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
2021				
Trade receivables	Lifetime ECL	3,708	(25)	3,683
Factoring receivables	Lifetime ECL	56,544	(1,064)	55,480
2020				
Trade receivables	Lifetime ECL	96	(25)	71
Factoring receivables	Lifetime ECL	2,263	–	2,263

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iii) Credit risk (Continued)

Trade and factoring receivables (Continued)

Movements in credit loss allowance are as follows:

	Group	
	2021 RMB'000	2020 RMB'000
Balance at 1 January	25	25
Loss allowance measured:		
Lifetime ECL – Simplified approach	1,078	–
Loss allowance reversed	(12)	–
Translation difference	(2)	–
Balance at 31 December	1,089	25

Loan advances and advance to a third party

The table below details the credit quality:

		12-month or lifetime ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
2021					
Loan advances	Lifetime ECL		2,836	–	2,836
	– not credit-impaired				
Loan advances	Lifetime ECL		2,979	(2,979)	–
	– credit-impaired				
Advance to a third party	Lifetime ECL		3,175	–	3,175
	– not credit-impaired				
2020					
Loan advances	12-month ECL		5,458	–	5,458
Loan advances	Lifetime ECL		5,495	–	5,495
	– not credit-impaired				
Advance to a third party	12-month ECL		4,391	–	4,391

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iii) Credit risk (Continued)

Loan advances and advance to a third party (Continued)

Movements in credit loss allowance are as follows:

	Loan advances RMB'000	Advance to a third party RMB'000	Total RMB'000
Group			
Balance at 1 January 2021	–	–	–
Loss allowance measured			
Lifetime ECL			
– credit-impaired	(2,979)	–	(2,979)
Balance at 31 December 2021	<u>(2,979)</u>	<u>–</u>	<u>(2,979)</u>

Other receivables and deposits

Other receivables and deposits mainly comprise of cash and cash equivalents with financial institutions, non-trade receivables from third parties and subsidiaries and deposits with third parties. The credit risk exposure for the Group's financial assets at amortised cost have been assessed to be insignificant and accordingly, these are at 12-month ECL and no credit loss allowances are required at 31 December 2021 and 2020.

Exposure to credit risk

The Group's maximum exposure to credit risk without taking into account any collateral held, comprises the sum of the carrying amounts of financial assets recorded in the financial statements.

The Group hold collateral against loans advances to third parties in the form of mortgage interests over property. Included in loan advances is an amount of RMB2,897,000 guaranteed by a director of the Company who is also a non-controlling interest of Luminor Malaysia (Note 7 and Note 17). Estimates of the fair value are based on the value of collateral at the time of lending and generally are not updated except when the loan is individually assessed as impaired.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iii) Credit risk (Continued)Exposure to credit risk (Continued)

An estimate fair value of collateral held against financial assets is shown below:

	Group	
	2021 RMB'000	2020 RMB'000
Properties	4,236	21,097

Credit risk concentration profile

Trade receivables from six (2020: two) major debtors accounted for 80% (2020: 100%) of the Group's total trade receivables of RMB2,957,000 (2020: RMB71,000).

Loan advances to two (2020: three) major debtors accounted for 100% of the Group's total loan advances.

Factoring receivables from twelve (2020: three) debtors accounted for 93% (2020: 91%) of the Group's total factoring receivables.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. 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.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iv) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Within one year RMB'000	2021 Within two to five years RMB'000	Total RMB'000	Within one year RMB'000	2020 Within two to five years RMB'000	Total RMB'000
Financial assets:						
Cash and cash equivalents	62,548	–	62,548	105,198	–	105,198
Trade and other receivables	69,130	2,038	71,168	18,676	2,474	21,150
Total undiscounted financial assets	131,678	2,038	133,716	123,874	2,474	126,348
Financial liabilities:						
Trade and other payables	19,098	–	19,098	7,402	2,537	9,939
Lease liabilities	624	–	624	664	664	1,328
Total undiscounted financial liabilities	19,722	–	19,722	8,066	3,201	11,267
Total net undiscounted financial assets/ (liabilities)	111,956	2,038	113,994	115,808	(727)	115,081

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(iv) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

Company	2021		2020	
	Within one year RMB'000	Total RMB'000	Within one year RMB'000	Total RMB'000
Financial assets:				
Cash and cash equivalents	5,269	5,269	44,644	44,644
Trade and other receivables	81,254	81,254	51,105	51,105
Total undiscounted financial assets	86,523	86,523	95,749	95,749
Financial liabilities:				
Trade and other payables	56,240	56,240	57,914	57,914
Total net undiscounted financial assets	30,283	30,283	37,835	37,835

(v) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates).

The Group does not have exposure to the market price risk at the balance sheet date as the fair value of the Group investment in unquoted equity securities was determined to be Nil as at 31 December 2021 and 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(vi) Fair value of financial instruments**Fair value hierarchy**

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

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

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

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

	Fair value measurements at the end of the reporting period using Significant unobservable input (Level 3) RMB'000		Total RMB'000
2021 and 2020 Group and Company			
Financial assets measured at fair value:			
Held for trading equity securities (unquoted)	–		–
Call option [Note 14(c)]	–		–

The fair value of the unquoted equity securities is determined to be Nil as trading of the equity securities on SGX has been delisted on 24 December 2021 and the investee latest available financial information shows a net liability position of Swiss franc 2,489,000 as at 31 December 2020.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(b) Financial risk management (Continued)

(vi) Fair value of financial instruments (Continued)**Fair value hierarchy (Continued)***Cash and cash equivalents (Note 6), trade and other receivables (Note 7), and trade and other payables (Note 17)*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or because the market lending rate at the end of the reporting period was not significantly different from the market interest rate when the non-current loan advances were made to the customer and the non-current payables to non-controlling interests were received.

(c) Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity structure.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables and loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to owners of the Company less the restricted statutory reserve fund as disclosed in Note 19.

	Group	
	2021	2020
	RMB'000	RMB'000
Trade and other payables (Note 17)	19,597	11,118
Lease liabilities (Note 12)	610	1,267
Less: Cash and cash equivalents (Note 6)	(62,548)	(105,198)
	(42,341)	(92,813)
Equity attributable to owners of the Company	106,850	116,426
Less: Statutory reserve	(8,568)	(8,568)
Total capital	98,282	107,858
Capital and net debt	55,941	15,045
Gearing ratio	N/A	N/A

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)**(c) Capital management (Continued)**

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

5. RELATED PARTY TRANSACTIONS

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

	Group	
	2021	2020
	RMB'000	RMB'000
Rental income received from a fellow subsidiary	108	108
Management fee expenses paid to the former ultimate holding company	2,044	1,917
Waiver of payable to a director who is also a non-controlling interest of Luminor Malaysia (offset against impairment loss on loan advances) (Note 7 and Note 17)	2,897	–
Compensation of key management personnel		
Salaries and other short-term benefits	2,946	2,963
Defined contribution plans	203	203
	3,149	3,166
<i>Comprise amounts paid to:</i>		
Directors of the Company	578	578
Other key management personnel	2,571	2,588
	3,149	3,166

6. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Cash on hand	33	44	–*	–
Cash at banks	62,515	105,154	5,269	44,644
Cash and cash equivalents	62,548	105,198	5,269	44,644

* Denotes amounts less than RMB1,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current</u>				
Trade receivables	3,708	96	–	–
Factoring receivables	56,544	2,263	–	–
Loan advances	5,815	8,981	–	–
Other receivables from third parties	1,644	1,200	–	–
Other receivables from subsidiaries	–	–	81,221	51,056
Other receivables from associate	–	173	–	–
Other receivables from non-controlling interests	–	176	–	–
Deposits	366	424	33	49
Interest receivable from fixed deposit	186	69	–	–
Prepayments	100	103	–	–
Advance to a third party	1,387	4,391	–	–
Advances to suppliers	2	2	–	–
	69,752	17,878	81,254	51,105
Less: allowance for impairment losses				
– Trade receivables	(25)	(25)	–	–
– Factoring receivables	(1,064)	–	–	–
– Loan advances	(2,979)	–	–	–
	(4,068)	(25)	–	–
	65,684	17,853	81,254	51,105
<u>Non-current</u>				
Loan advances	–	1,972	–	–
Advance to a third party	1,788	–	–	–
	1,788	1,972	–	–
Total trade and other receivables	67,472	19,825	81,254	51,105

Trade receivables and factoring receivables from the Group's financial solutions business

Trade receivables are unsecured, interest-free and are generally due within 3 months from date of invoice.

Factoring receivables are interest bearing at 1% to 12% per transaction (2020: 1% to 12% per transaction) and are generally due within 3 months from disbursement date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7. TRADE AND OTHER RECEIVABLES (CONTINUED)Loan advances

Loan advances are interest bearing at 10.35% to 12.00% (2020: 10.35% to 12.00%) per annum and are generally on 1 to 20 months (2020: 1 to 32 months) terms.

Included in loan advances is an amount of RMB2,897,000 guaranteed by a director who is also a non-controlling interest of Luminor Malaysia (Note 17). During the financial year, the Group recognises full impairment loss on the gross loan advance of RMB2,979,000 because the debtor has defaulted in payments. The allowance for impairment losses recognised in profit or loss is presented net of waiver of payable to the director of RMB2,897,000.

Other receivables from third parties, subsidiaries, associate and non-controlling interests

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

Advance to a third party

The advance was acquired by the Group during the acquisition of Luminor Malaysia as part of the assets of Luminor Malaysia. The advance was made by Luminor Malaysia to finance a third party's factoring business.

The amount is interest bearing at 14% (2020: 14%) per annum. Management expects to recover the amount in full by 31 December 2023. The fair value of the non-current advance to a third party at the balance sheet date approximate their carrying values as at the end of the reporting period.

8. HELD FOR TRADING EQUITY SECURITIES

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
At fair value through profit and loss				
– Equity securities	–	–	–	–

Held for trading equity securities relate to 6,547,324 shares (2020: 6,547,324 shares) in ayondo Ltd ("ayondo") which the Group and Company acquired in the previous financial years pursuant to its involvement in the Initial Public Offering exercise of ayondo on the Singapore Exchange ("SGX").

As the trading of ayondo has been delisted on 24 December 2021, the fair value of the held for trading equity securities was determined to be Nil.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. PROPERTIES HELD FOR SALE

	Group	
	2021 RMB'000	2020 RMB'000
At cost or net realisable value	25,101	26,344

Properties held for sale as at 31 December 2021 are as follows:

Location	Description	Gross floor area (sq. meters)	Group's effective interest
89 Julong Avenue, Lidu, Fuling District, Chongqing, PRC	Commercial units and carpark units	4,650	100%
8 Wubao Road, Fuling District, Chongqing, PRC	Residential units, commercial units and carpark units	4,914	100%

Properties held for sale as at 31 December 2020 were as follows:

Location	Description	Gross floor area (sq. meters)	Group's effective interest
89 Julong Avenue, Lidu, Fuling District Chongqing, PRC	Commercial units and carpark units	4,650	100%
8 Wubao Road, Fuling District Chongqing, PRC	Residential units, commercial units and carpark units	5,663	100%

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2021

10. DEVELOPMENT PROPERTIES

	Group	
	2021	2020
	RMB'000	RMB'000
Land use rights	9,143	9,143
Amortisation of land use right	(2,484)	(2,179)
Net land use rights (Note 12)	6,659	6,964
Development costs	1,525	1,449
	<u>8,184</u>	<u>8,413</u>

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

In 2019, the Group received an offer from the local authority to repossess the land.

During the financial year ended 31 December 2021, the Group accepted the offer from the local authority for the repossession with a value of RMB42,940,100.

The repossession was completed subsequent to the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. PROPERTY, PLANT AND EQUIPMENT

Group	Office premises RMB'000	Renovation RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Total RMB'000
Cost					
At 1 January 2020	–	–	821	306	1,127
Additions	–	1,340	–	389	1,729
Acquisition of subsidiaries [Note 14(b)]	2,159	617	–	–	2,776
Translation difference	260	(33)	–	–	227
At 31 December 2020	2,419	1,924	821	695	5,859
Additions	–	44	–	66	110
Written off	(203)	–	–	–	(203)
Translation difference	25	(117)	–	(26)	(118)
At 31 December 2021	2,241	1,851	821	735	5,648
Accumulated depreciation					
At 1 January 2020	–	–	780	279	1,059
Depreciation for the financial year	701	496	–	44	1,241
Translation difference	(10)	(7)	–	–	(17)
At 31 December 2020	691	489	780	323	2,283
Depreciation for the financial year	830	620	–	79	1,529
Written off	(203)	–	–	–	(203)
Translation difference	111	(43)	–	(4)	64
At 31 December 2021	1,429	1,066	780	398	3,673
Carrying amount					
At 31 December 2020	1,728	1,435	41	372	3,576
At 31 December 2021	812	785	41	337	1,975

- (a) Included in property, plant and equipment are right-of-use assets of RMB812,000 (2020: RMB1,728,000) (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture, fixtures and equipment RMB'000
Cost	
At 1 January 2020	20
Additions	20
At 31 December 2020	40
Additions	—*
Translation difference	(2)
At 31 December 2021	38
Accumulated depreciation	
At 1 January 2020	14
Depreciation for the financial year	7
At 31 December 2020	21
Depreciation for the financial year	5
Translation difference	(1)
At 31 December 2021	25
Carrying amount	
At 31 December 2020	19
At 31 December 2021	13

* Denotes amounts less than RMB1,000

12. LEASE LIABILITIES AND LEASES

Nature of the Group's leasing activities

The Group lease office units from non-related parties. The lease has a tenure of 3 years and includes option to extend the lease for another 3 years.

The maturity analysis of the lease liabilities is disclosed in Note 4(b)(iv).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. LEASE LIABILITIES AND LEASES (CONTINUED)

Information about leases for which the Group is a lessee is presented below:

Amounts recognised in the balance sheets

	Group	
	2021	2020
	RMB'000	RMB'000
<u>Carrying amount of right-of-use assets</u>		
Development property – net land use rights (Note 10)	6,659	6,964
Property, plant and equipment – office premises (Note 11)	812	1,728
	<u>7,471</u>	<u>8,692</u>
<u>Carrying amount of lease liabilities</u>		
Non-current	–	649
Current	610	618
	<u>610</u>	<u>1,267</u>

Amounts recognised in profit or loss

	Group	
	2021	2020
	RMB'000	RMB'000
Depreciation charged for the financial year		
– Office premises	830	701
– Land use rights	305	306
	<u>1,135</u>	<u>1,007</u>
Interest expense on lease liabilities (Note 23)	45	70
Rent concessions from lessors due to COVID-19	–	(50)
Lease expense – short-term leases	–	9
Lease expense – low value assets leases	–	7

Total cash flows for leases amounted to RMB638,000 (2020: RMB625,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. LEASE LIABILITIES AND LEASES (CONTINUED)*Reconciliation of movements of liabilities to cash flows arising from financing activities:*

	Group RMB'000
Balance as at 1 January 2020	–
Acquisition of subsidiaries [Note 14(b)]	1,806
Changes from financing cash flows:	
– Repayments	(539)
– Interest expense on lease liabilities	70
– Interest paid	(70)
Balance as at 31 December 2020	1,267
Changes from financing cash flows:	
– Repayments	(593)
– Interest expense on lease liabilities	45
– Interest paid	(45)
Translation difference	(64)
Balance as at 31 December 2021	610

*Future cash outflow which are not capitalised in lease liabilities**Extension options*

The leases of office units contain extension options, for which the related lease payments of RMB1,993,000 (2020: RMB1,993,000) had not been included in the lease liabilities as the Group is not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension option held are exercisable only by the Group (additional 3 years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. GOODWILL AND INTANGIBLE ASSETS

(a) Goodwill

	Group	
	2021	2020
	RMB'000	RMB'000
Cost		
At 1 January	3,075	–
Acquisition of subsidiaries [Note 14(b)]	–	3,075
Translation difference	(59)	–
At 31 December	3,016	3,075
Accumulated impairment		
At 1 January	(2,099)	–
Impairment charge (Note 22)	–	(2,099)
At 31 December	(2,099)	(2,099)
Net carrying value at end of financial year	917	976

Impairment test for goodwill

Goodwill acquired in a business combination is allocated, to the cash generating units (“CGUs”) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

	2021	2020
	RMB'000	RMB'000
Luminor Malaysia and its subsidiaries [excluding SA Puncak Management Sdn. Bhd. (“SA Puncak”)]	2,099	2,099
SA Puncak	917	976

At the end of the reporting period ended 31 December 2020, management fully impaired the goodwill arising from the acquisition of Luminor Malaysia and its subsidiaries (excluding SA Puncak) as the Malaysia Movement Control Order caused challenge to the development of the business as the business required face-to-face discussion with business partners, government agencies, customers and potential customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13. GOODWILL AND INTANGIBLE ASSETS (CONTINUED)

(a) Goodwill (Continued)

Key assumptions used in value in use calculation of SA Puncak

The recoverable amount is determined from value in use calculations derived from the most recent financial budgets approved by management covering a five-year period. Revenue growth for the next five years was projected taking into account the increased efforts that will be channelled into the financial solutions business, and the market demand for financial solutions (including the impact arising from COVID-19 pandemic) for the next five years.

Cash flows beyond the five-year period were extrapolated using an estimated terminal growth rate of 1.92% (2020: 1.92%) which does not exceed the average long-term inflation rate of Malaysia. The pre-tax rate used to discount the forecast cash flows from SA Puncak is 8.5% (2020: 8.5%).

Sensitivity to changes in assumptions

With regards to the assessment of value in use, management believes that the change in the estimated recoverable amount from any reasonably possible changes in any of the above key assumptions would not cause the recoverable amount to be materially lower than the carrying value of goodwill allocated to SA Puncak.

(b) Intangible assets

	Group	
	2021 RMB'000	2020 RMB'000
<u>Software licence</u>		
Cost		
At 1 January	1	–
Adjustments	26	–
Additions	52	1
Translation difference	(1)	–
At 31 December	78	1
<u>Amortisation</u>		
At 1 January	–	–
Amortisation charged	15	–
At 31 December	15	–
<u>Carrying amount</u>		
At 31 December	63	1

The intangible assets included above have finite useful lives, over which the assets are amortised. The amortisation period for computer software licence is three years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RMB'000	2020 RMB'000
Unquoted equity shares, at cost	9,773	9,773
Impairment loss	(9,773)	(9,773)
Total	—*	—*

* Denotes amounts less than RMB1,000

Details of the subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operations	Principal activity	Attributable equity interest of the Group		Proportion of voting power held	
			2021 %	2020 %	2021 %	2020 %
Starland Axis Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100	100	100
Starland Commercial Trading Pte. Ltd. ⁽¹⁾	Singapore	Investment holding	100	100	100	100
<u>Subsidiary of Starland Commercial Trading Pte. Ltd.</u>						
Xiamen Starland Trading Limited ⁽³⁾	People's Republic of China	Wholesale, import and export of chemical product, office furniture and clothing; consultancy on the enterprise management and business information	100	100	100	100
<u>Subsidiary of Xiamen Starland Trading Limited</u>						
Chongqing Starland Property Services Co., Ltd. ⁽⁴⁾	People's Republic of China	Property management service	100	100	100	100
<u>Subsidiaries of Chongqing Starland Property Services Co., Ltd.</u>						
Chongqing Gangyuan Property Development Co., Ltd. ⁽⁴⁾	People's Republic of China	Property development, marketing planning of property; sales of construction material, decoration material and low voltage electronic apparatus	100	100	100	100
Chongqing Tianhu Land Co., Ltd. ⁽⁴⁾	People's Republic of China	Property development, marketing planning of property; sales of construction material, decoration material and low voltage electronic apparatus	100	100	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows: (Continued)

Name of subsidiary	Country of incorporation and operations	Principal activity	Attributable equity interest of the Group		Proportion of voting power held	
			2021 %	2020 %	2021 %	2020 %
<u>Subsidiary of Starland Axis Pte. Ltd.</u>						
Luminor Malaysia ⁽²⁾	Malaysia	Investment holding and provision of financial solution	51	51	51	51
<u>Subsidiaries of Luminor Malaysia</u>						
EL Nuwr Sdn. Bhd. (formerly known as Mornington Assets Sdn. Bhd.) ⁽²⁾	Malaysia	Financial solution – Asset management	51	51	100	100
Luminor Credit Sdn. Bhd. (formerly known as Venture Capital Sdn. Bhd.) ⁽²⁾	Malaysia	Financial solution – Loan advances business	51	40	100	80
SA Puncak (formerly known as EL Nuwr Capital Sdn. Bhd.) ⁽²⁾	Malaysia	Financial solution – Factoring business	43	43	85	85

(1) Audited by Baker Tilly TFW LLP.

(2) Audited by Baker Tilly Malaysia.

(3) Not required to be audited in country of incorporation.

(4) Audited by member firm of Baker Tilly International in the PRC for group consolidation purposes.

(a) Summarised financial information of subsidiaries with material non-controlling interests ("NCI")

The Group has the following subsidiary that has NCI that is considered by management to be material to the Group:

Name of subsidiary	Principal place of business/Country of incorporation	Ownership interests held by NCI	
		2021 %	2020 %
Luminor Malaysia subgroup	Malaysia	49	49

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (Continued)

The following is the summarised financial information of the Group's subsidiary with NCI that is considered by management to be material to the Group. These financial information include consolidation adjustments but before inter-company eliminations.

Summarised Balance Sheet

	Luminor Malaysia subgroup	
	2021	2020
	RMB'000	RMB'000
Non-current assets	2,930	7,271
Current assets	77,082	24,866
Non-current liabilities	(469)	(2,797)
Current liabilities	(75,418)	(29,997)
Net assets/(liabilities)	4,126	(657)
Net assets/(liabilities) attributable to NCI	2,251	(299)

Summarised Statement of Comprehensive Income

	Luminor Malaysia subgroup	
	2021	2020
	RMB'000	RMB'000
Revenue	22,819	2,378
Profit/(Loss) before tax	6,727	(4,351)
Income tax expenses	(1,963)	(226)
Profit/(Loss) after tax and total comprehensive income/(loss)	4,764	(4,577)
Profit/(Loss) allocated to NCI	2,721	(1,410)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(a) Summarised financial information of subsidiaries with material non-controlling interests ("NCI") (Continued)

Summarised Cash Flows

	Luminor Malaysia subgroup	
	2021	2020
	RMB'000	RMB'000
Cash flows used in operating activities	(30,933)	(9,360)
Cash flows from/(used in) investing activities	3	(2,616)
Cash flows from financing activities	34,295	15,416
Net increase in cash and cash equivalents	3,365	3,440

(b) Acquisition of subsidiaries

Acquisition of Luminor Malaysia

On 22 July 2019, the Group's wholly-owned subsidiary, Starland Axis Pte. Ltd., entered into a convertible loan agreement with Luminor Malaysia amounting to RM7,000,000 (approximately RMB12,080,000), of which RM4,000,000 (approximately RMB6,903,000) contains a convertible option to convert into 51% of the enlarged share capital of Luminor Malaysia.

On 4 February 2020, the Group re-negotiated the terms of the acquisition to convert RM1,960,032 (approximately RMB3,309,000) of the convertible loan for 51% interest in Luminor Malaysia. Following the exercise of the option, Luminor Malaysia became a subsidiary of the Company.

The acquisition of Luminor Malaysia is part of the Group's plan to diversify into the Financial Solutions Business and present new growth opportunities for the Group.

(i) Acquisition-date consideration transferred

	RMB'000
Conversion of debt securities representing consideration transferred	3,309

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)

(b) Acquisition of subsidiaries (Continued)

Acquisition of Luminor Malaysia (Continued)

(ii) Fair values of identifiable assets and liabilities of subsidiary at acquisition date

	RMB'000
Property, plant and equipment	2,776
Deferred tax assets	4
Investment in associate	751
Loan receivables	4,283
Other receivables	636
Trade receivables	338
Advance to a third party	4,953
Cash and cash equivalents	4,801
Other payables	(566)
Lease liabilities	(1,806)
Income tax payable	(150)
Due to holding company	(8,815)
Due to non-controlling interests	(4,884)
Total identifiable net assets	2,321
Less: Non-controlling interest measured at the Non-controlling's proportionate share of subsidiary's net assets	(1,111)
Net identifiable net assets acquired	1,210
Goodwill (Note 13)	2,099
Total consideration transferred	3,309

The contractual amount receivables for acquired receivables (loan receivables, other receivables, trade receivables and advance to a third party) approximate the fair value as the receivables are current and expected to be received within 1 year from the acquisition date.

(iii) Effect on cash flows of the Group

	RMB'000
Cash and cash equivalents in subsidiary acquired representing net cash inflow from acquisition of subsidiary	4,801

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)**(b) Acquisition of subsidiaries (Continued)***Acquisition of Luminor Malaysia (Continued)*

(iv) Goodwill

The acquired subsidiaries are involved in providing financial solutions. The goodwill of RMB2,099,000 is attributable to the assembled workforce of Luminor Malaysia which consists of largely ex-bankers with experience in the financial solutions business in Malaysia. The goodwill acquired is not expected to be deductible for tax purposes.

(v) Revenue and profit contribution

The acquired subsidiaries contributed revenues of RMB1,766,000 and net losses of RMB2,779,000 to the Group for the period from 4 February 2020 to 31 December 2020. If the acquisition had occurred on 1 January 2020, the Group revenue would have been RMB37,771,000 and total loss would have been RMB4,940,000.

Acquisition of SA Puncak

On 4 September 2020, the Group, through its subsidiary, Luminor Malaysia, completed the acquisition of the 85% of issued and paid-up share capital of SA Puncak for a total consideration of RM600,000 (approximately RMB976,000).

The acquisition of SA Puncak is part of the Group's plan to diversify into the Financial Solutions Business and present new growth opportunities for the Group.

(i) Acquisition-date consideration transferred

	RMB'000
Cash paid	732
Consideration payable on 4 September 2021	244
Total consideration transferred	976

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. INVESTMENT IN SUBSIDIARIES (CONTINUED)**(b) Acquisition of subsidiaries (Continued)***Acquisition of SA Puncak (Continued)*

(ii) Fair values of identifiable assets and liabilities of subsidiary at acquisition date

	RMB'000
Net identifiable net assets acquired	—*
Goodwill (Note 13)	976
Total consideration transferred	976

* Denotes amounts less than RMB1,000

(iii) Effect on cash flows of the Group

	RMB'000
Cash paid [as per (i) above] representing net cash outflow from acquisition of subsidiary	(732)

(iv) Goodwill

The acquired subsidiary is involved in financial solutions. The goodwill of RMB976,000 is attributable to the infrastructure put in place to facilitate factoring services in Malaysia. The goodwill acquired is not expected to be deductible for tax purposes.

(v) Revenue and profit contribution

The acquired subsidiary contributed revenue of RMB607,000 and net loss of RMB369,000 to the Group for the period from 4 September 2020 to 31 December 2020. If the acquisition had occurred on 1 January 2020, the Group revenue and total loss would not be materially changed as SA Puncak's revenue and loss prior to the acquisition were negligible.

(c) Call option

In accordance with the call option agreement, the non-controlling shareholder of SA Puncak granted Luminor Malaysia a call option over the remaining 15% interest in SA Puncak.

The call option expires on 6 July 2022 and Luminor Malaysia can exercise the option at an option price of RM1,000,000. As at 31 December 2021, the fair value of the call option was determined to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENT IN ASSOCIATE

	Group	
	2021 RMB'000	2020 RMB'000
Unquoted equity shares, at cost	651	651
Loan due from associate	255	255
Share of post-acquisition reserves	(56)	(72)
Allowance for impairment loss	(781)	–
Translation difference	(33)	(137)
	<u>36</u>	<u>697</u>

Movements in allowance for impairment loss during the financial year are as follows:

	Group	
	2021 RMB'000	2020 RMB'000
At 1 January	–	–
Allowance for impairment loss	(781)	–
At 31 December	<u>(781)</u>	<u>–</u>

Details of the Group's associate is as below:

Name of associate	Country of incorporation and operations	Principal activity	Attributable equity interest of the Group	
			2021 %	2020 %
<u>Associate of Luminor Malaysia</u>				
Fiscalab Capital Markets Sdn. Bhd. ⁽¹⁾	Malaysia	Financial solutions	49	49

(1) Audited by Baker Tilly Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15. INVESTMENT IN ASSOCIATE (CONTINUED)

Summarised financial information for Fiscalab Capital Markets Sdn. Bhd. ("Fiscalab") based on its SFRS(I) financial statements (not adjusted for the Group's share of those amounts) and a reconciliation to the carrying amounts of the investment in the consolidated financial statements is as follows:

	Fiscalab Capital Markets Sdn. Bhd.	
	2021	2020
	RMB'000	RMB'000
Revenue	120	33
Profit/(Loss) before tax	32	(88)
Income tax expenses	–	–
Profit/(Loss) after tax	32	(88)
Other comprehensive income	–	–
Total comprehensive income/(loss)	32	(88)
Current assets	149	329
Current liabilities	(20)	(182)
Net asset	129	147
Group's share of net assets based on proportion of ownership interest	63	72
Reconciliation of net assets to carrying amount as at financial year end:		
Share of net assets	63	72
Goodwill on acquisition	–	625
Adjustment	(27)	–
Carrying amount of investment	36	697

During the financial year, management performed an impairment review for the Company's investment in Fiscalab as the share of net asset of Fiscalab is lower than the cost of investment. An impairment loss of RMB781,000 (2020: RMB Nil) was recognised during the current financial year to write down the Group's investment in Fiscalab to its recoverable amount of RMB36,000 (2020: RMB697,000). The recoverable amount has been determined based on the net assets of Fiscalab which management had estimated that the book value are fairly comparable at market value which approximates the fair value less cost to sell of the entity. The fair value measurement is categorised as a Level 3 fair value inputs to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. DEFERRED TAX

	Group	
	2021 RMB'000	2020 RMB'000
Deferred tax assets	931	937
Deferred tax liabilities	(2,927)	(3,376)

The deferred tax assets and liabilities recognised by the Group and movements thereon during the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	Deferred tax liabilities			Deferred tax assets		
	Undistributed retained profits RMB'000	Pre-levied Land Appreciation Tax ("LAT") RMB'000	Subtotal RMB'000	Tax credits RMB'000	Subtotal RMB'000	Total RMB'000
At 1 January 2020	(3,101)	(74)	(3,175)	931	931	(2,244)
Acquisition of Luminor Malaysia	–	–	–	4	4	4
(Charged)/Credited to profit or loss for the financial year (Note 25)	(199)	(2)	(201)	2	2	(199)
At 31 December 2020	(3,300)	(76)	(3,376)	937	937	(2,439)
Credited to profit or loss for the financial year (Note 25)	417	–	417	–	–	417
Translation difference	32	–	32	(6)	(6)	26
At 31 December 2021	(2,851)	(76)	(2,927)	931	931	(1,996)

Temporary differences relating to investment in subsidiaries

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. DEFERRED TAX (CONTINUED)Temporary differences relating to pre-levied LAT

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

**17. TRADE AND OTHER PAYABLES
CONTRACT LIABILITIES**

	Group		Company	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
<u>Current</u>				
Trade payables	1	1	–	–
Deposits from contractors	733	733	–	–
Deposits from tenants	323	323	–	–
Accrued expenses	2,195	1,517	637	681
Other payables due to subsidiaries	–	–	55,346	56,928
Other payables due to former ultimate holding company	235	279	235	279
Payables to non-controlling interests	12,750	3,034	–	–
Payables to associate	–	33	–	–
Consideration payable for acquisition of SA Puncak	11	244	–	–
Other payables due to third parties	1,784	1,238	22	26
Other tax payables	1,565	1,602	–	–
	19,597	9,004	56,240	57,914
<u>Non-current</u>				
Payables to non-controlling interests	–	2,114	–	–
Total trade and other payables	19,597	11,118	56,240	57,914
Contract liabilities	583	656	–	–

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

Payables to non-controlling interests are unsecured, interest bearing at 6.5% and 10% (2020: 10%) per annum and repayment is within the next 12 months. Included in the balances are amounts of RMB966,000 (2020: current and non-current of RMB1,828,000 and RMB2,114,000 respectively) due to a director of the Company who is a non-controlling interest of Luminor Malaysia. During the financial year, RMB2,897,000 was waived by the director (Notes 5 and 7).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. TRADE AND OTHER PAYABLES (CONTINUED)
CONTRACT LIABILITIES

Contract liabilities pertains to advances from customers for the sale of its properties which are recognised as revenue when control of the property has been transferred to the customer.

A reconciliation of contract liabilities is as follows:

	Group	
	2021	2020
	RMB'000	RMB'000
At 1 January	656	1,906
Revenue recognised included in opening balance	(3,636)	(1,861)
New contracts	3,563	611
At 31 December	583	656

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

	Group				
	At beginning of financial year	Cash flows	Transfer to other payables	Waiver of amount due to non-controlling interests	At end of financial year
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021					
Other payables due to former ultimate holding company	279	(32)	–	–	235
Payables to non-controlling interests	5,392	11,245	(1,128)	(2,897)	12,761
Other payables due to third parties	–	–	1,128	–	1,128
Total	5,671	11,213	–	(2,897)	14,124

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17. TRADE AND OTHER PAYABLES (CONTINUED)
CONTRACT LIABILITIES

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

	Group				
	At beginning of financial year RMB'000	Cash flows RMB'000	Acquisition RMB'000	Effects of translation RMB'000	At end of financial year RMB'000
2020					
Other payables due to ultimate holding company	439	(162)	–	2	279
Payables to non-controlling interests	–	579	4,884	(71)	5,392
Total	439	417	4,884	(69)	5,671

18. SHARE CAPITAL

	Group and Company			
	2021		2020	
	No. of shares '000	RMB'000	No. of shares '000	RMB'000
Issued and fully paid ordinary shares				
At the beginning and the end of financial year	144,733	24,471	144,733	24,471

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19. OTHER RESERVESCapital reserve

Arising from the restructuring exercise in financial year 2012, being balancing of advances from ex-shareholders (net of tax) that were waived by the ex-shareholders are included as capital reserve.

Merger reserve

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

Statutory reserve

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

Translation reserve

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

20. REVENUE

		Group	
	Timing of transfer	2021	2020
		RMB'000	RMB'000
Interest income from financial solutions	Over time	21,539	2,140
Income from sale of properties	At a point in time	3,442	33,755
Rental income	Over time	1,110	1,245
Fee income from financial solutions	Overtime	875	199
Fee income from financial solutions	At a point in time	99	38
		<u>27,065</u>	<u>37,377</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. INTEREST INCOME

	Group	
	2021	2020
	RMB'000	RMB'000
Interest income from fixed deposits	640	2,195
Interest income from current accounts with banks	72	–
	<u>712</u>	<u>2,195</u>

22. OTHER EXPENSES

	Group	
	2021	2020
	RMB'000	RMB'000
Impairment loss on goodwill [Note 13(a)]	–	2,099
Impairment loss on investment in associate	781	–
Penalty – Bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC")	6,803	–
	<u>7,584</u>	<u>2,099</u>

Bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC")

During the financial year ended 31 December 2019, certain of the Group's subsidiaries in PRC made various fund transfers aggregating RMB68.0 million to unrelated third-party PRC entities, and a Singapore subsidiary of the Group received fund transfers aggregating S\$12.9 million from a Singapore licensed remittance agent.

In June 2020, the Group was informed that certain PRC banks had frozen certain PRC bank accounts of the Group's subsidiaries which were used in the aforementioned fund transfers.

In November 2020, management was informed verbally by the officer-in-charge ("OIC") of the case in Yan Ta police station, Shanxi Province, Xi'an City, PRC, that the affected bank accounts have been "unfrozen" and that those bank accounts can be used for "normal business operations".

2021

In October 2021, the Group was informed that the case has been taken over by the State Administration of Foreign Exchange ("SAFE"), Hanzhong City Central Branch. The SAFE officer in-charge (the "SAFE OIC") had requested the Group to submit supporting documents relating to certain payments made in the PRC for their investigation.

In November 2021, the affected subsidiaries have received Notices of Administrative Penalty from SAFE. The Notices serve as a warning not to repeat such transactions and to impose a penalty of 10% of the funds transferred in accordance with Article 45 of the Regulations of the People's Republic of China on Foreign Exchange Administration. The Group paid the final settlement of RMB6,803,000 to SAFE. Consequent to the settlement, the case relating to the bank accounts and fund transfers of certain subsidiaries in the PRC has been resolved.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. FINANCE COSTS

	Group	
	2021	2020
	RMB'000	RMB'000
Interest expense on lease liabilities	45	70
Interest expense on unwinding of provision for restoration	23	23
Interest expense on advances from non-controlling interests	646	399
	<u>714</u>	<u>492</u>

24. LOSS BEFORE TAX

Loss before tax has been arrived at after charging/(crediting):

	Group	
	2021	2020
	RMB'000	RMB'000
Depreciation of property, plant and equipment	1,529	1,241
Amortisation of land use right	305	306
Impairment losses on trade and other receivables (net of waiver of payable to non-controlling interests)	1,146	–
Management fee expenses paid to former ultimate holding company	2,044	1,917
Net foreign exchange loss/(gain)	764	(251)
Employee benefits expense (including directors' remuneration):		
Salaries and other short-term benefits	6,568	4,295
Defined contribution plans	774	420
Total employee benefits expense	<u>7,342</u>	<u>4,715</u>
Audit fees:		
– Auditors of the Company	368	370
– Affiliates of auditors of the Company	427	230
– Other auditors	–	198
Non-audit fees:		
– Auditors of the Company	–	–
– Other auditors	–	–
Cost of properties held for sale recognised as expenses	<u>1,242</u>	<u>29,037</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. INCOME TAX EXPENSE

	Group	
	2021	2020
	RMB'000	RMB'000
Current tax:		
PRC enterprise income tax	597	138
PRC land appreciation tax	163	204
Singapore corporate income tax	274	85
Malaysia corporate income tax	2,029	195
	<u>3,063</u>	<u>622</u>
Overprovision in respect of previous financial years		
Current income tax	(66)	–
Deferred tax:		
Origination of temporary differences (Note 16)	<u>(417)</u>	<u>199</u>
Total income tax expense	<u><u>2,580</u></u>	<u><u>821</u></u>

The Group is subject to income tax on an entity basis on profits from the jurisdictions in which members of the Group are domiciled and operate.

The statutory income tax rate applicable is 17% (2020: 17%) and 24% (2020: 17%) for companies incorporated in Singapore and Malaysia respectively.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax ("New Law") by Order No.63 of the President of the PRC, with an effective date of 1 January 2008. On 28 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. Due to the New Law and Implementation Regulations, the PRC subsidiaries will be subject to 25% Enterprise Income Tax, commencing 1 January 2008. Accordingly, taxation arising in the PRC is calculated at the prevailing rate of 25% (2020: 25%) for subsidiaries in the PRC.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. INCOME TAX EXPENSE (CONTINUED)Relationship between tax expense and accounting profit

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

	Group	
	2021	2020
	RMB'000	RMB'000
Loss before tax	(762)	(4,160)
Tax calculated at statutory rate of the respective entities	114	(246)
Non-deductible items	4,058	967
Income not subjected to tax	(280)	(447)
Effect of land appreciation tax	122	116
Withholding tax on undistributed profits	(417)	199
Deferred tax assets not recognised	–	321
Utilisation or previously unrecognised tax losses and capital allowances	(763)	–
Overprovision income tax expense in prior year	(66)	–
Others	(188)	(89)
Income tax expense recognised in profit or loss	2,580	821

The Group has unutilised tax losses of approximately RMB Nil (2020: RMB2,230,000) that are available for offset against future taxable profits of the companies in which these arose for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses are subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses amounting to RMB Nil (2020: RMB384,000) and RMB Nil (2020: RMB1,846,000) will expire by 2025 and 2027 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2021	2020
Net loss attributable to owners of the Company (RMB'000)	(6,063)	(3,571)
Weighted average number of ordinary shares outstanding basic and diluted loss per share ('000)	144,733	144,733
Basic and diluted loss per share (RMB cents) (cents per share)	(4.19)	(2.47)

There was no difference between the basic and diluted loss per share as the effect of all potentially dilutive shares outstanding was anti-dilutive for the financial years ended 31 December 2021 and 31 December 2020.

27. DIVIDENDS

	Group and Company	
	2021	2020
	RMB'000	RMB'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final exempt (one-tier) dividend for 2019: SGD0.03 per share	–	21,941

28. SEGMENT INFORMATION

The Group's reportable operating segments comprise of property segment and financial solution.

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

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

Segment	Principal activities
(a) Property segment	Development of residential, commercial and other properties and leasing of properties held for sale to generate rental income
(b) Financial solutions	Interest income and fees from financial solutions business in Malaysia

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. SEGMENT INFORMATION (CONTINUED)

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

The Group's reportable operating segments comprise property and financial solutions. Property covers development of residential, commercial and other properties and rental income from leasing of properties held for sale to generate rental income. Financial solutions business cover interest income and fees from financial solutions business in Malaysia.

Below are the Group's reportable segments as required under SFRS(I) 8 *Operating Segments*

	Property		Financial solutions		Group	
	2021	2020	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
External sales	4,552	35,000	22,513	2,377	27,065	37,377
Result						
Segment gross contribution	3,235	5,866	21,583	2,342	24,818	8,208
Other income	216	492	274	121	490	613
Interest income	640	1,375	72	820	712	2,195
Other expenses	(6,803)	–	–	(2,099)	(6,803)	(2,099)
Direct expenses	(2,317)	(1,767)	(11,383)	(5,492)	(13,700)	(7,259)
Impairment loss on investment in associate	–	–	(781)	–	(781)	–
Share of result of associate	–	–	16	(43)	16	(43)
Segment net (loss)/contribution	(5,029)	5,966	9,781	(4,351)	4,752	1,615
Corporate expenses					(5,514)	(5,775)
Loss before income tax					(762)	(4,160)
Income tax expense					(2,580)	(821)
Loss for the financial year					(3,342)	(4,981)
Depreciation and amortisation	(314)	(322)	(1,535)	(1,225)	(1,849)	(1,547)
Impairment loss on goodwill	–	–	–	(2,099)	–	(2,099)
Impairment loss on trade and other receivables	–	–	(1,148)	–	(1,148)	–
Impairment loss on investment in associate	–	–	(781)	–	(781)	–
Share of result of associate	–	–	16	(43)	16	(43)
Segment assets	140,951	89,204	21,026	32,511	161,977	121,715
Unallocated assets					5,318	44,252
Total assets					167,295	165,967
Segment assets includes:						
Investment in associated company	–	–	–	697	–	697
Additions to non-current assets*	–	20	110	1,709	110	1,729
Segment liabilities	40,329	41,180	16,970	8,132	57,299	49,312
Unallocated liabilities					895	528
Total liabilities					58,194	49,840

* Non-current assets additions other than financial instruments and deferred tax assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28. SEGMENT INFORMATION (CONTINUED)*Segment results*

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements. Expenses of the Company is not allocated to segments as the holding company provide administrative support on a Group basis.

Segment assets and liabilities

The amounts provided to the management with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. Management monitors the assets and liabilities attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets and liabilities are allocated to reportable segments other than of the Company which are classified as unallocated assets and liabilities.

Below are the geographical segments by location of customers.

Segment revenue: Segment revenue is analysed based on the location of customers.

Segment assets: Segment assets (non-current assets) are analysed based on the location of these assets.

	Revenue	
	2021 RMB'000	2020 RMB'000
Singapore	–	23,244
People's Republic of China	4,552	11,756
Malaysia	22,513	2,377
Total	27,065	37,377

	Non-current assets*	
	2021 RMB'000	2020 RMB'000
Singapore	14	19
People's Republic of China	47	53
Malaysia	2,930	5,178
Total	2,991	5,250

* Non-current assets information presented above are non-current assets as presented on the consolidated balance sheet excluding financial instruments and deferred tax assets.

Information about major customer

Revenue is derived from 1 external customer who individually contributed 10% or more of the Group's revenue and are attributable to financial solutions business in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

29. BASIS FOR QUALIFIED OPINION ON THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The independent auditor's report dated 15 April 2021 contained a qualified opinion on the financial statements for the financial year ended 31 December 2020. The extract of the basis for qualified opinion is as follows:

Basis for Qualified Opinion

Bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC")

On 19 June 2020, the Company became aware that certain People's Republic of China ("PRC") banks had frozen certain PRC bank accounts of Chongqing Tianhu Land Co., Ltd. ("Tianhu") and Chongqing Gangyuan Property Development Co., Ltd. ("Gangyuan").

Management has appointed legal counsel in the PRC to pursue resolution of the matter. The legal counsel has since initiated communication with the banks and was referred to an officer-in-charge ("OIC") of the case.

These PRC bank accounts had been unfrozen on 24 November 2020. Management had obtained verbal confirmation from the OIC that these PRC bank accounts may be used for normal business operations.

There were certain fund transfers from these bank accounts made by the abovementioned PRC subsidiaries to unrelated third-party entities during the financial year ended 31 December 2019.

The auditor's report on the Group's financial statements for the financial year ended 31 December 2019 included a qualification due to the auditor's inability to obtain sufficient audit evidence on whether the fund transfers are in compliance with applicable laws and regulations in the PRC and Singapore.

As a result of the matters highlighted above, we are unable to obtain sufficient audit evidence on:

- (i) whether the Group has the rights and ability to recover the bank balances in the PRC bank accounts; and
- (ii) whether the fund transfers are in compliance with applicable laws and regulations in the PRC and Singapore. If 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

30. EVENTS AFTER THE BALANCE SHEET DATE

- (a) As disclosed in Note 10, the Group accepted the offer from the local authority for the repossession with a value of RMB42,940,100. The Group received the full payment on 16 February 2022.
- (b) The Group entered into sales and purchase agreement to acquire additional interest in Luminor Capital (Malaysia) Sdn. Bhd. ("LCM") and Funded Here Pte. Ltd. ("FH").

On 28 January 2022, the wholly-owned subsidiary, Starland Axis Pte. Ltd. ("SAPL") has entered into a binding memorandum of understanding in relation to (1) the proposed acquisition of shares in the capital of Luminor Capital (Malaysia) Sdn. Bhd.; and (2) the proposed acquisition of shares in the capital of Funded Here Pte. Ltd..

On 12 February 2022, SAPL has entered into a sale and purchase agreement in relation to the proposed acquisition of shares in the capital of Funded Here Pte. Ltd..

- (c) On 25 February 2022, SAPL has entered into a sale and purchase agreement in relation to the proposed acquisition of shares representing of the balance 49% issued shares in the capital of LCM. Following the acquisition, LCM became a 100% wholly-owned subsidiary of the Company.

The purchase consideration payable by the Group in cash may be partly funded through a shareholder's loan to be granted by Mr Kwan Chee Seng ("Mr Kwan"), a non-executive director of the Group. On 2 March 2022, SAPL entered into a shareholder's loan agreement with Mr Kwan. Mr Kwan will extend an unsecured loan facility of up to an aggregate principal amount of S\$8,000,000 to SAPL.

- (d) On 31 March 2022, SAPL has entered into a non-binding memorandum of understanding ("MOU") with PT Adiwisista Daya Pratama ("ADP") in relation to:

- SAPL's proposed subscription of a convertible and exchangeable note (the "Note") with a principal amount of US\$2,000,000 (the "Principal Amount") which comprises: (i) a convertible note of US\$100,000 to be converted into 20% of shares in a company to be incorporated under the laws of Indonesia and to be wholly-owned by ADP ("ADI"); and (ii) an exchangeable note of US\$1,900,000 to be exchanged into 20% of shares in PT Adiwisista Finansial Teknologi ("AFT").

ADP is the legal and beneficial owner of a 90% equity interest in AFT, which holds a license as an Information Technology-Based Borrowing-Lending Service Provider issued by the Financial Services Authority of Indonesia to operate a peer-to-peer lending platform (the "License").

- SAPL's and ADP's proposed entry into a collaboration agreement, under which SAPL and ADP shall share certain capabilities and knowledge including product and technological knowledge and operations know-how.

NOTES TO **THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2021

31. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 11 April 2022.

STATISTICS OF **SHAREHOLDINGS**

AS AT 23 MARCH 2022

Number of Shares	:	144,733,000
Class of shares	:	Ordinary shares
Voting rights	:	On a Poll: 1 vote for each ordinary share
Number of treasury shares	:	Nil
Number of Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 23 MARCH 2022

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	214	7.71	6,163	0.00
100 – 1,000	845	30.44	434,117	0.30
1,001 – 10,000	1,122	40.42	4,194,080	2.90
10,001 – 1,000,000	576	20.75	35,399,814	24.46
1,000,001 AND ABOVE	19	0.68	104,698,826	72.34
TOTAL	2,776	100.00	144,733,000	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 23 MARCH 2022

S/No	Name of Shareholder	Number of Shares	%
1.	CITIBANK NOMINEES SINGAPORE PTE LTD	47,638,449	32.91
2.	OCBC SECURITIES PRIVATE LTD	7,921,067	5.47
3.	UNITED OVERSEAS BANK NOMINEES PTE LTD	7,249,528	5.01
4.	CHENG LIM KONG	6,436,955	4.45
5.	ANG CHENG LAM	5,207,641	3.60
6.	HASSAN ISSA YAUNIS	4,660,200	3.22
7.	RAFFLES NOMINEES (PTE) LIMITED	3,368,460	2.33
8.	SIM SIEW TIN CAROL (SHEN XIUZHEN CAROL)	3,235,966	2.24
9.	MAYBANK SECURITIES PTE. LTD.	3,049,443	2.11
10.	GOH KENG HUAY	2,230,266	1.54
11.	TAN KOOI JIN	2,204,411	1.52
12.	DBS NOMINEES PTE LTD	2,091,947	1.45
13.	KWAN CHEE SENG	1,993,666	1.38
14.	LIM SEE YONG	1,463,102	1.01
15.	VSTL INVESTMENT LTD	1,335,500	0.92
16.	PHILLIP SECURITIES PTE LTD	1,199,625	0.83
17.	CHIK CHOOI WAH	1,170,000	0.81
18.	MORPH INVESTMENTS LTD	1,122,600	0.78
19.	STF INVESTMENTS LTD	1,120,000	0.77
20.	KANTILAL S/O CHAMPAKLAL RAMDAS	904,433	0.62
TOTAL		105,603,259	72.97

STATISTICS OF **SHAREHOLDINGS**

AS AT 23 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 23 MARCH 2022

Name of Substantial Shareholder	Direct Interest		Deemed Interest	
	Number of Shares	Percentage (%)	Number of Shares	Percentage (%)
Kwan Chee Seng ⁽¹⁾	49,631,339	34.29	245,797	0.17

Note:

- (1) Mr Kwan Chee Seng has a shareholding interest of 35.5% in GRP Limited. By virtue of Section 7 of the Companies Act, Mr Kwan Chee Seng is deemed to be interested in the ordinary shares of the Company held by GRP Chongqing Land Pte. Ltd., a wholly owned subsidiary of GRP Limited. Out of the direct interest of 49,631,339 Shares, 47,637,673 Shares are held under a nominee account.

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information available to the Company as at 23 March 2022, the percentage of shareholdings held in the hands of the public was approximately 63.76% and Rule 723 of the Listing Manual Section B: Rule of Catalyst of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that an Annual General Meeting ("**AGM**") of Luminor Financial Holdings Limited (the "**Company**") will be held by way of electronic means on Wednesday, 27 April 2022 at 10.30 a.m., for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 together with the Independent Auditor's Report thereon. **(Resolution 1)**
2. To re-elect the following Directors, who will be retiring by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, offer themselves for re-election as Directors of the Company:
 - (a) Ms Kwan Yu Wen (*see explanatory note 1*) **(Resolution 2)**
 - (b) Mr Kwan Chee Seng (*see explanatory note 2*) **(Resolution 3)**
3. To approve the payment of Directors' fees amounting to S\$120,000 for the financial year ending 31 December 2022 payable half yearly in arrears. **(Resolution 4)**
4. To re-appoint Messrs Baker Tilly TFW LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolution:

5. **Authority to Allot and Issue Shares** **(Resolution 6)**

That pursuant to Section 161 of the Companies Act 1967 of Singapore ("**Companies Act**") and Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors be authorised and empowered to:

- (a)
 - (i) allot and issue shares in the share 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 may at their absolute discretion deem fit; and

NOTICE OF **ANNUAL GENERAL MEETING**

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

provided that:

- (1) the aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued pursuant to this Resolution does not exceed 100% of the 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 (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) to be issued other than on a pro rata basis to shareholders of the Company does not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of 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 total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed, after adjusting for:
 - (a) new Shares arising from the conversion or exercise of convertible securities;
 - (b) new Shares arising from 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 Catalist Rules; and
 - (c) any subsequent bonus issue, consolidation or subdivision of Shares;

Adjustments in accordance with sub-paragraphs (2)(a) and (2)(b) above are 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;

NOTICE OF **ANNUAL GENERAL MEETING**

- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act and the Constitution for the time being of the Company; and
- (4) (unless revoked or varied by the Company at a general meeting) the authority conferred by this Resolution 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 earlier.

(see explanatory note 3)

- 6. To transact any other business that may be properly transacted at an AGM.

BY ORDER OF THE BOARD

Belinda Low
Company Secretary

12 April 2022
Singapore

Explanatory Notes:

- 1. Ms Kwan Yu Wen will, upon re-election as a Director, remain as an Executive Director of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
- 2. Mr Kwan Chee Seng will, upon re-election as a Director, remain as a Non-Executive Director and a member of Nominating Committee of the Company. Please refer to the "Information on Directors seeking Re-election" section of the Annual Report of the Company for the detailed information required pursuant to Rule 720(5) of the Catalist Rules.
- 3. Ordinary Resolution 6 proposed in item 5 above, if passed, will empower the Directors, effective 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, or such authority is varied or revoked by the Company at a general meeting, whichever is earliest, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a number not exceeding, in total, 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), of which up to 50% may be issued other than on a pro rata basis to shareholders of the Company.

NOTICE OF **ANNUAL GENERAL MEETING**

IMPORTANT INFORMATION

1. To minimise physical interactions and COVID-19 transmission risks, the AGM is being convened, and will be 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. The Company will not accept any physical attendance by shareholders and any shareholder seeking to attend the AGM physically in person will be turned away.
2. Alternative arrangements relating to shareholders' participation at the AGM are:-
 - (a) attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-visual webcast or "live" audio-only stream);
 - (b) submission of questions to the Chairman of the AGM in advance of, or "live" at, the AGM, and addressing of substantial and relevant questions in advance of, or "live" at, the AGM; and
 - (c) voting at AGM (i) "live" by the shareholders or their duly appointed proxies (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on the shareholders' behalf at the AGM.

Shareholders will be able to participate in the AGM in the manner set out in the paragraphs below.

Pre-registration

Shareholders will be able to observe and/or listen to the AGM proceedings through a "live" audio-visual webcast or "live" audio-only stream via their mobile phones, tablets or computers, submit questions in advance of, or "live" at, the AGM and vote at the AGM (i) "live" by the Shareholders themselves or their duly appointed proxies (other than the Chairman of the AGM) via electronic means; or (ii) by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. To do so, they will need to complete the following steps.

Shareholders (including, where applicable, their appointed proxies) and SRS Investors who wish to follow the proceedings of the AGM must pre-register for access to the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings at the pre-registration website at the URL <https://globalmeeting.bigbangdesign.co/luminor> from 12 April 2022 up to 10.30 a.m. on 25 April 2022 to enable the Company to verify their status.

Following the verification, authenticated Shareholders (including SRS Investors) and, where applicable, who have pre-registered via the pre-registration website will receive a confirmation email by 10.30 a.m. on 26 April 2022, via the e-mail address provided during pre-registration or as indicated in the Proxy Form.

Shareholders will be able to access the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings by signing in to the pre-registration website with their account credentials created during pre-registration. Shareholders must not share their login credentials to other persons who are not Shareholders and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the "live" audio-visual webcast of the AGM proceedings. Shareholders (including SRS Investors) and, where applicable, who do not receive the confirmation email by 10.30 a.m. on 26 April 2022, but have registered by 10.30 a.m. on 25 April 2022, may contact the Company's webcast vendor, Big Bang Design Pte Ltd, by email at webcast@bigbangdesign.co for assistance.

NOTICE OF ANNUAL GENERAL MEETING

Submission of Questions

- (a) Shareholders, including SRS Investors, can submit questions in advance of, or “live” at, the AGM.
- (b) Submission of substantial and relevant questions in advance of the AGM:

Shareholders, including SRS Investors, can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, in the following manner:

- (i) Shareholders who pre-register to observe and/or listen to the AGM proceedings may submit their questions via the pre-registration website at the URL <https://globalmeeting.bigbangdesign.co/luminor>;
- (ii) Shareholders may submit their questions via email to investor@luminorfinancialholdings.com; and/or
- (iii) Shareholders may submit their questions by post to the Company's registered office at 30 Cecil Street, #10-01/02 Prudential Tower, Singapore 049712.

When sending in questions via email or by post, please also provide the following details: (a) full name; (b) address; and (c) the manner in which the Shares are held (e.g. via CDP, SRS and/or scrip).

All questions submitted in advance of the AGM via any of the above channels must be received by 5.00 p.m. on 19 April 2022.

- (c) Shareholders (including SRS Investors) and, where applicable, appointed proxies, can also ask the Chairman of the AGM substantial and relevant questions related to the resolutions to be tabled for approval at the AGM, “live” at the AGM, by typing in and submitting their questions via the online platform hosting the audio-visual webcast and audio-only stream. Shareholders (including SRS Investors) and, where applicable, appointed proxies, who wish to ask questions “live” at the AGM must first pre-register at the pre-registration website at the URL <https://globalmeeting.bigbangdesign.co/luminor>.
- (d) The Company will endeavour to address all substantial and relevant questions received from Shareholders prior to the AGM by publishing the responses to such questions on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.luminorfinancialholdings.com> before 10.30 a.m. on 23 April 2022. The Company will address those substantial and relevant questions which have not already been addressed, as well as those received “live” at the AGM itself, during the AGM through the “live” audio-visual webcast and “live” audio-only stream of the AGM proceedings. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.
- (e) The Company will publish the minutes of the AGM on the SGXNet and the Company's website within one (1) month after the date of its AGM held, and the minutes of the AGM will include the responses to substantial and relevant questions from Shareholders which are addressed during the AGM.

Voting

- (a) Shareholders who wish to exercise their voting rights at the AGM may:
 - (i) (where such Shareholders are individuals) vote “live” via electronic means at the AGM or (where such Shareholders are individuals or corporates) appoint proxies (other than the Chairman of the AGM) to vote “live” via electronic means at the AGM on their behalf; or
 - (ii) (where such Shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.
 - (iii) Shareholders (including SRS Investors) and, where applicable, appointed proxies, who wish to vote “live” at the AGM must first pre-register at the pre-registration website at the URL <https://globalmeeting.bigbangdesign.co/luminor> by 10.30 a.m. on 25 April 2022.”

NOTICE OF **ANNUAL GENERAL MEETING**

(b) Shareholders who wish to submit Proxy Forms must do so in the following manner:

- (i) by post to the office of the Company's Share Registrar address, Tricor Barbinder Share Registration Services, at 80 Robinson Road, #11-02, Singapore 068898; or
- (ii) via email to sg.is.proxy@sg.tricorglobal.com,

in each case, by 10.30 a.m. on 25 April 2022 (not less than 48 hours before the time appointed for holding the AGM).

A Shareholder who wishes to submit a Proxy Form appointing a proxy(ies) by post or via email can download a copy of the Proxy Form from the SGXNet or the Company's website, and complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

- (c) Appointed proxies (other than the Chairman of the AGM) will be prompted via email (within two (2) business days after the Company's receipt of the validly completed and submitted Proxy Forms) to pre-register at the pre-registration website at the URL <https://globalmeeting.bigbangdesign.co/luminor> in order to access the "live" audio-visual webcast or "live" audio-only stream of the AGM proceedings. Shareholders who wish to appoint third party proxies are encouraged to submit their Proxy Forms early, and should request their proxies to pre-register by 10.30 a.m. on 25 April 2022, failing which the appointment shall be invalid.
- (d) SRS Investors:
 - (i) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective SRS Operators, and should contact their respective SRS Operators if they have any queries regarding their appointment as proxies; or
 - (ii) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective SRS Operators to submit their votes at least seven (7) business days before the AGM (i.e. by 10.30 a.m. on 18 April 2022).
- (e) If no specific direction as to voting is given, in respect of a resolution, the appointed proxy/proxies will vote or abstain from voting at his/her/their discretion. If the appointor is a corporate, the Proxy Form must be executed under seal or the hand of its duly authorised officer or attorney.
- (f) A proxy need not be a shareholder of the Company.
- (g) The Company shall be entitled to reject a Proxy Form 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 Proxy Form.

In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the 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 CDP to the Company.

Documents

The Annual Report, Notice of AGM, and Proxy Form will be sent to the Shareholders solely by electronic means via publication on the SGXNet and the Company's website. Printed copies of these documents will not be sent to Shareholders. Please refer to the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and the Company's website at the URL <http://www.luminorfinancialholdings.com> for the (a) Annual Report, (b) Notice of AGM; and (c) Proxy Form.

As the COVID-19 pandemic continues to evolve, further measures and/or changes to the AGM arrangements may be made on short notice in the ensuing days, even up to the day of the AGM. Shareholders are advised to closely monitor announcements made on SGXNet and the Company's website for updates on the AGM.

NOTICE OF **ANNUAL GENERAL MEETING**

PERSONAL DATA PRIVACY:

By (a) submitting a form appointing a proxy(ies) (including the Chairman of the AGM) to attend and vote at the AGM and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM via the "live" audio-visual webcast or "live" audio-only stream, or (c) submitting any question(s) before or during the AGM in accordance with this notice, a shareholder of the Company consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of the appointment of the proxy(ies) 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);
- (ii) processing of the registration for purpose of granting access to shareholders (or their proxies or corporate representatives in the case of shareholders which are legal entities) to observe the proceedings of the AGM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from shareholders received before and during the AGM and if necessary, following up with the relevant shareholders in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities.

The shareholder's personal data and its proxy's and/or representative'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.

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Ms Kwan Yu Wen and Mr Kwan Chee Seng are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 27 April 2022 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

	KWAN YU WEN	KWAN CHEE SENG
Date of Appointment	21 December 2020	18 February 2016
Date of last re-appointment	27 April 2021	5 June 2020
Age	30	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The Board of Directors of the Company has considered, among others, the recommendation of Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Ms Kwan Yu Wen for re-appointment as Executive Director of the Company.</p> <p>The Board has reviewed and concluded that Ms Kwan Yu Wen possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>	<p>The Board of Directors of the Company has considered, among others, the recommendation of Nominating Committee and has reviewed and considered the contribution and performance, attendance, preparedness, participation, candour and suitability of Mr Kwan Chee Seng for re-appointment as Non-Executive Director of the Company.</p> <p>The Board has reviewed and concluded that Mr Kwan Chee Seng possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board.</p>
Whether appointment is executive, and if so, the area of responsibility	<p>Executive</p> <p>Ms Kwan Yu Wen is responsible for the overall business and general management of the group.</p>	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Executive Director	<ul style="list-style-type: none"> • Non-Executive Director • Nominating Committee Member
Professional qualifications	Bachelor of Science (Economics) Degree from Singapore Management University	Not applicable

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KWAN YU WEN	KWAN CHEE SENG
Working experience and occupation(s) during the past 10 years	<ul style="list-style-type: none"> February 2019 to current: Director of GRP Limited 2017 to 2019: Assistant Director, Operations and Business Development of Luminor Capital Pte Ltd and Consultant of GRP Limited 2015 to 2016: Management Associate of GRP Limited 	<ul style="list-style-type: none"> 2013 to present: Executive Director of GRP Limited 2013 to present: Non-Executive Director of Luminor Capital Pte Ltd 2008 to 2013: Executive Director of Luminor Capital Pte Ltd 2001 to present: Managing Director of Van der Horst Holdings Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	None	Direct Interest: 49,631,339 ordinary shares (34.29%) Deemed Interest: 245,797 ordinary shares (0.17%)
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.	Yes Ms Kwan Yu Wen is the daughter of Mr Kwan Chee Seng, Non-Executive Director of the Company. Mr Kwan Chee Seng also holds 49,631,339 ordinary shares in the Company (34.29% direct interest) and owns 0.17% indirect interest of the Company through GRP Limited, the Company's former ultimate holding company.	Yes Mr Kwan Chee Seng is the father of Ms Kwan Yu Wen, Executive Director of the Company. Mr Kwan Chee Seng is a substantial shareholder of GRP Limited, the Company's former ultimate holding company.
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KWAN YU WEN	KWAN CHEE SENG
Other Principal Commitments including Directorships		
Past (for the last 5 years)	Directorships: Not applicable Other Principal Commitments: None	Directorships: <ul style="list-style-type: none"> • Variscan Mines Limited • Luminor Harbour Fund 1 Pte Ltd (struck off) Other Principal Commitments: None
Present	Directorships: <ul style="list-style-type: none"> • GRP Limited • VDH Land Sdn Bhd • Multiple Lodge Sdn Bhd • Amira Properties Sdn Bhd • Accenvest Sdn Bhd • Rumah Kami Sdn Bhd • GRP Project Management Sdn Bhd • Venture Credit Sdn Bhd • Ratus Nautika Sdn Bhd • Fiscalab Capital Markets Sdn Bhd • Luminor Capital (Malaysia) Sdn Bhd • Nakhoda Fishery (Sarawak) Sdn Bhd • GRP Hua Kai Sdn Bhd • VDH Tower (Ipoh) Sdn Bhd • GRP Energiser Sdn Bhd Other Principal Commitments: None	Directorships: <ul style="list-style-type: none"> • GRP Limited • GRP Dormitories Pte Ltd • GRP Tangshan Trading Co Ltd • GRP Chongqing Land Pte Ltd • GRP Developments Sdn. Bhd. • GRP Project Management Sdn. Bhd. • Multiple Lodge Sdn. Bhd. • Rumah Kami Sdn. Bhd. • Starland Axis Pte Ltd • Starland Commercial Trading Pte Ltd • Luminor Capital Pte Ltd • Luminor Pacific Fund 1 Ltd (in liquidation) • Luminor Pacific Fund 2 Ltd (in liquidation) • Luminor Capital (Malaysia) Sdn. Bhd. • Dalian Van Der Horst Marine Engineering Co Ltd • Van Der Horst Holdings Pte Ltd • Van Der Horst Limited • Van Der Horst Technologies Phils. Inc • VDH Land Inc. • VDH Land Sdn. Bhd. Other Principal Commitments: None

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KWAN YU WEN	KWAN CHEE SENG
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is “yes”, full details must be given.		
a) Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No
c) Whether there is any unsatisfied judgement against him?	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KWAN YU WEN	KWAN CHEE SENG
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KWAN YU WEN	KWAN CHEE SENG
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	KWAN YU WEN	KWAN CHEE SENG
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Disclosure applicable to the appointment of Director only.		
Any prior experience as a director of an issuer listed on the Exchange?	This relates to re-appointment of Director.	This relates to re-appointment of Director.
If yes, please provide details of prior experience.	Not applicable	Not applicable
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable	Not applicable
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable)	Not applicable	Not applicable

LUMINOR FINANCIAL HOLDINGS LIMITED

(Company Registration Number 201131382E)
(Incorporated in the Republic of Singapore)

PROXY FORM

ANNUAL GENERAL MEETING

IMPORTANT:

- (a) The AGM will be held by way of 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.
- (b) SRS investors: (a) may vote live via electronic means at the AGM if they are appointed as proxies by their respective SRS operators, and should contact their respective SRS operators if they have any queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their respective SRS operators to submit their votes by 10.30 a.m. on 18 April 2022.
- (c) This proxy form is not valid for use by SRS investors and shall be ineffective for all intents and purported to be used by them.

I/We*, _____ (Name)(NRIC/Passport/Registration*Number _____)
of _____ (Address) being a
shareholder/shareholders* of Luminor Financial Holdings Limited (the "**Company**") hereby appoint:

Name	Address	NRIC/Passport Number	Email Address**	Proportion of Shareholding	
				Number of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Email Address**	Proportion of Shareholding	
				Number of Shares	%

or if no proxy is named, the Chairman of the Annual General Meeting ("**AGM**") of the Company as my/our* proxy/proxies* to attend and vote for me/us* on my/our* behalf at the AGM of the Company to be held by electronic means on 27 April 2022 at 10.30 a.m. and at any adjournment thereof.

I/We* direct my/our* proxy/proxies* to vote for, vote against or abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies* will vote or abstain from voting at his/their* discretion, as he/they* will on any other matter arising at the AGM and at any adjournment thereof.

NO.	RESOLUTION	Number of Votes For***	Number of Votes Against***	Number of Votes Abstain***
ORDINARY BUSINESS				
1.	To receive and adopt the Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021 together with the Independent Auditor's Report thereon			
2.	To re-elect Ms Kwan Yu Wen as a Director of the Company			
3.	To re-elect Mr Kwan Chee Seng as a Director of the Company			
4.	To approve the payment of Directors' fees amounting to S\$120,000 for the financial year ending 31 December 2022 payable half yearly in arrears			
5.	To re-appoint Baker Tilly TFW LLP as auditor of the Company and to authorise the Directors to fix its remuneration			
SPECIAL BUSINESS				
6.	To authorise the Directors to allot and issue shares and convertible securities			

* Delete where inapplicable.

** Compulsory for registration purposes. Only email address provided in the submitted proxy form will receive an email to pre-register for the AGM.

*** Please indicate your vote "For", "Against" or "Abstain" with a tick [x] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____, 2022

Total number of Shares in	Number of Shares
(a) Depository Register	
(b) Register of Members	

Signature(s) of Shareholder(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. If the shareholder has shares entered against his name in the Depository Register, he should insert that number of shares. If the shareholder has shares registered in his name in the Register of Members, he should insert that number of shares. If the shareholder has shares entered against his name in the Depository Register and registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this proxy form will be deemed to relate to all the shares held by the shareholder.
2. To minimise physical interactions and COVID-19 transmission risks, shareholders will not be able to attend the AGM in person. Shareholders who wish to exercise their voting rights at the AGM may:
 - (a) (where such shareholders are individuals) vote "live" via electronic means at the AGM or (where such shareholders are individuals or corporates) appoint proxies (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on their behalf; or
 - (b) (where such shareholders are individuals or corporates) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM.

This proxy form may be downloaded from the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> or the Company's website at the URL <http://www.luminorfinancialholdings.com>.

3.
 - (a) A shareholder who is not a relevant intermediary is entitled to appoint not more than two (2) proxies. Where such shareholder's proxy form appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form; and
 - (b) A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder's proxy form appoints more than two (2) proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

"Relevant intermediary" shall have the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore.

4. A proxy need not be a shareholder of the Company.
5. This proxy form, duly executed, must be submitted to the Company in the following manner:
 - (a) by post to the office of the Company's Share Registrar address, Tricor Barbinder Share Registration at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) via email to sg.is.proxy@sg.tricorglobal.com,in each case, by 10.30 a.m. on 25 April 2022 (not less than 48 hours before the time appointed for holding the AGM).
6. Completion and return of this proxy form does not preclude a shareholder from attending and voting at the AGM. A shareholder who accesses the "live" webcast of the AGM proceedings may revoke the appointment of a proxy(ies) at any time before the AGM commences and in such an event, the Company reserves the right to terminate the proxy(ies)' access to the AGM proceedings.
7. This proxy form must be signed by the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, it must be executed either under its common seal or signed by its attorney or officer duly authorised.
8. Where this proxy form is signed on behalf of the appointor by an attorney, the power of attorney or a notarially certified copy thereof (failing previous registration with the Company) must be lodged with this proxy form, failing which this proxy form may be treated as invalid.
9. A corporation which is a shareholder may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM in accordance with Section 179 of the Companies Act 1967 of Singapore.
10. The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form (including any related attachment). In addition, in the case of a shareholder whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the shareholder, being the appointor, is not shown to have shares entered against his 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.

Personal Data Privacy:

By submitting this proxy form, the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 12 April 2022.

LUMINOR FINANCIAL HOLDINGS LIMITED

30 CECIL STREET #10-01/02 PRUDENTIAL TOWER
SINGAPORE 049712