

Sustainability Report 2019
SUNTAR ECO-CITY LIMITED

CONTENTS

About This Report.....	3
Reporting Principles	3
Reporting Period and Scope	3
Contact Us.....	3
About Suntar Eco-City Limited	4
Board Statement	5
Sustainability at Suntar	6
Ethics and Integrity	6
Governance Structure	6
Supply Chain Management	6
Stakeholder Engagement.....	7
Materiality Assessment.....	8
Material Factors: Environmental	9
Energy	9
Water	9
Material Factors: Social	10
Employment	10
New Employee Hires and Turnover	10
Employee Benefits	11
Occupational Health and Safety	12
Training and Education.....	13
Performance Management	14
GRI Content Index.....	15

ABOUT THIS REPORT

Reporting Principles

102-46, 102-52, 102-54

The 2019 Sustainability Report ("SR"), published by Suntar Eco-City Limited ("Suntar Eco-City" or the "Company") and its subsidiary (the "Group"), is the third annual report which covers the environmental, social, and governance ("ESG") management strategy and performance during the financial period. This report has been following the Global Reporting Initiative ("GRI") reporting framework, using selected standards with a GRI-referenced claim, and Singapore Exchange Securities Trading Limited ("SGX-ST") Rules 711A and 711B of the listing manual.

The report content provides an overview of the Group's ESG performance and sustainable business practices to inform stakeholders of the highlighted material ESG issues and sustainability management system integrated into our business operations. The four GRI Reporting Principles, namely Materiality, Stakeholder Inclusiveness, Sustainability Context, and Completeness, is used to define the content of this report.

Reporting Period and Scope

102-7, 102-45, 102-50, 102-51, 102-52, 102-56

This report covers the sustainability performance of the Group for the financial year ended 31 December 2019 ("FY2019"), unless stated otherwise. The use of standard units of measurement and conversion factors are explained in its respective sections whenever necessary. The scope of this report will cover the operations of Suntar Eco-City's subsidiary, Wuping Lan County Real Estate Development Co., Ltd ("Wuping Lanjun").

The Company has not sought external independent assurance for this annual sustainability report. However, succeeding reports will be taken into consideration as our sustainability reporting efforts mature.

Contact Us

102-53

All questions, comments, and feedback related to our Sustainability Report is highly appreciated. Please contact our Executive and Finance Director, Lan Yihong, at lanyh@suntar.com.

ABOUT SUNTAR ECO-CITY LIMITED

102-1, 102-2, 102-3, 102-4, 102-5, 102-6

Suntar Eco-City is an SGX Mainboard-listed company since 2007 and incorporated in 2006 with two divisions in the pharmaceutical ingredients products and property development segments.

Over the years, the Company had experienced some evolution and growth. In 2012, the shareholders had approved the expansion of the Group's business into eco-tourism and property development and management segments as well as undergone a name change, formerly known as Reyphon Agriceutical Limited.

In 2007, the Company entered the pharmaceutical ingredients products segment engaging in the manufacturing and sale of hormone-type pharmaceutical products and property development segment for eco-tourism and real estate development and management. The location of the pharmaceutical operations of Xi'an Reyphon is in the Jinghe Economic Development Zone of Xi'an, Shanxi Province, the People's Republic of China ("PRC"). The residential property development of the Lan County project was completed in 2016 with ongoing operations management in Wuping, Fujian, the PRC.

However, Xi'an Reyphon had taken actions to discontinue production operations and dispose of the relevant facilities at the end of September 2019 due to the stringent environmental controls. Besides, over the past year, Suntar Eco-City has been exploring new opportunities in the bottled water segment with the focus on servicing the Southeast and Northwest China regions. The implementation phase to entering new market has been postponed due to the economic and market disruptions of COVID-19 in PRC.

BOARD STATEMENT

102-14

Dear Valued Stakeholders,

The Board proudly presents Suntar Eco-City Limited's third consecutive annual Sustainability Report. This report details the sustainability performance of the Group for the financial year ended 31 December 2019 ("FY2019").

We are going on a journey to achieve long-term growth and create sustainable value for our Company and its stakeholders. To achieve this goal, we believe that incorporating sustainability into our business operations is essential. Over the past years, we have integrated sustainability strategy to enhance sustainable development within the organisation.

FY2019 Overview

We have undergone a turning point in our business operations for the Year 2019. The Board has made an important decision to conclude our pharmaceutical ingredients product segment. At the end of September, our subsidiary, Xi'an Reyphon Pharmaceutical Co., Ltd, had ceased operations and disposed of all facilities. However, when one door closes, another opens. We are excited to introduce a possible new business sector, bottled water production, which we have been exploring to venture into in the past years. In light of the COVID-19 pandemic causing a world economic growth plunge, we are taking a more cautious and measured approach in proceeding our commitment to the operation.

Impacts

To create a more sustainable future, it is our responsibility to make our contribution to a green economy in the present. We communicate our vision and values to our employees by setting an example as a leader for them to follow. This Sustainability Report is evidence as a medium to convey our green initiatives and declare our standing in tackling a global challenge. Additionally, administering educational training programs increase employees' knowledge and awareness of sustainability standards integrated into our business operations.

Way forward

Looking into the future, in meeting stakeholders' interests and ensuring the accurate address of their perspectives, we will continue to improve the engagement process and leverage on their feedback in identifying and managing material issues. With the expected business and economic changes, we want to ensure that stakeholders' satisfaction is not compromised and that we are meeting our environmental objectives and targets.

We value our stakeholders' insights and aim to reinforce their feedback by remaining receptive and open-minded.

SUSTAINABILITY AT SUNTAR

Ethics and Integrity

102-16

Suntar Eco-City is committed to upholding ethical business practices and maintaining a strong reputation as an ethical company by complying with the Criminal and Anti-Money Laundering Laws of PRC. This approach is to ensure adherence with relevant laws and regulations related to insider trading, fraud, bribery, and extortion. To reinforce anti-corruption practices, we have provided employees with handbooks and training and educate the consequences of such unethical practices.

Also, we have implemented a whistleblowing policy to encourage unethical conduct reporting in the workplace. Reporting channels are available and provided through confidential emails sent out to all employees on the procedures for reporting violations of laws and misconduct. Internal audit on accounting and finance, management, and third party services conducted periodically enforce compliance with internal policies and external regulations. In dealing with Interested Persons Transactions ("IPT"), the Board oversees the reviews and approval of this process. To prevent insider trading when dealing in securities, the directors and employees are all required to follow the insider trading laws.

Governance Structure

102-18

Forming a sturdy corporate governance framework with internal policies and practices built within the foundation is crucial to support a healthy culture. The Board, the highest governing body of Suntar Eco-City, leads and manages the organisation in pursuing the ESG agenda and identify key stakeholder groups across various categories. The 2018 Code of Corporate Governance ("Code") is used as a guide to support our effort to uphold high standards of governance in our business operations. The Board has delegated and entrusted responsibilities to three subcommittees, namely the Audit Committee, Nominating Committee, and Remuneration Committee.

Supply Chain Management

102-9

Suntar Eco-City's main supplier includes construction contractors who provide services in building and developing Wuping Lanjun's property projects. The Group seeks to implement sustainability across its supply chain by conducting business with potential suppliers who share our values and ESG standards. Henceforth, promoting the drive to move towards sustainability to our suppliers. It is our responsibility to maintain an ethical supply chain from employees to suppliers, customers, and business and trading partners. During our supplier evaluation process, before contracting them, we gather information and review previous projects and safety records. Ideally, the appointed contractor should hold a good track record of compliance with all applicable laws and regulations and safety standards.

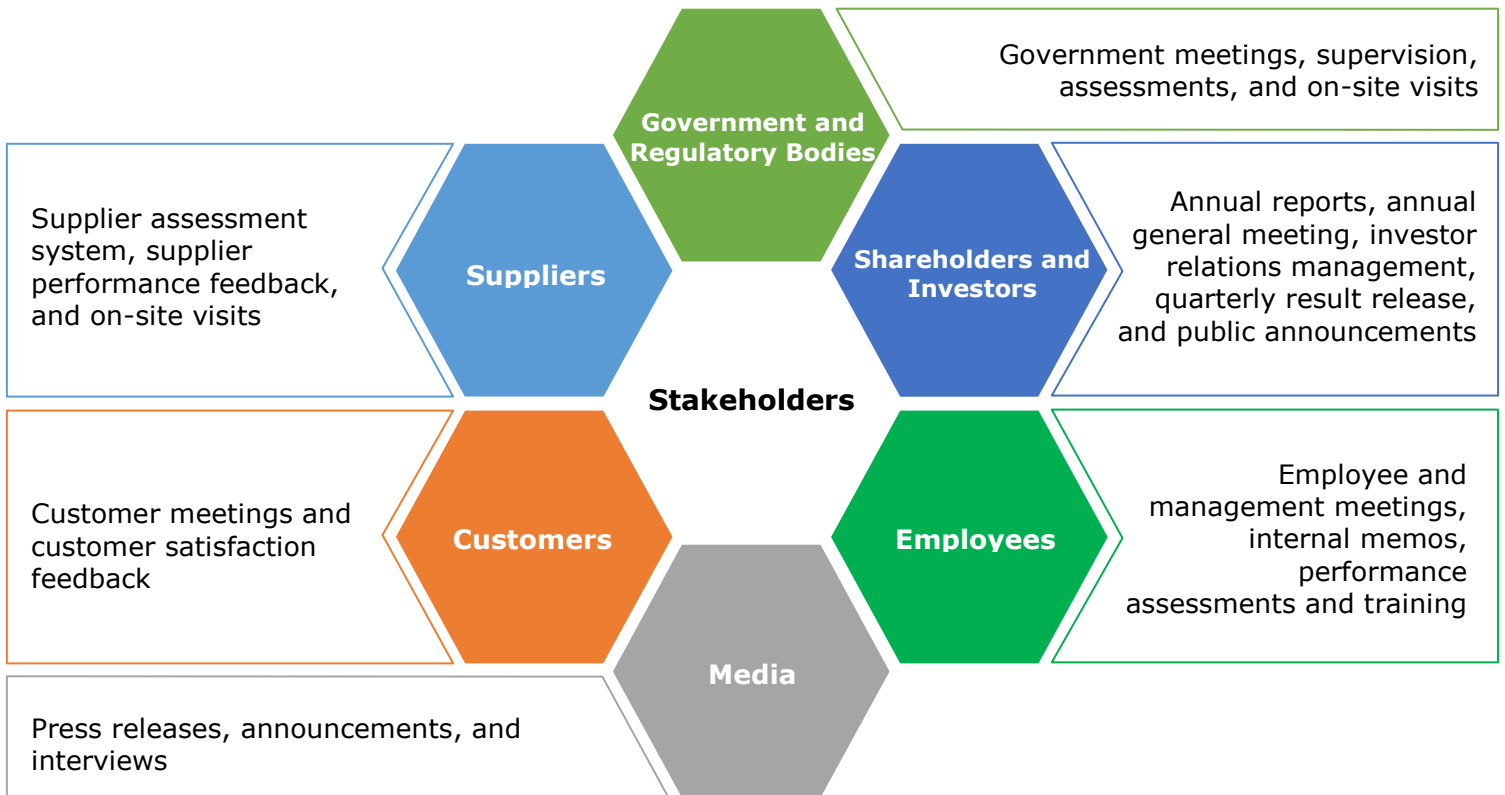
STAKEHOLDER ENGAGEMENT

102-40, 102-42, 102-43

At Suntar Eco-City, we value the inputs and recognise the concerns of our stakeholders. We affirm that for constructive engagement, accurate interpretation of stakeholder needs into corporate strategic planning is necessary. To achieve a better understanding of the different interests and needs of different stakeholder groups, we have defined a stakeholder engagement mechanism that promotes stakeholder inclusion in the Company's decision-making process. By providing these engagement channels, we hope to strengthen and improve relations with stakeholders.

Refer to table 1 below, for the list of key stakeholder groups identified and the engagement method and channels used.

Table 1. Stakeholders and their respective engagement methods.



MATERIALITY ASSESSMENT

In identifying the material indicators, we had performed an analysis applying the GRI principles to identify top materiality trends and issues significant to the business and stakeholders. We have conducted a materiality review to reassess the existing material ESG topics for disclosure. Listed in the table below are the results of the assessment gathered, including the material aspects and boundaries.¹

Table 2. GRI material topics for Sutar Eco-City.

CATEGORY	TOPIC	SUB-TOPIC	ASPECT BOUNDARY
Environment	Energy	302-1: Energy consumption within the organisation	Within organisation
	Water	303-1: Water withdrawal by source	Within organisation
Social	Employment	401-1: New employee hires and employee turnover	Within organisation
		401-2: Benefits provided to full-time employees that are not provided to temporary or part time employees	
	Occupational Health and Safety	403-2: Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Within organisation
	Training and Education	404-3: Percentage of employees receiving regular performance and career development reviews	Within organisation

¹ Aspect Boundary refers to where the impacts occur for a material topic and the organisation's involvement with those impacts. Organisations might be involved with impacts either through their own activities or as a result of their business relationships with other entities.

MATERIAL FACTORS: ENVIRONMENTAL

Energy

103-1, 103-2, 103-3, 302-1

As the adverse signs of climate change are surfacing, we concentrate on taking measures in the present such as improving energy-saving initiatives to secure the future of Suntar Eco-City and the environment. We aim to ensure that our business operations maximise energy use efficiency and reduce our contribution to greenhouse gas emissions. To achieve this goal, we have implemented sustainable efforts through the provision of training and staff manuals to highlight and educate our employees on energy conservation practices that they, as individuals, can partake in helping a bigger purpose, as well as attaching reminder posters around the office.

The comparison of year to year electricity consumption is shown in the table below:

Table 3. Energy consumption within the organisation.

Energy Type	2018	2019	% Reduction
Petroleum (l)	5,295	Not applicable *	Not applicable *
Xi'an Reyphon	5,295	Discontinued operation *	Not applicable *
Wuping Lanjun	-	-	-
Electricity (kWh)	715,318	1,092 *	99.85% *
Xi'an Reyphon	714,300	Discontinued operation *	Not applicable *
Wuping Lanjun	1,018	1,092	(7.27)%

As shown in table 3, Wuping Lanjun has recorded a slight increase of 7.27% in energy consumption from management office usage in 2019 as compared to 2018. With our sustainable goals in mind, to reduce energy waste, and increase the bottom line going forward, Suntar Eco-City has set a target to reduce its energy consumption by 10% in 2020.

Water

103-1, 103-2, 103-3, 303-1

In the past years, the Company faced challenges in reducing water consumption as the manufacturing process of the pharmaceutical ingredients required a large amount of groundwater usage. However, due to the discontinuation of the production of the pharmaceutical ingredients, a difference in water consumption for this reporting period can be seen in table 4 as the only source of water drawn for Wuping Lanjun's office use is measured by our utility company below.

Table 4. Water consumption within the organisation.

Water Source	2018	2019
Ground Water (Tonnes)	11,250 *	Not applicable *
Municipal Water (Tonnes)	170	166

A projected increase in water consumption is expected as we roll out the upcoming bottled water segment. Regardless, the Group aims to continue reducing its water consumption for current and future planned operations.

Note: Energy and water consumption disclosed in FY2018 Sustainability Report covers the discontinued operations of Xi'an Reyphon, whereas FY2019 do not cover the discontinued subsidiary's energy and water consumption.

MATERIAL FACTORS: SOCIAL

Employment

102-8, 103-1, 103-2, 103-3

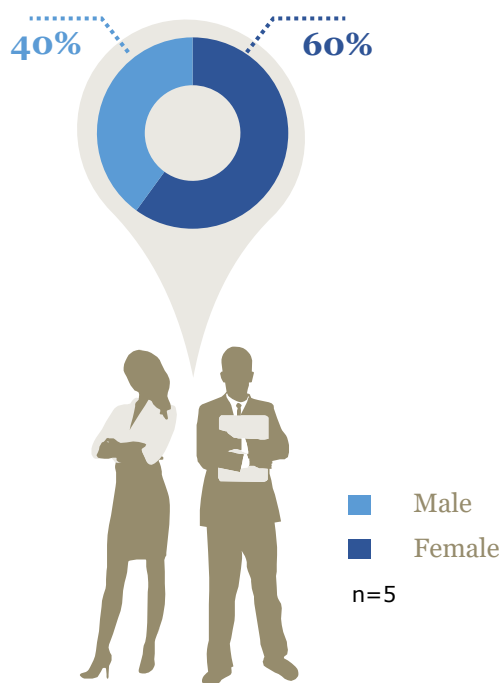


Figure 1. The employee gender breakdown for Wuping Lanjun, Suntar Eco-City.

At Suntar Eco-City, we recognise that our employees are the greatest asset to our organisation. We implement fair employment practices and equal employment opportunity during the hiring process with non-discrimination against employees. The Company consists of a total number of 5 full-time employees, all based in China, making up 60% males and 40% females of the workforce. We continue to promote workplace diversity and gender equality, creating an inclusive workforce, and bringing people of diverse skill sets.

Table 5: Employment data.

Employment	2018	2019 *
Total employee	101	5
Xi'an Reyphon	96	Discontinued operation *
Wuping Lanjun	5	5
New hire rate	23%	No new hire *
Turnover rate	41%	No turnover *

New Employee Hires and Turnover

401-1

Employee turnover is inversely related to the Company's productivity and performance. A lower turnover ratio signifies employee retention, together with their expertise and knowledge in increasing the company performance. In this reporting period, excluding the discontinued business segment of Xi'an Reyphon's, no new hires and employee turnover was reported for Wuping Lanjun, remaining unchanged from last year. It translates to job and employee satisfaction as well as the successful retention of our talents. Despite the uncertainty of the future economy and regulations posed by COVID-19, the Group will work towards retaining our current pool of talents.

Note: Employment disclosed in FY2018 Sustainability Report covers the discontinued operations of Xi'an Reyphon, whereas FY2019 do not cover the discontinued subsidiary's employment data.

Employee Benefits

401-2

The Group assures that our employees' wellness is taken care of and achieves greater employee engagement by offering incentives and benefits. Setting the right incentives culture that meets their needs encourages and motivates them to achieve and perform higher. Figure 2 below lists the benefits that our employees can take advantage of, including healthcare plans, disability and invalidity coverage, parental leave, and additional benefits.



Figure 2. Summary of employee benefits.

Occupational Health and Safety

103-1, 103-2, 103-3, 403-2

At Suntar Eco-City, we prioritise the well-being of our employees and create and sustain an organisational culture of safety in the working environment.

Since FY2017, we have maintained a perfect track record of zero injuries, fatalities, diseases, absentees, or lost days. Similarly, we were able to uphold the achievement as there were no workplace incidents reported in FY2019. This result has proven the effectiveness of our workplace safety programs implemented to prevent and control hazard risk. Nevertheless, we continue our efforts to enhance workplace safety and health, focusing on raising awareness using the best practices such as educating and promoting safe behaviors.

To stress the importance of abiding workplace safety standards, Suntar Eco-City has implemented initiatives such as mandating requirements for new and existing employees to attend pre-employment safety training. This way, employees are trained to proactively identify and raise existing and potential hazards that are present in the workplace.

We abide by PRC's Labor Law and use it as a guideline to ensure our employees with the provision of highest standards for their health and safety, creating a safe and comfortable working environment for them to perform at their highest capacity.

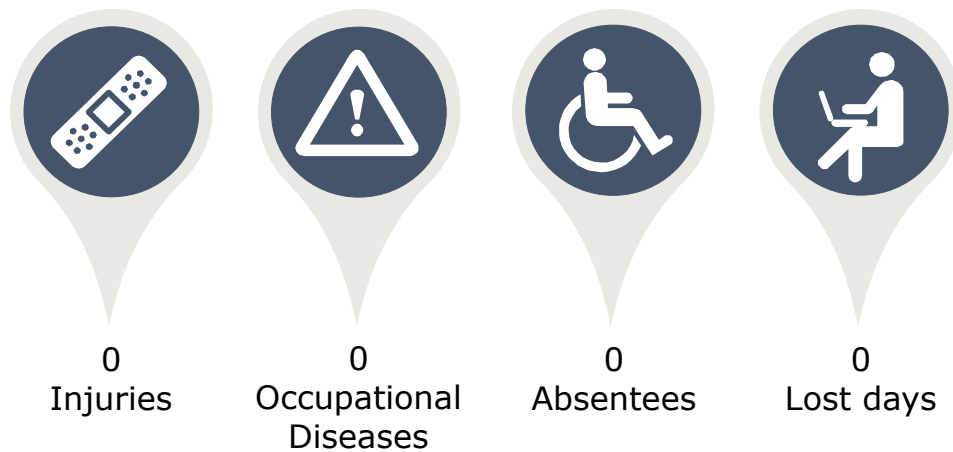


Figure 3. Occupational Health and Safety Performance for FY2019

Training and Education

103-1, 103-2, 103-3, 404-1

Suntar Eco-City believes that the future growth and success of the Company is interrelated with employees' growth and development. For the Company to reach optimum levels of success, we recognise that strategic investments in employee development to improve employee competencies are essential in achieving our goal.

To support employees' personal growth and professional advancement, we provide the necessary resources required to hone their skills. It is our responsibility to motivate employees' growth and cultivate a learning culture. Over the years, we have had conducted extensive hours of training. During FY2019, we have achieved an average of 32 hours per employee for the operation at Wuping Lanjun. Figure 4 provide a breakdown of the number of employee training hours by gender and job class.

Employee Average Hours of Training Per



Figure 4. Average training hours per employee by gender and employee category.

The training programs offered include an in-house orientation for new hires and internal transfer employees. As mentioned previously, anti-corruption and workplace safety and health training courses are given to all employees with the latter held biannually. Additionally, marketing and property management courses rendered helps to enhance and develop employees' professional skills.

Performance Management

404-3

Effective communication in the workplace is vital for the Company's performance as well as for the employees. We aim to promote an open communication environment where the management can deliver organisational goals, and employees recognised for their achievements. To fulfill these objectives, the implementation of a performance management system assists in tracking employee performance and reward them with compensation. Suntar Eco-City conducts quarterly check-ins and annual performance reviews and career development sessions for all employees.



Figure 5. Percentage of employees receiving regular performance and career development reviews.

In assessing employees' merit, performance reviews are conducted monthly by two appointed supervisors. Based on key performance indicators established by management, the evaluation criteria, and benchmark communicated to employees, are made in advance. The average of both assessment scores determines the bonus amount for the month distributed following the review. To motivate employees and build a high-performance culture, appraisals shared with employees provide recognition and sharing of constructive feedback for improvements.

Additionally, employees receive a year-end bonus, awarded based on an annual performance review. At the end of the year, the comprehensive assessment is conducted and submitted to the Human Resource department, responsible for archiving and keeping track of the bonus calculation. The bonus structure we have adopted is proven to work best, as reflected in our zero employees' turnover rate.

GRI CONTENT INDEX

102-44, 102-47, 102-55

GENERAL DISCLOSURES		
GRI Standards	Disclosure	Page Reference
ORGANISATIONAL PROFILE		
GRI 102: General Disclosures 2016	102-1 Name of the organisation	About Sutar Eco-City Limited
	102-2 Activities, brands, products and services	About Sutar Eco-City Limited
	102-3 Location of headquarters	About Sutar Eco-City Limited
	102-4 Location of operations	About Sutar Eco-City Limited
	102-5 Ownership and legal form	About Sutar Eco-City Limited
	102-6 Markets served	About Sutar Eco-City Limited
	102-7 Scale of the organisation	About This Report
	102-8 Information on employees and other workers	Employment
	102-9 Supply chain	Supply Chain Management
	102-10 Significant changes to organisation and its supply chain	<i>Not mandatory under GRI-referenced claims</i>
	102-11 Precautionary principle or approach	<i>Not mandatory under GRI-referenced claims</i>
	102-12 External Initiatives	<i>Not mandatory under GRI-referenced claims</i>
	102-13 Membership of associations	<i>Not mandatory under GRI-referenced claims</i>
STRATEGY		
GRI 102: General Disclosures 2016	102-14 Statement from senior decision-maker	Board Statement
ETHICS AND INTEGRITY		
GRI 102: General Disclosures 2016	102-16 Values, principles, standards and norms of behaviour	Ethics and Integrity
	102-17 Mechanisms for advice and concerns about ethics	<i>Not mandatory under GRI-referenced claims</i>
GOVERNANCE		
GRI 102: General Disclosures 2016	102-18 Governance structure	Governance Structure
STAKEHOLDER ENGAGEMENT		
GRI 102: General Disclosures 2016	102-40 List of stakeholder groups	Stakeholder Engagement
	102-41 Collective bargaining agreements	<i>Not mandatory under GRI-referenced claims</i>
	102-42 Identifying and selecting stakeholders	Stakeholder Engagement
	102-43 Approach to stakeholder engagement	Stakeholder Engagement
	102-44 Key topics and concerns raised	GRI Content Index
	102-45 Entities included in the consolidated financial statements	About Sutar Eco-City Limited

GENERAL DISCLOSURES		
GRI Standards	Disclosure	Page Reference
	102-46 Defining report content and topic Boundaries	About This Report
	102-47 List of material topics	GRI Content Index
	102-48 Restatements of information	<i>Not applicable</i>
	102-49 Changes in reporting	<i>Not applicable</i>
	102-50 Reporting period	About This Report
	102-51 Date of most recent report	<i>Not applicable</i>
	102-52 Reporting cycle	About This Report
	102-53 Contact point for questions regarding the report	Contact Us
	102-54 Claims of reporting in accordance with the GRI Standards	About This Report
	102-55 Content index	GRI Content Index
	102-56 External assurance	About This Report

CATEGORY: ENVIRONMENT		
GRI Standards	Disclosure	Page Reference
ENERGY		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Energy
	103-2 The management approach and its components	Energy
	103-3 Evaluation of the management approach	Energy
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	Energy
WATER		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Water
	103-2 The management approach and its components	Water
	103-3 Evaluation of the management approach	Water
GRI 303: Water 2016	303-1 Water withdrawal by source	Water

CATEGORY: SOCIAL		
GRI Standards	Disclosure	Page Reference
EMPLOYMENT		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Employment
	103-2 The management approach and its components	Employment
	103-3 Evaluation of the management approach	Employment
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	New Hires and Turnover
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Benefits
OCCUPATIONAL HEALTH AND SAFETY		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Occupational Health and Safety
	103-2 The management approach and its components	Occupational Health and Safety
	103-3 Evaluation of the management approach	Occupational Health and Safety
GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days and absenteeism and number of work-related fatalities	Occupational Health and Safety
TRAINING AND EDUCATION		
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its boundary	Training and Education
	103-2 The management approach and its components	Training and Education
	103-3 Evaluation of the management approach	Training and Education
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	Training and Education
	404-3 Percentage of employees receiving regular performance and career development reviews	Performance Management