POLLUX

PROPERTIES

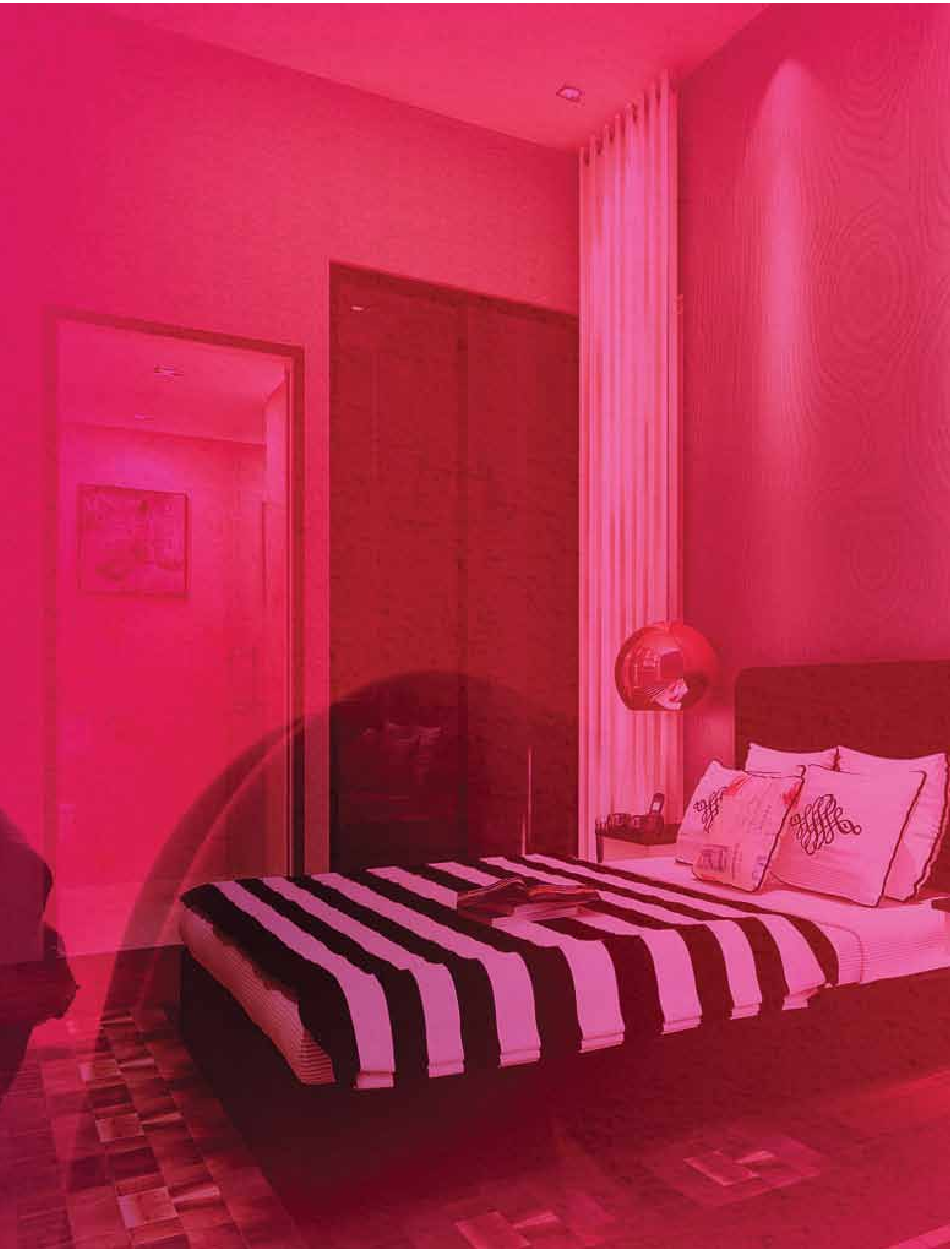
GEARING FOR GROWTH

ANNUAL REPORT 2016

CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("Sponsor"), Canaccord Genuity Singapore Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this annual report. 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 correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms. Goh Mei Xian, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd. at 77 Robinson Road #21-02 Singapore 068896, telephone (65) 6854 6160.



The pursuit of excellence and perfection
are embedded into everything we do.
We build the future through confidence and trust.
We build lasting impressions, long-term value
and peace of mind.
We build excellence and perfection through our people.
Our commitment –

TOGETHER
WE BUILD EXCELLENCE.

VISION

TO BE A PREMIER MULTI-NATIONAL CORPORATION CREATING ICONIC LUXURY PROPERTY DEVELOPMENT IN THE REGION.

MISSION

TO CREATE INNOVATIVE LANDMARK DEVELOPMENTS OF PERENNIAL VALUE TO THE COMMUNITY AND ACHIEVING SUSTAINABLE HIGHER RETURNS TO OUR SHAREHOLDERS.

CORPORATE PROFILE

Pollux Properties Ltd. ("Pollux", and together with its subsidiaries, the "Group") is a property developer in Singapore with an exclusive focus on the development of residential and commercial properties.

The Group actively engages in the business of developing upmarket real estate projects, with the key aim of creating homes reflecting the philosophy of lavish and modern living.

Pollux develops upmarket real estate projects with discernible style and luxurious quality. We are committed to developing the best residential as well as commercial properties. Pollux looks forward to embarking on multiple projects that will give the Group a greater presence in the property market both as an investor and developer.

CORPORATE PHILOSOPHY

Excellence in crafting great homes and plush communities starts by working with leading interior designers and suppliers of the best home fittings.

Relationships built on integrity and trust are important to us because we believe in building homes, not just apartments.

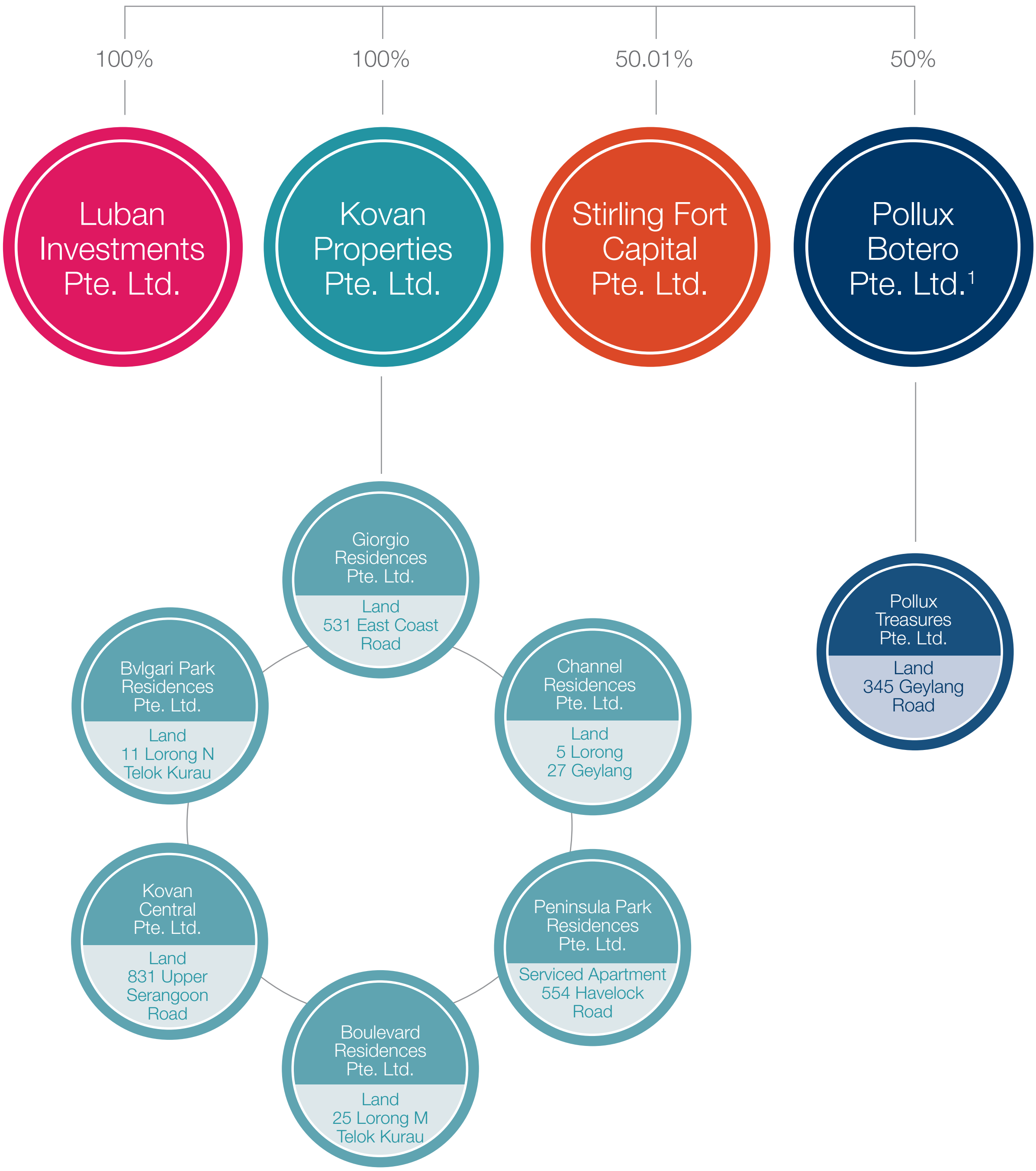
Refined luxury to us means tasteful finishings and intricate pairings. Simply put, we are making it a point to fuss over every detail even when you are not.

Passion for details sets Pollux apart. We are constantly in the search of the best materials befitting your dream home. We want to make moving in a pleasure and living as leisurely as possible. That's why we call it home, it's the way living is meant to be.

Sustainability should be at the start of every venture and not its end. Pollux prefers to work backwards with a clear end in mind. That means sharing our vision of great dwelling places and plush communities with our customers, a robust business for our investors and a responsibility to share our success with the community.

CORPORATE STRUCTURE

POLLUX
PROPERTIES



[1] Pollux Botero Pte. Ltd., is a 50:50 joint venture with Goldman Morgan Holdings Pte. Ltd.

CHAIRMAN'S STATEMENT

Dear Shareholders,

In the last few years, we have been transforming Pollux Properties Ltd. ("Pollux Properties", and together with its subsidiaries, the "Group") into a luxury developer of choice, and one that strikes a balance in its portfolio between development and investment opportunities. Against the backdrop of the continued softening of the property industry in Singapore, the financial year ended 31 March 2016 ("FY2016") has not been without its challenges. It was a slow economic year, and we had to work harder than before to ensure results.

Nonetheless, our fundamentals remain sound, and I am proud that we were able to achieve several milestones and see some of our investments pay off. As such, we are pleased to report that we have closed FY2016 for Pollux Properties on a strong note.

FY2016 KEY FINANCIAL HIGHLIGHTS

Not only did we achieve revenue growth of 27.4% from S$37.88 million in the financial year ended 31 March 2015 ("FY2015") to S$48.27 million in FY2016, we also recorded a net attributable profit of S$1.66 million in FY2016 despite the larger macro-economic headwinds. Our revenue mix was robust as we recognised project revenue from our residential projects, namely Metro Loft, Garden Park Residences, Berkeley Residences and Mayfair Residences.

In respect of our investment properties, we grew our revenue more than 478% from S$0.93 million in FY2015 to S$5.38 million in FY2016. The bulk of the revenue was generated from our Louis Kienne Serviced Residences, which accounted for S$5.21 million. In addition, we enjoyed stable rental income throughout the financial year from our two retail investment properties located along Balestier Road.

Although we had made repayments of certain loans during FY2016, our balance sheet position remained healthy with cash and cash equivalents standing at S$9.94 million as at the end of FY2016 as compared to S$16.85 million as at the end of FY2015. Total shareholders' equity as at the end of FY2016 stood at S$50.78 million, while earnings per share was 0.27 cents, and net asset value per share was 8.10 cents.

GROWING OUR POLLUX PROPERTIES FAMILY

On 7 September 2015, we added to our family through the subscription of 300,100 new ordinary shares in the capital of Stirling Fort Capital Pte. Ltd. ("Stirling Fort Capital", formerly known as Stirling Fort Asia Pte. Ltd.), a fund management company. This gives us an effective 50.01% stake in Stirling Fort Capital, and marks the start of a strategic and long-term alliance.

Through the new addition, we believe that we will be able to further enhance our shareholders' value by way of recurring revenue streams from management fees and performance fees of the investment fund products under Stirling Fort Capital. This move also represents our efforts to expand our fee-based business moving forward.

"In respect of our investment properties, we grew our revenue more than 478% from S$0.93 million in FY2015 to S$5.38 million in FY2016."

HARVESTING VALUE THROUGH QUALITY PROJECTS

To date, three of our completed freehold residential projects, namely Park Residences Kovan, Berkeley Residences and Garden Park Residences, have been fully sold, whilst Metro Loft is 97% sold.

Two of our residential projects which are currently under construction, namely Pavilion Square and Mayfair Residences are expected to be completed by the financial year ending 31 March 2017. We have seen extremely heartening responses to these ongoing projects, and we believe this is a mark of our quality developments. Pavilion Square has already been fully sold prior to completion, and Mayfair Residences is 85% sold.

Meanwhile, Louis Kienne Serviced Residences - our investment property comprising 96 units of one, two and three-bedroom serviced apartments - saw a healthy average occupancy rate of 81% during the financial year. Our retail shops at Balestier Road also enjoyed 100% tenancy rates in FY2016 and continue to add to our portfolio mix.

BEYOND 2016: SUSTAINING VALUE

As we look to the rest of 2016 and beyond, we will anchor ourselves firmly on our core principle of creating value in each of our business segments to sustain the momentum.

In the year ahead, we anticipate that there will be continued downward pressure on the property market as a result of several factors: the large pipeline for the supply of property units, weakening buyer demand amid low economic growth, and the government's property cooling measures which remain in place.

Prices of Singapore properties continue on their downward trend, falling 0.7%[1] in the first quarter of 2016 since the last quarter of 2015, and this represents the tenth continuous quarter of price declines. Overall take-up rates have also declined in the same period by 11.5%[2], which shows that home buyers are remaining prudent despite lower home prices.

Even though the latest Government Land Sales (GLS) programme yielded slightly more fresh development sites than in the first half of 2016, the government is advocating the need for a cautious approach in order to balance demand and supply forces in our otherwise lacklustre property market[3]. As such, we will look for accretive opportunities to enlarge our asset portfolio and diversify our business into overseas markets where suitable.

On the leasing front, the market recorded a contraction of 18.9%[4] in the last quarter of 2015, and reduced rental budgets coupled with the increasing supply of residential properties have impacted the cost of accommodation in Singapore. With a large supply of private residential homes in the pipeline, tenants continue to dictate and negotiate rental prices that work in their favour. Against the backdrop of tough macroeconomic environment as well as slower hiring, rental rates are likely to continue to fall in 2016 as supply outweighs demand.

Despite the challenges in leasing, the stable growth and operations of Louis Kienne Serviced Residences at 554 Havelock Road provides us with a stable and recurring income stream, while putting us in good stead to widening our revenue streams. We believe this is testament to our attention to detail and quality which sets us apart. Taking into consideration the average occupancy rate of more than 80% in FY2016, we deem this as an encouraging indication of healthy demand for premium serviced residences, and we will continue to market this business and grow the segment contribution to ensure sustained income.

Along with our newly acquired associate fund management company, Stirling Fort Capital, we believe that our investments will provide positive, long-term returns to the Group.

Going forward, we will continue to leverage our expertise and seek similar opportunities in the areas of hospitality and fund-management activities to expand our fee-based business.

OUR APPRECIATION

I would like to take this opportunity to commend our staff on their passion, diligence and unwavering spirit in the past financial year. Through their tireless efforts, they have worked cohesively to consistently deliver sustainable returns to our shareholders. Particularly, I extend my appreciation to Dr Nico Purnomo Po, our Chief Executive Officer, whose solid leadership and vision will help the Group pave the way to greater growth.

I would also like to thank the members of the Board of Directors (the "Board") for their commitment, support and continued dedication to the business. I believe that as a team, we are well geared for the upcoming challenges as the Board and the management team continue to strive together to establish more potential growth inroads.

Finally, I extend my heartfelt appreciation to all of our valued shareholders. Your continued support and belief buoys us as we embark on the next phase together. We look forward to meeting all of you at our coming Annual General Meeting.

Timur Pradopo
Non-Executive Chairman

[1] Sources: Urban Redevelopment Authority and PropertyGuru websites
[2] Sources: Urban Redevelopment Authority and PropertyGuru websites
[3] Source: The Straits Times, "Balancing act with land sales", 10 June 2016
[4] Sources: Urban Redevelopment Authority and Singstat websites, Savills Research & Consultancy report

BOARD OF DIRECTORS

MR. TIMUR PRADOPO

Mr. Pradopo, 60, was appointed as an Independent Director of the Company on 18 March 2014. He was the former Head of Indonesian Police from 2010 to 2013. He has 35 years of experience in the Indonesian Police Department and held several high-ranking positions in the Indonesian Police Department such as the Head of Central Jakarta Police Department (in 2010) as well as the Head of West Java Police Department (from 2008 to 2010).

Mr. Pradopo graduated from the Indonesian Police Academy in 1978 and the Indonesian Police Higher Administration Staff School in 2001. He was last re-elected as a Director of the Company on 25 July 2014. He does not hold any directorship in other listed companies whether in or outside Singapore.

DR. NICO PURNOMO PO

Mr. Po, 34, is the Chief Executive Officer of the Company. He is responsible for the management and operation of the Group as well as the implementation of the Group's strategies and policies.

Mr. Po holds a Bachelor degree in Computing from National University of Singapore in 2003. The honorary doctorate in business administration was bestowed on him by InterAmerican University in 2011. He does not hold any directorship in other listed companies whether in or outside Singapore.

BOARD OF DIRECTORS (cont'd)

MR. TAN KAY KIANG

Mr. Tan, 70, was appointed as a Director and Executive Chairman of the Company on 12 August 1999. On 31 March 2008, he resigned as the Executive Chairman but remains as an Executive Director of the Company. He was responsible for the Group's financial and corporate management. On 31 July 2009, Mr. Tan was re-designated as a Non-Executive Director of the Company.

Mr. Tan holds a Bachelor of Science degree from Nanyang University of Singapore. He was last re-elected as a Director of the Company on 23 July 2015. He does not hold any directorship in other listed companies whether in or outside Singapore.

MR. LOW CHAI CHONG

Mr. Low, 53, was appointed as an Independent Director of the Company on 1 September 2010. Mr Low is also the Lead Independent Director of the Company. He is an advocate & solicitor of the Supreme Court of Singapore. He joined Dentons Rodyk & Davidson LLP in 1986, and has been with the same firm his entire career. He has many years of legal experience, representing MNCs, financial institutions and listed companies in a wide array of commercial and corporate matters regionally, including dispute resolution.

Mr. Low graduated from National University of Singapore with a Bachelor of Laws (Honours) degree. He is also the Non-Executive Chairman and Lead Independent Director of Moya Holdings Asia Limited, a company listed on the Catalist board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

He was last re-elected as a Director of the Company on 25 July 2014.

BOARD OF DIRECTORS (cont'd)

MR. BAMBANG WIDARYATMO

Mr. Widaryatmo, 62, was appointed as an Independent Director of the Company on 18 March 2014. He is the former Chief of the Police Forces of East Kalimantan from 2011 to 2012. He was the Investigation Director of Indonesia Anti-Corruption Committee from 2008 to 2009.

Mr. Widaryatmo graduated from the Indonesian Police Academy in 1978. He was last re-elected as a Director of the Company on 25 July 2014. He does not hold any directorship in other listed companies whether in or outside Singapore.

MR. JAMES KHO CHUNG WAH, CFA

Mr. Kho, 40, was appointed as an Independent Director of the Company on 29 May 2014. He has over 13 years of investment banking and regulatory experience and has held various senior positions in the investment banking and corporate finance departments of international banks and major local securities houses. He started his career in the equity markets with the Issuer Regulation Department of the SGX-ST in 2000, where he was involved in the review of listing applications and ensuring continuing compliance of listed companies. He is the co-founder and currently the Managing Director of Willan Capital Pte. Ltd..

Mr. Kho has been awarded the CFA Charter and is a member of the CFA Institute. He has obtained his Bachelor of Business (Second Upper Honours) degree from Nanyang Technological University of Singapore, majoring in financial analysis and minor in applied economics. He is also the Independent Director of Serrano Limited, a company listed on the Catalist board of the SGX-ST. He was last re-elected as a Director of the Company on 23 July 2015.

KEY MANAGEMENT

MR. CHOY KONG YAN

Mr. Choy Kong Yan, 50, is the General Manager of the Company. He joined the Company in May 2014. He is responsible for the overall supervision and management of the Group.

He holds a Bachelor of Engineering from Monash University and a Master of Business Administration from University of South Australia. He is a senior member of the Institution of Engineers, Singapore, Chartered Professional Engineer of Institution of Engineers, Australia and Chartered member of Institute of Logistic and Transport. He is also a Registered Professional Engineer in Singapore. He has 24 years of experience in construction and property development industries.

MR. CHAN TEE YONG

Mr. Chan Tee Yong, 31, is the Financial Controller of the Company. He joined the Company in August 2014. He is responsible for overseeing the finance and accounting functions of the Company and the Group. Prior to joining the Company, he was an assistant Financial Controller of a company listed on the SGX-ST. Prior to that, he was an auditor in Ernst & Young LLP and Deloitte & Touche (Malaysia).

Mr. Chan holds a Bachelor of Business majoring in Accounting and Finance from the University of Technology, Sydney. He is a Certified Public Accountant in Australia and also a Chartered Accountant with the Institute of Singapore Chartered Accountants.

FINANCIAL HIGHLIGHTS

OVERVIEW

REVENUE INCREASED BY
27.4%
IN FY2016 AS COMPARED TO FY2015

EARNINGS PER SHARE AT
0.27
CENTS IN FY2016

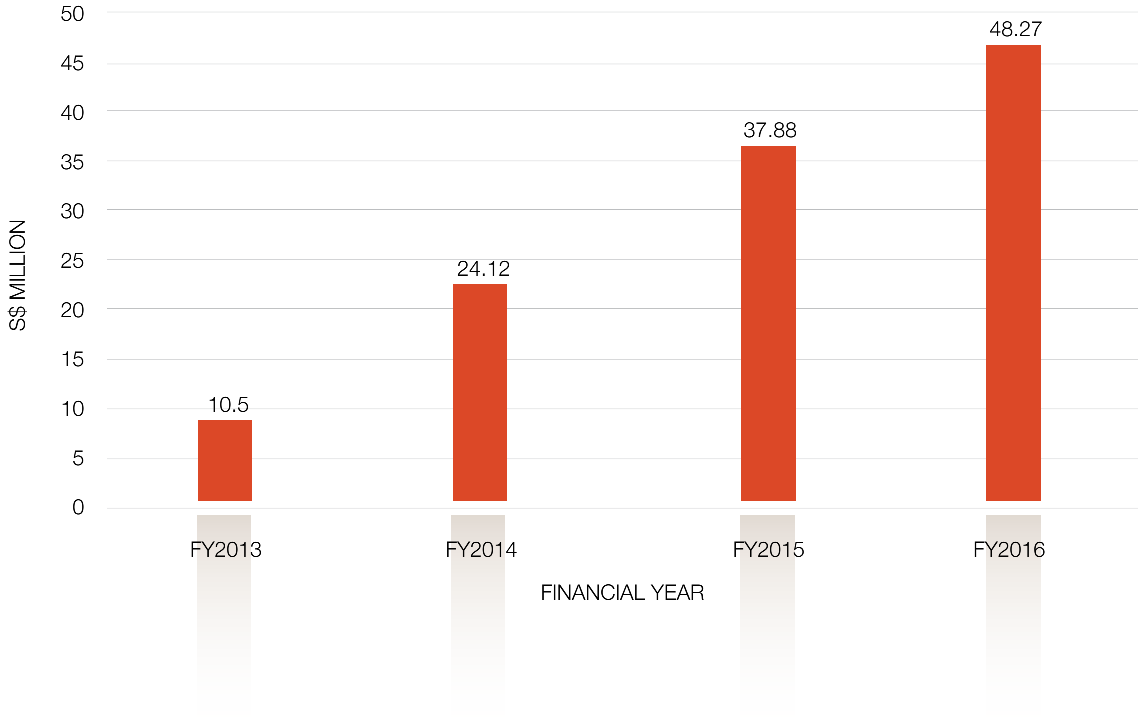
RETURN ON EQUITY AT
3.26%
IN FY2016

REVENUE S$48.27M	EBITDA S$6.00M	TOTAL EQUITY S$50.78M	LOANS & BORROWINGS S$53.93M
PATMI S$1.66M	ROE 3.26%	CASH & CASH EQUIVALENTS S$9.94M	INTEREST COVERAGE RATIO [1] 3.30 times
NAV PER SHARE 8.10 cents	EARNINGS PER SHARE 0.27 cents	NET DEBT S$65.41M	GEARING RATIO 56.30%

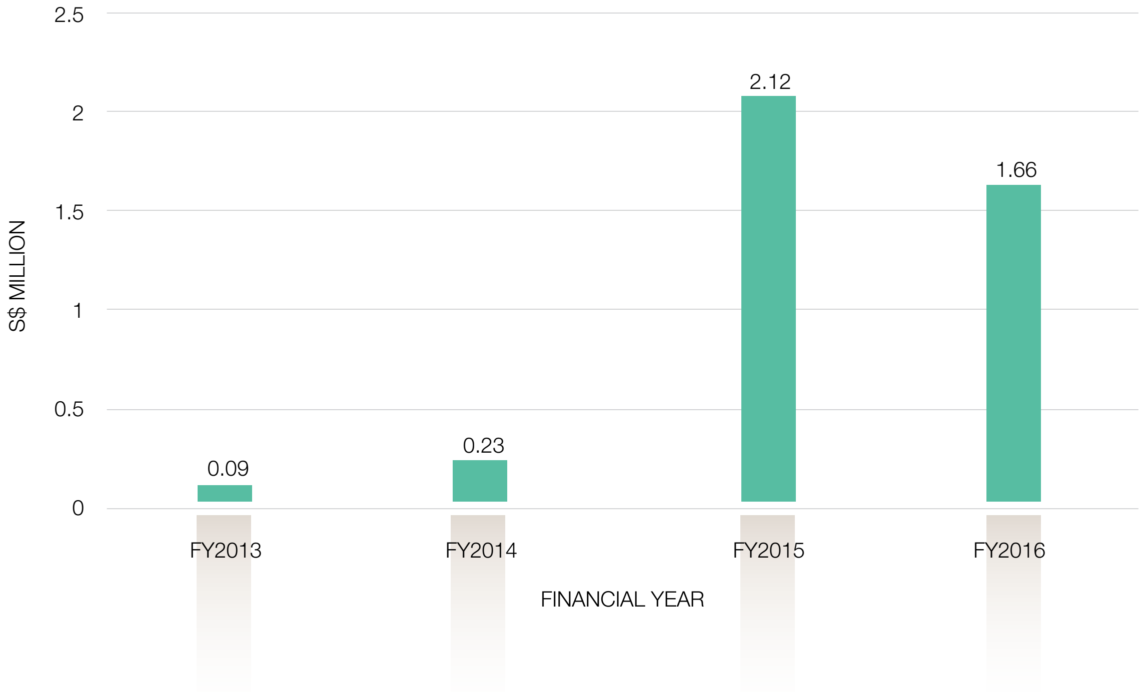
Note : "FY" refers to the financial year ended 31 March in the respective years
No fair value adopted on investment properties
Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss
[1] The interest coverage ratio did not include the interest expense capitalised under development properties

FINANCIAL HIGHLIGHTS

REVENUE FOR THE LAST FOUR FINANCIAL YEARS



PATMI FOR THE LAST FOUR FINANCIAL YEARS



Note :The above financial information is extracted from annual reports/full year announcements of respective years

OPERATION REVIEW

HIGHLIGHTS FOR YEAR 2015 AND YEAR 2016

METRO LOFT
OBTAINED TOP
IN

JANUARY 2016

BERKELEY
RESIDENCES
OBTAINED TOP
IN

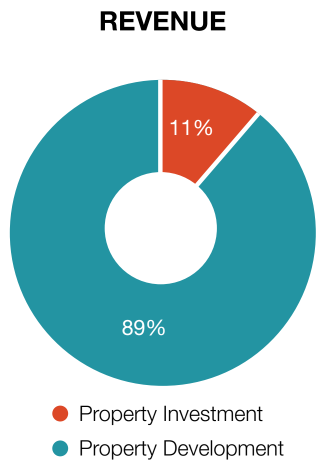
DECEMBER 2015

GARDEN PARK
RESIDENCES
OBTAINED TOP
IN

MAY 2016

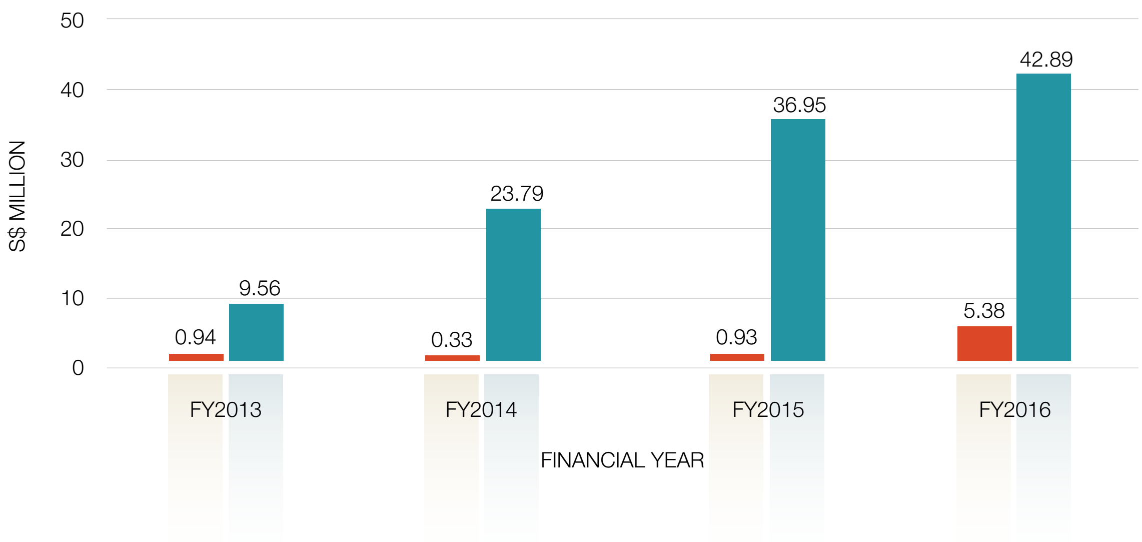
OPERATION REVIEW

REVENUE IN FY2016 BY BUSINESS SEGMENTS



REVENUE	S$'000	PERCENTAGE %
Property Investment	5,376	11
Property Development	42,895	89
TOTAL	**48,271**	**100**

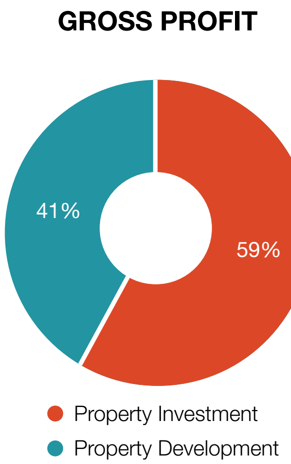
4 YEARS REVENUE BY BUSINESS SEGMENTS



	FY2013 S$'MIL	FY2014 S$'MIL	FY2015 S$'MIL	FY2016 S$'MIL
Property Investment	0.94	0.33	0.93	5.38
Property Development	9.56	23.79	36.95	42.89
TOTAL	**10.50**	**24.12**	**37.88**	**48.27**

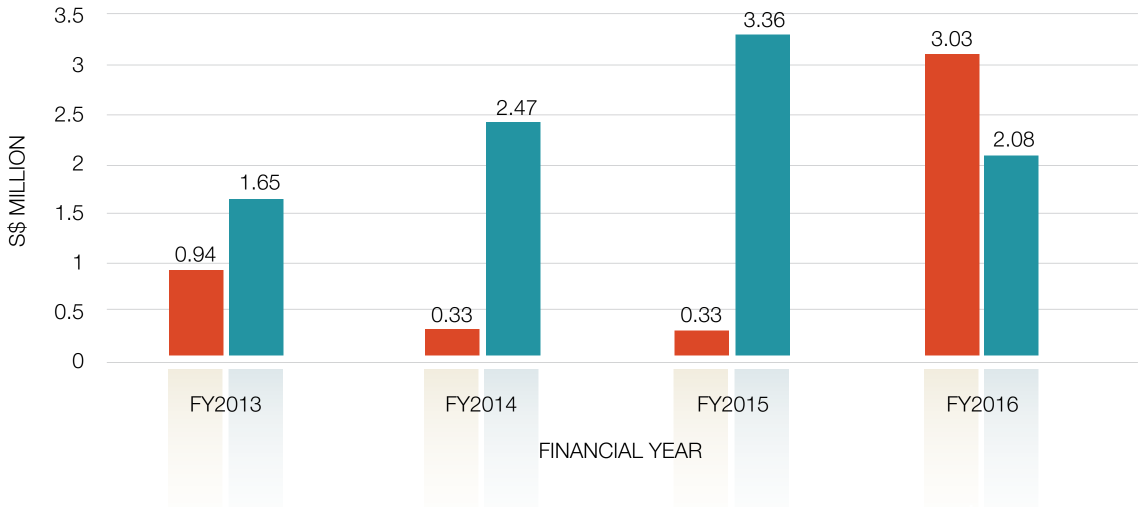
OPERATION REVIEW

GROSS PROFIT IN FY2016 BY BUSINESS SEGMENTS



REVENUE	S$'000	PERCENTAGE %
Property Investment	3,036	59
Property Development	2,080	41
TOTAL	**5,116**	**100**

4 YEARS GROSS PROFIT BY BUSINESS SEGMENTS



	FY2013 S$'MIL	FY2014 S$'MIL	FY2015 S$'MIL	FY2016 S$'MIL
Property Investment	0.94	0.33	0.33	3.03
Property Development	1.65	2.47	3.36	2.08
TOTAL	**2.59**	**2.80**	**3.69**	**5.11**

OPERATION REVIEW
DEVELOPMENT PROPERTIES

COMPLETED PROJECTS AS OF

25 MAY 2016

PROJECT	: PARK RESIDENCES KOVAN
Location	: 831 Upper Serangoon Road
Equity Stake	: 100%
% Sold	: 100%
Certificate Obtained	: TOP, CSC

PROJECT	: METRO LOFT
Location	: 5 Lorong 27 Geylang
Equity Stake	: 100%
% Sold	: 97%
Certificate Obtained	: TOP

PROJECT	: BERKELEY RESIDENCES
Location	: 11 Lorong N Telok Kurau
Equity Stake	: 100%
% Sold	: 100%
Certificate Obtained	: TOP

PROJECT	: GARDEN PARK RESIDENCES
Location	: 25 Lorong M Telok Kurau
Equity Stake	: 100%
% Sold	: 100%
Certificate Obtained	: TOP

PROJECTS UNDER CONSTRUCTION AS OF

25 MAY 2016

PROJECT	: PAVILION SQUARE
Location	: 345 Geylang Road
Equity Stake	: 50%
% Sold	: 100%
Estimated Completion	: By 2016/17

PROJECT	: MAYFAIR RESIDENCES
Location	: 531 East Coast Road
Equity Stake	: 100%
% Sold	: 85%
Estimated Completion	: By 2016/17

OPERATION REVIEW
INVESTMENT PROPERTIES

STATUS

RETAIL SHOPS AT BALESTIER ROAD

100%

TENANTED IN FY2016

LOUIS KIENNE SERVICED RESIDENCES AT HAVELOCK ROAD

AVERAGE

81%

OCCUPANCY RATE IN FY2016

CORPORATE SOCIAL RESPONSIBILITY

Environment

We are committed to protecting and conserving the environment that our business operates in.

Initiatives have been taken to develop buildings which comply with the guidelines set by the local building authorities as well as adopt strategies which are more socially responsible by incorporating more greens, landscaping, better facilities and innovative house design into our projects to improve the quality of the environment.

The Group has also adopted the International Organisation for Standardisation (ISO) in Quality Management and Environmental Management.

Communities Involvement

We strongly encourage our employees to recycle items and reduce wastage. Employees are encouraged to donate unwanted but usable items to charitable organisations and participate in volunteer works and activities.

During the financial year under review, the Group had donated to Singapore Cancer Society and participated as Bronze Sponsors in its 2015 Race Against Cancer event to raise funds for providing financial aid to needy cancer patients and subsidising cancer treatment and medication costs, etc.

Employee

The Group provides opportunities for employees to improve their levels of skills and knowledge to increase workplace productivity and staff satisfaction. Employees attended seminars and training programmes covering areas on Audit, Accounting, Taxation, Project Management and Corporate Governance Compliance.

The Group also embarked on Occupation Safety and Health Programmes to raise awareness amongst our employees on the importance of adopting an active and healthy lifestyle. The Group strives to fulfil the rights and obligations of employees in accordance with the applicable laws and regulations.

Employees also actively engage themselves through social and recreational interaction and employee bonding activities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Timur Pradopo
Nico Purnomo Po
Tan Kay Kiang
Low Chai Chong
Bambang Widaryatmo
James Kho Chung Wah
Tan Nan Choon
(alternate director to Tan Kay Kiang)

COMPANY SECRETARY

Chew Bee Leng

REGISTERED OFFICE

391A Orchard Road
#08-07 Ngee Ann City Tower A
Singapore 238873
Tel: +65 6922 0333
Fax: +65 6922 0338

BANKERS

United Overseas Bank Limited
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
Bank of China Limited
Malayan Banking Berhad

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

M & C Services Private Limited
112 Robinson Road
#05-01
Singapore 068902

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-in-charge: Ng Boon Heng
Date of appointment: From financial year ended 31 March 2016

SPONSOR

Canaccord Genuity Singapore Pte. Ltd.
77 Robinson Road
#21-02
Singapore 068896

CORPORATE GOVERNANCE REPORT

Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group") are committed to maintaining a high standard of corporate governance within the Group so as to ensure greater transparency and protection of shareholders' interests. The Group supports the spirit of the Code of Corporate Governance 2012 (the "Code"), whilst also recognising that it needs to develop and maintain its own corporate governance processes to meet its specific business needs.

This report outlines the Group's corporate governance processes and structures that were in place throughout the financial year ended 31 March 2016 ("FY2016"), with specific reference made to each of the principles of the Code.

The board of directors (the "Board" or "Directors") of the Company confirms that, for FY2016, the Group has generally adhered to the principles and guidelines as set out in the Code. Any deviations from the Code are disclosed and explained in this report.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with the Management to achieve this objective and the Management remains accountable to the Board.

Role of the Board

The primary role of the Board is to protect and enhance long-term value and returns for the shareholders. The Board approves the Group's strategic plans, key business initiatives, major investments and funding decisions, and ensures the business affairs of the Group are effectively managed and conducted by an executive management of the Company (the "Management").

The Board has adopted internal guidelines for cheque signatories and operating expenditures to optimise operational efficiency. Additionally, the Board has direct responsibility for decision-making in respect of the following:

(a) providing entrepreneurial leadership, setting the strategic directions and goals of the Company and ensuring that adequate resources are available to meet these objectives;

(b) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(c) overseeing and monitoring the management and affairs of the Company;

(d) monitoring and reviewing the Management's performance towards achieving organisational goals;

(e) identifying the key stakeholder groups and recognising that their perceptions affect the Company's reputation;

(f) ensuring accurate and timely reporting to, and communication with shareholders;

(g) ensuring the Company's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;

(h) determining and setting the Company's values and standards, including ethical standards, and ensuring that obligations to shareholders and other stakeholders are understood and met; and

(i) considering sustainability issues, including environmental and social factors, in the formulation of the Company's strategies.

CORPORATE GOVERNANCE REPORT

Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the interests of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction have to declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50 of Singapore (the "Companies Act").

The Company has adopted internal guidelines governing matters that require the Board's approval, and clear directions have also been given to the Management that the following matters must be approved by the Board:

(a) material acquisition and disposal of assets/investments;

(b) corporate/financial restructuring and corporate exercise;

(c) material financial/funding arrangements and capital expenditures; and

(d) policies and procedures, delegation of authority matrix, code of conduct and business ethic.

All relevant information on material events and transactions are circulated to the Directors as and when they arise.

To facilitate effective management and without abdicating the Board's responsibility, certain functions of the Board have been delegated to various Board committees ("Board Committees"). The Board is assisted by an Audit Committee ("AC") as well as a Remuneration and Nominating Committee ("RNC"), each of which functions are clearly defined in their respective terms of reference and operating procedures which are reviewed by the Board on a regular basis. The RNC and AC comprise Non-Executive Directors, all of whom including the Chairman, are independent.

Board Meetings and Meetings of Board Committees

The Board meets on a half-yearly basis to review the financial performance of the Group and approve the release of the Group's half year and full year financial results. Additional meetings of the Board may be held as and when circumstances require. The Constitution[1] of the Company (the "Constitution") allows meetings of the Board and Board Committees to be conducted by way of teleconference and videoconference. The Directors normally set dates of the meetings of the Board and Board Committees well in advance.

Each Director's attendance at meetings of the Board and Board Committees held in FY2016 are set out below:

Name of Director/ Meeting	**Board**		**Audit Committee**		**Remuneration and Nominating Committee**	
	No. of Meetings	**Attendance**	**No. of Meetings**	**Attendance**	**No. of Meetings**	**Attendance**
Nico Purnomo Po	2	2	N.A.	N.A.	N.A.	N.A.
Tan Kay Kiang	2	2	N.A.	N.A.	N.A.	N.A.
Low Chai Chong	2	2	2	2	1	1
Timur Pradopo	2	2	2	2	1	1
Bambang Widaryatmo	2	2	2	2	1	1
James Kho Chung Wah	2	2	2	2	1	1

(1) Pursuant to the recent amendments of the Companies Act, the Memorandum and Articles of Association of the Company are deemed by law to be merged to form the Constitution of the Company.

Training and Development of Directors

The Management will organise orientation programmes for new Directors to familiarise them with the Group's operations and business issues as well as the relevant regulations and governance requirements.

The Company provides ongoing education to the Directors on Board processes, corporate governance practices and updates on changes to laws and regulations. The Directors are also encouraged to keep themselves abreast of latest developments relevant to the Company or themselves. Where necessary, the Directors will be updated on new legislations and/or regulations and changing commercial risks, from time to time, which are relevant to the Group. News releases issued by the Singapore Exchange Securities Trading Limited ("SGX-ST") and Accounting and Corporate Regulatory Authority which are relevant to the Directors are circulated to the Board. The Directors are kept informed of upcoming conferences and seminars relevant to their roles as Directors of the Company. Such conferences and seminars as well as other training courses will be arranged and funded by the Company for all Directors. Annually, the external auditors will update the AC and the Board on any new and revised financial reporting standards which are relevant to the Group.

Newly appointed Directors will be issued a formal letter by the Company Secretary explaining their duties and obligations as a Director upon their appointment.

Board Composition and Guidance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board presently comprises six (6) Directors, four (4) of whom are Independent Directors. Details of the Directors are as set out below:

Name of Director	Position held on the Board and Board Committees served on (if any)	Board appointment whether executive, non-executive or independent	Date of first appointment	Date of last re-election
Nico Purnomo Po	Director and Chief Executive Officer	Executive	31 March 2008	Not applicable(1)
Tan Kay Kiang	Director	Non-Executive	12 August 1999	23 July 2015
Low Chai Chong	Director, Chairman of RNC and member of AC	Non-Executive/ Independent	1 September 2010	25 July 2014
Timur Pradopo	Director, Chairman of the Board and member of AC and RNC	Non-Executive/ Independent	18 March 2014	25 July 2014
Bambang Widaryatmo	Director, Member of AC and RNC	Non-Executive/ Independent	18 March 2014	25 July 2014
James Kho Chung Wah	Director, Chairman of AC and member of RNC	Non-Executive/ Independent	29 May 2014	23 July 2015

(1) Under Article 99 of the Company's Constitution, the Managing Director of the Company (or any Director holding an equivalent appointment) is not subject to retirement by rotation.

The profiles and key information of the individual Directors as well as their respective shareholdings in the Company are set out in the "Board of Directors" and "Directors' Statement" sections of this annual report respectively.

There is presently a strong and independent element on the Board, with Independent Directors constituting more than half of the Board, which is in line with the Code. The independence of the Directors is reviewed annually by the RNC. The RNC adopts the Code's definition as to what constitutes an Independent Director in its review. In addition, each Independent Director is required to complete a Director's Independence Checklist annually to confirm his independence based on the guidelines as set out in the Code. Taking into consideration the RNC's review, the Board is of the view that Mr Low Chai Chong, Mr Timur Pradopo, Mr Bambang Widaryatmo and Mr James Kho Chung Wah are independent. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his appointment.

The size and composition of the Board is reviewed on an annual basis by the RNC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. When a vacancy arises under any circumstances, or where it is considered that the Board would benefit from the services of a new Director with particular skills, the RNC, in consultation with the Board, determines the selection criteria and selects candidates with the appropriate expertise and experience for the position. The RNC then nominates the most suitable candidate for appointment by the Board to the Company.

The Board and the RNC have considered and are satisfied that the current size of the Board of six (6) Directors is appropriate taking into consideration the existing nature and scope of the operations of the Group.

The Board and the RNC are also satisfied that the current Board as a group has core competencies in accounting and finance, business and management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

The Non-Executive Directors provide, amongst other things, strategic guidelines to the Company based on their professional knowledge and experience. They constructively challenge and help develop directions on strategy and review the performance of the Management in achieving agreed targets and objectives. To facilitate a more effective check on the Management, the Non-Executive Directors are encouraged to arrange for meetings without the Management being present at times deemed necessary.

In general, the Board is able to exercise objective judgment independently from the Management and no individual or small group of individuals dominates the decision-making of the Board.

Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

There is a clear division of roles and responsibilities between the Non-Executive Chairman, Mr Timur Pradopo, and the Chief Executive Officer ("CEO"), Dr Nico Purnomo Po. The Non-Executive Chairman leads and manages the business of the Board whilst the CEO and his team of management staff translate the Board's decisions into executive action. The separation of the roles and responsibilities of the Chairman and the CEO ensures an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Non-Executive Chairman is not related to the CEO.

Mr Timur Pradopo, Chairman of the Board, is responsible for:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) setting the agenda for the meetings of the Board and instructing the Company Secretary to disseminate it to all Directors before each meeting;

(c) promoting a culture of openness and debate within the Board;

(d) ensuring the Board members engage the Management in constructive debate on various matters including strategic issues;

(e) ensuring that the Directors receive complete, adequate and timely information;

(f) ensuring effective communication with shareholders;

(g) facilitating the effective contribution of Non-Executive Directors in particular; and

(h) continuous pursuance of high standards of corporate governance.

The CEO is responsible for implementing the Group's strategies and policies, making strategic and business investment decisions as well as the overall management and performance of the Group. The Board is of the opinion that there is a balance of power and authority within the Board.

As recommended by the Code, the Board has appointed Mr Low Chai Chong, an Independent Director, as the Lead Independent Director. Mr Low Chai Chong chairs the RNC and is also a member of the AC. Mr Low Chai Chong is available to shareholders when they have concerns which contact through the normal channels has failed to resolve, or for which such contact is inappropriate.

Led by the Lead Independent Director, the Independent Directors will meet, where necessary, without the presence of the other Directors and the Lead Independent Director will provide feedback to the Chairman and the CEO after such meetings as appropriate.

Board Membership

Principle 4: There should be a formal and transparent process for the appointment and re- appointment of directors to the Board.

The RNC was formed in June 2003 by the merger of the Nominating Committee and the Remuneration Committee of the Company. Currently, the RNC comprises four (4) Non-Executive Directors, all of whom including the Chairman of the RNC are independent. The Chairman of the RNC is not a substantial shareholder of the Company or directly associated with any substantial shareholder of the Company.

The members of the RNC are as follows:

Mr Low Chai Chong – Chairman
Mr James Kho Chung Wah
Mr Timur Pradopo
Mr Bambang Widaryatmo

The RNC has written Terms of Reference setting out its authority and duties, and regulates its procedures and in particular, the calling and frequency of meetings, the notice to be given of such meetings, the voting and proceedings thereat. The Company also maintains records of the deliberations and proceedings of the meetings of the RNC. The key terms of reference of the RNC are as follows:

(a) the RNC shall comprise not fewer than three (3) Directors, a majority of whom shall be independent;

(b) the Chairman of the RNC shall be an Independent Non-Executive Director; and

(c) the Board shall within three (3) months of cessation of a member appoint a new member from the date of cessation so that the number of members of the Board does not fall below three (3) if a member, for any reason, ceases to be a member.

The RNC handles both nominating and remuneration matters of the Company. With regards to nominating matters, the RNC pursuant to its written terms of reference shall:

(a) establish procedures for and make recommendations to the Board on all Board appointments and re-appointments;

(b) review re-nominations, having regard to the Director's contribution and performance (e.g. attendance, preparedness and participation) including, if applicable, as an Independent Director;

(c) decide whether the Director is able to and has been adequately carrying out his duties as a Director when the Director has multiple board representations;

(d) review the independence of the Directors on an annual basis;

(e) establish procedures for the evaluation of the Board's performance and propose objective performance criteria, which shall be approved by the Board;

(f) assess the effectiveness of the Board as a whole and the Board Committees as well as assess the contribution by each individual Director to the effectiveness of the Board;

(g) identify gaps in the mix of skills, experience and other qualities required in an effective Board and nominate or recommend suitable candidate(s) to fill these gaps;

(h) ensure that all Board appointees undergo an appropriate induction programme;

(i) review annually the Board's structure, size and composition and make recommendations to the Board with regards to any adjustments that are deemed necessary; and

(j) recommend the appropriate training and professional development programmes for the Board.

The RNC's role in respect of remuneration matters is separately disclosed under Principle 7 (Procedures for Developing Remuneration Policies).

The RNC is charged with determining the independence of the Directors as set out under Guildeline 2.3 of the Code. The RNC conducts an annual review of the Directors' independence and is of the view that Mr Low Chai Chong, Mr Timur Pradopo, Mr Bambang Widaryatmo and Mr James Kho Chung Wah are independent.

Currently, none of the Directors hold excessive number of board representations. Nonetheless, the Board has set the maximum number of listed company board representations each Director may hold to be eight (8). When a Director has multiple board representations, the RNC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The RNC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

The Company has only one alternate Director. Mr Tan Nan Choon, who is the alternate Director to Mr Tan Kay Kiang, is also the nephew of Mr Tan Kay Kiang and he attends all meetings of the Board.

In the selection process for the appointment of new Directors, the RNC will review the composition of the Board and identify the skill sets which enhance the Board's overall effectiveness. Potential candidates are identified from various sources. In assessing the suitability of a candidate to be appointed to the Board, the RNC will consider if he or she is able to make the appropriate contributions to the Board and the Group. The key factors which the RNC will take into consideration are:

(a) qualifications, industry knowledge and functional expertise which are relevant and beneficial to the Group; and

(b) extensive experience and business contacts in the industry in which the Group operates.

The proposed candidates' independence (if necessary) will also be considered before the RNC makes its recommendations to the Board. The new Directors will then be appointed by the Board.

The RNC is in charge of nominating the Directors for re-appointment, having regard to their contribution and performance, including but not limited to attendance, preparedness and participation. Under the Company's Constitution, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting ("AGM") of the Company, provided all Directors except the Managing Director (or any Director holding an equivalent appointment) shall retire by rotation at least once every three (3) years. The CEO shall not be subject to retirement by rotation nor be taken into account in determining the number of Directors to retire.

The RNC has reviewed and is satisfied that the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM of the Company are properly qualified for re-appointment by virtue of their skills, experience and contributions. The RNC has recommended to the Board that Mr Timur Pradopo and Mr Bambang Widaryatmo who are retiring pursuant to Article 104 of the Company's Constitution, be nominated for re-election as Directors at the forthcoming AGM of the Company. Please refer to the "Board of Directors" section of this annual report for more information on the Directors.

Each member of the RNC shall abstain from voting on any resolution in respect of the assessment of his performance or re-nomination as a Director.

Board Performance

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The RNC has implemented a formal review process to assess the effectiveness of the Board and the individual Director's performance on an annual basis. All members of the Board are required to complete and send the evaluation forms to an independent coordinator (the "Independent Coordinator") directly and in confidence within four (4) weeks after the end of each financial year. The Independent Coordinator will then collate the results and forward them to all members of the RNC for discussion. The RNC will thereafter report its findings to the Board.

For the purpose of its evaluation of the Directors' performance, the RNC focuses on whether the Directors, individually or collectively, possess the background, experience, competencies in finance and management skills critical to the Group's business as well as whether each Director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well considered decisions to be made.

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Board Committee meetings including his contribution to Board processes as well as the business strategies and performance of the Group.

The Board, together with the RNC, is of the view that due to the relatively small size of the Board and given the background, experience and expertise of each Director, assessment by the RNC of the effectiveness of the Board as a whole and each Director's performance is sufficient and it would not be necessary to assess the effectiveness of the Board Committees.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

The Board, the Board Committees and every Director have separate and independent access to the Management and are entitled to request for additional information as needed to make informed decisions.

To ensure that the Board is able to fulfill its responsibilities, the Management provides the Board with a management report containing complete, adequate and timely information prior to Board meetings as well as a report of the Group's ongoing activities. In addition to the business plans submitted to the Board for approval, the Board is provided with management reports, board papers and related materials in respect of the Group's performance, position and prospects as and when requested.

The Management will also keep the Board apprised of material variances between the actual results, corresponding period of the last financial year and the budget with appropriate explanation on such variances.

In addition, all Directors have separate and independent access to the Company Secretary. The Company Secretary attends all meetings of the Board and Board Committees and prepares minutes of meetings of the Board and of the Board Committees which are circulated for review. The Company Secretary is also responsible for ensuring that Board procedures and all other rules and regulations applicable to the Company are followed and advises the Board of the requirements of the Company's Constitution, the Companies Act and the Listing Manual Section B: Rules of Catalist of the SGX-ST (the "Catalist Rules").

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

The Directors may seek independent professional advice as and when necessary in furtherance of their duties. The appointment of such professional advisors is subject to approval by the Board. Any cost of obtaining such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

The members of the RNC are disclosed under Principle 4 (Board Membership).

With regards to remuneration matters, the RNC pursuant to its written terms of reference shall:

(a) review and recommend to the Board a framework of remuneration for the Directors and key management personnel which covers Directors' fees, where applicable, basic salaries, allowances, bonuses and benefits-in-kind;

(b) review the remuneration packages of all managerial staff who are related to any of the Directors;

(c) review the performance of key management personnel to enable the RNC to determine their annual remuneration, bonus rewards and etc; and

(d) recommend to the Board, in consultation with the key management personnel and the CEO, any long-term incentive scheme.

The RNC is tasked to provide a formal, transparent and objective procedure for fixing the remuneration packages of individual Directors and to ensure that the level of remuneration paid by the Company serves to attract, retain and motivate the employees needed to manage the Company successfully. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind shall be covered by the RNC. The recommendations made by the RNC will be submitted for endorsement by the Board. Each member of the RNC shall abstain from voting on any resolutions in respect of his remuneration package.

The RNC has access to professional advice from experts outside the Company on remuneration matters as and when necessary. The RNC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. The Company will also disclose the names and firms of the remuneration consultants (if any) in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company. The Company did not engage any remuneration consultant in respect of the remuneration matters of the Group during FY2016.

In the case of service contracts, the RNC will consider what compensation commitments the Directors' or key management personnel's contracts of service, if any, would entail in the event of termination with a view to ensure that such contracts of service, if any, contain fair and reasonable termination clauses which are not overly generous.

Level and Mix of Remuneration

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the Company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the Company. However, companies should avoid paying more than is necessary for this purpose.

The Group sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group. In setting remuneration packages, the Group takes into account salary and employment conditions within the same industry and in comparable companies. The Group adopts a remuneration policy for the Executive Director, comprising a basic salary component as well as a bonus component, which is performance-based and seeks to align the interests of the Executive Director with those of the shareholders of the Company.

Currently, the Company does not have any long-term incentive scheme. The RNC will consider recommending the implementation of incentive schemes for the executive and non-executive directors as well as key management personnel as and when it considers appropriate.

All Directors are paid Directors' fees, determined by the Board based on the effort, time spent and responsibilities of the Directors. The payment of such fees to the Directors is subject to approval of shareholders at each AGM of the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

Non-Executive Directors have no service contracts with the Company. The Executive Director has a service contract with the Company, which can be terminated by either the Company or the Executive Director giving not less than three (3) months' notice in writing.

The Company does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Disclosure on Remuneration

Principle 9: Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors or the CEO) for FY2016 is set out below:

Remuneration Band and Name of Director	Base/Fixed Salary	Bonus	Directors' Fees(1)	Other Benefits(2)	Total
Above S$250,000					
Nico Purnomo Po	78%	-	5%	17%	100%
Below S$250,000					
James Kho Chung Wah	-	-	100%	-	100%
Tan Kay Kiang	-	-	100%	-	100%
Low Chai Chong	-	-	100%	-	100%
Timur Pradopo	-	-	100%	-	100%
Bambang Widaryatmo	-	-	100%	-	100%

(1) Directors' fees are subject to the approval of the Company's shareholders at the forthcoming AGM of the Company.
(2) Other benefits include transport allowance paid during FY2015.

Mr Tan Nan Choon, alternate Director to Mr Tan Kay Kiang, was not paid any remuneration for FY2015.

Remuneration Band and Name of Key Management Personnel(1)	Base/Fixed Salary	Bonus	Other Benefits	Total
Below S$250,000				
Choy Kong Yan	100%	-	-	100%
Chan Tee Yong	100%	-	-	100%

(1) The Company has only two (2) key management personnel (who are not Directors or the CEO) in FY2016.

There were no termination, retirement and post-employment benefits granted to the Directors and key management personnel (who are not Directors or the CEO).

After due consideration, the Board has decided not to disclose the remuneration of the individual Directors in full and the aggregate total remuneration paid to the key management personnel (who are not Directors or the CEO) due to the competitive pressures and disadvantages that may result from such disclosure as well as for confidentiality reasons.

The Company does not have any employee who is an immediate family member of any Director or the CEO, and whose remuneration exceeds S$50,000 during FY2016.

Currently, the Company does not have any share-based compensation scheme or any long-term incentive scheme involving the offer of shares or options in place.

The Group sets remuneration packages which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group. In setting remuneration packages, the Group takes into account salary and employment conditions within the same industry and in comparable companies. The Group adopts a remuneration policy for the Executive Director, comprising a basic salary component as well as a bonus component, which is performance-based and seeks to align the interests of the Executive Director with those of the shareholders of the Company.

ACCOUNTABILITY AND AUDIT

Accountability

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board endeavors to ensure that the annual audited financial statements as well as the half yearly and full year announcements of the Group's financial results present a balanced and understandable assessment of the Group's performance, position and prospects. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst preserving the commercial interests of the Company. Financial and other price sensitive information are disseminated to shareholders through announcements and press releases via SGXNET on a timely basis.

The Board takes adequate steps to ensure compliance with the relevant legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. During FY2016, the Board has reviewed reports submitted by the Management to ensure compliance with all the Group's policies, operational practices and procedures and relevant legislative and regulatory requirements.

In line with the Catalist Rules, the Board has also provided a negative assurance statement to shareholders in respect of the half yearly results announcement.

The Management also regularly provides the Board with appropriate detailed management accounts of the Group's performance, position and prospects to enable the Board to make a balanced and informed assessment of the Group's financial position, performance and prospects.

Risk Management and Internal Controls

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk Management

The Group currently does not have a separate Risk Management Committee but the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. The Management, together with the internal auditors, reviews significant control policies and procedures of the Group and will highlight all significant matters, if any, to the Directors and the AC. The following have been identified as significant risk factors relevant to the Group's operations:

1. Regulatory risks

   The Group is subject to various laws and regulations in all of the jurisdictions in which it operates, including those relating to property development.

   Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a project or could result in the loss of an existing license.

2. Interest rate risks

   The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

3. Liquidity of real estate investments

   Investment in high value properties such as those in which the Group has invested or intends to invest, are relatively illiquid. Such illiquidity may affect the Group's ability to vary its investment portfolio or liquidate part of its assets in response to changes in the economy, changes to the real estate market or other conditions.

In 2013, the Company, together with the internal auditors, has formalised the Group's Risk Management Policies and Procedures to facilitate the Board in identifying key operational, strategic, financial, compliance and information technology risks with reference to the Company's business goals, strategies and corporate philosophy. With the formalisation of the Group's Risk Management Policies and Procedures, the internal auditors had assisted the Company in the execution of the risk management processes and discussed with the key management personnel on the same. In the process, the Company's risk tolerance levels have been established and adopted, and the Board has overseen the Management in the design, implementation and monitoring of the risk management and internal control systems. The internal auditors had also evaluated the effectiveness of the internal controls implemented to manage the identified risks based on the results of the risk assessment process executed.

Internal Controls

The effectiveness of the internal financial control systems and procedures are monitored by the Management. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as 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.

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group's operating results and/or financial position. During FY2016, the AC, on behalf of the Board, has reviewed the adequacy and effectiveness of the Group's internal controls systems, including financial, operational, compliance and information technology controls, and risk management systems on an annual basis. The processes used by the AC to review the adequacy and effectiveness of the system of internal control and risk management include:

(a) discussions with the Management on risks management;

(b) the internal audit processes;

(c) the review of external and internal audit plans; and

(d) the review of significant issues raised by the external and internal auditors.

Based on the framework of risk management and internal controls established and maintained by the Group, the review performed by the Management and the AC, the work performed by the internal auditors and the review undertaken by the external auditors as part of their statutory audit, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are effective and adequate to meet the needs of the Group in its current business environment.

The Board has also received written assurance from the CEO and the Financial Controller that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are effective.

The Group has adopted ISO9001, ISO14001 and OHSAS18001, in order to achieve higher adequacy and effectiveness of the Group's risk management and internal control systems.

Audit Committee

Principle 12: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Currently, the AC comprises four (4) Non-Executive Directors, all of whom including the Chairman of the AC are independent. The Chairman of the AC is not a substantial shareholder of the Company or directly associated with any substantial shareholder of the Company.

The members of the AC are as follows:

Mr James Kho Chung Wah - Chairman
Mr Low Chai Chong
Mr Timur Pradopo
Mr Bambang Widaryatmo

The members of the AC have many years of experience in senior management positions in both financial and industrial sectors. The Board is of the opinion that the members of the AC are appropriately qualified to discharge their responsibilities.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation from the Management as well as full discretion to invite any Director or executive officer of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly.

For FY2016, the AC held two (2) meetings.

The main objective of the AC is to assist the Board in fulfilling the fiduciary responsibilities of the Company and each of its subsidiaries. The AC, pursuant to its written terms of reference, shall:

(a) recommend to the Board the appointment or re-appointment and approving the remuneration and terms of engagement of the external auditors and internal auditors;

(b) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Management to the internal and external auditors;

(c) evaluate the effectiveness of both the internal and external audit efforts through regular meetings;

(d) determine that no unwarranted management restrictions are being placed upon the external and internal auditors;

(e) review the financial statements with the Management and external auditors (where applicable) for submission to the Board;

(f) review the half yearly and full year announcements of the results of the Group before submission to the Board for approval;

(g) report to the Board summarising the work performed by the AC in carrying out its functions;

(h) review interested person transactions;

(i) have explicit authority to investigate any matter within its terms of reference, full access to and co-operation by the Management and full discretion to invite any Director or executive officer of the Group to attend its meetings, and reasonable resources to enable it to discharge its functions properly;

(j) review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the external and internal auditors;

(k) meet with the external and internal auditors, without the presence of the Management, at least annually;

(l) review the independence of the external auditors annually; and

(m) review and report to the Board, at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems (such review can be carried out internally or with the assistance of any competent third parties).

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

The AC has met the external auditors and the internal auditors, without the presence of the Management, for FY2016.

The Company's external auditors are Ernst & Young LLP. During FY2016, the aggregate amount of fees paid and/or payable to the external auditors for audit services amounted to approximately S$132,400. During FY2016, there were no non-audit services rendered by the external auditors to the Group. The AC has reviewed and confirmed the independence and objectivity of the external auditors. As such, the AC has recommended to the Board that Ernst & Young LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM of the Company.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to the appointment of auditing firms for the Group. No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC.

Whistle-Blowing Policy

The Board undertakes to investigate complaints of suspected fraud in an objective manner and has put in place a whistle-blowing policy and procedures which provide employees with well-defined and accessible channels within the Group including a direct channel to the AC, for reporting suspected fraud, corruption, dishonest practices or other similar matters.

The policy aims to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisal. On an ongoing basis, the whistle-blowing policy is covered during staff training as part of the Group's efforts to promote fraud control awareness.

The policy and its effectiveness will be reviewed by the AC periodically, with recommendations regarding updates or amendments, if any, to be made to the Board as required.

There was no whistle-blowing report received during FY2016.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The AC's responsibilities over the Group's internal controls and risk management systems are complemented by the work of the internal auditors. The size of the operations of the Group does not warrant the Group having an in-house internal audit function. The Company has outsourced its internal audit function to an external professional firm to perform the review and test of controls of the Group's processes in FY2016. The AC approves any hiring, removal, evaluation and remuneration of the external professional firm to which the internal audit function is outsourced. The AC has reviewed and assessed the qualifications and experience of the appointed internal audit firm's team which undertakes the function of its internal audit within the Group.

The internal auditors report primarily to the Chairman of the AC. The internal auditors plan their internal audit schedules in consultation with, but independent of, the Management. The internal auditors have unrestricted access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC has reviewed the scope and findings of the internal audit performed by the internal auditors during FY2016 and the Management's responses thereto.

The AC is satisfied that the internal audit function is adequately staffed with suitably qualified and experienced professionals with the relevant experience.

The internal auditors are guided by the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The AC will assess and ensure the adequacy and effectiveness of the internal audit function annually.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle14: Companies should treat all shareholders fairly and equitably, and should recognize, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

The Board is mindful of its obligations to provide timely and fair disclosure of material information to the SGX-ST and shareholders in accordance with Appendix 7A on "Corporate Disclosure Policy" of the Catalist Rules. The Board embraces openness and transparency in the conduct of the Company's affairs, whilst safeguarding its commercial interests. The Board's policy is that all shareholders should be equally informed on a timely basis of all major developments that impact the Group. Price sensitive information, results and annual reports of the Company are released via SGXNET. A copy of the annual report, together with the notice of AGM, is sent to every shareholder. Such notice is also advertised in a daily newspaper.

All shareholders are entitled to attend the Company's general meetings and are provided the opportunity to participate in the general meetings. Shareholders are also briefed by the Company on the rules, including voting procedures that govern general meetings. These general meetings also provide excellent opportunities for the Company to obtain shareholders' views on value creation. Shareholders (other than a shareholder who is a relevant intermediary) may vote in person or by appointing up to two (2) proxies to attend and vote on their behalf at the general meetings of the Company. A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the general meetings of the Company. The duly completed proxy form is to be deposited at the Company's registered office 48 hours before the time of the general meetings.

Communication with Shareholders

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, as much relevant information as is possible, in a timely, fair and transparent manner as well as to hearing its shareholders' views and addressing their concerns.

The Company does not practice selective disclosure of material information. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET and the Company's website.

General meetings have been and are still the principal forum for dialogue with shareholders. They offer opportunities for Board to interact with shareholders, understand their views, gather feedback as well as address concerns. Enquiries by shareholders are dealt with as promptly as practicably possible.

Currently, the Company does not have a fixed divided policy. The Board would consider establishing a dividend policy at the appropriate time. In considering the payment of dividend, the Board shall consider factors such as the Company's profits, cash flows, working capital and capital expenditure requirements, investment plans and other factors that the Board may deem appropriate. Taking into consideration these factors, the Company has not declared any dividends for FY2016.

Conduct of Shareholder Meetings

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The shareholders are encouraged to attend the general meetings to communicate their views on matters affecting the Group and to stay informed of the Group's strategies and visions. The Company's Constitution does not allow shareholders to vote in absentia. The Company is not implementing absentia voting methods such as voting via mail, e-mail or fax until security, integrity and other pertinent issues are satisfactorily resolved. Substantially separate issues are tabled in separate resolutions at general meetings. Voting is carried out systemically, and the votes casted and resolutions passed are properly recorded.

All Board members, including the Chairman of the AC and the RNC, and the external auditors are normally available at general meetings of the Company to answer questions from the shareholders. Registered shareholders are invited to attend and participate actively in such meetings.

The Company Secretary prepares minutes of general meetings, which incorporates substantial comments or queries from shareholders and responses from the Board and the Management (if any). These minutes will be made available to shareholders upon request.

The Company conducts the voting of all its resolutions by poll at all its general meetings. The results of poll of each resolutions tabled are announced at the meetings and in an announcement released after the meeting via SGXNET. Shareholders can vote in person or by their appointed proxies. The Company will employ electronic polling if necessary.

DEALINGS IN THE COMPANY'S SECURITIES

The Company has issued a guideline on share dealings to all Directors and employees of the Group which sets out the code of conduct on transactions in the Company's shares by these persons, the implications of insider trading and general guidance on the prohibition against such dealings.

In line with Rule 1204(19) of the Catalist Rules, the Company issues a notification to all Directors and officers of the Group informing them that they are not allowed to deal in the securities of the Company during the period commencing one month before the announcement of the Company's half-year or full-year financial results, and ending on the date of the announcement of the relevant results. In addition, the Company prohibits all Directors and officers of the Group from dealing in the Company's securities on short-term considerations or when they are in possession of unpublished price-sensitive information.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has established procedures governing all interested person transactions to ensure that they are properly reviewed and approved. The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Catalist Rules. The aggregate value of the interested person transactions entered into during the financial year was as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	S$	S$
Buildersmart Pte. Ltd. (1)	106,920	-
Ariva Hospitality Premier Pte. Ltd. (2)	168,159	-

(1) Luban Investments Pte. Ltd. ("Luban"), a wholly-owned subsidiary of the Company, has entered into a three (3)-year tenancy agreement with Buildersmart Pte. Ltd. ("Buildersmart") on 1 April 2014. Buildersmart is an associate of Mr Tan Kay Kiang, a Director. Pursuant to the tenancy agreement, rental income of an aggregate amount of S$306,000 over a period of three (3) years shall be payable by Buildersmart to Luban.

(2) Peninsula Park Residences Pte. Ltd. ("Peninsula"), a wholly-owned subsidiary of the Company, has previously entered into a five (5)-year technical service and hospitality management agreement with Ariva Hospitality Pte. Ltd. ("Ariva") on 14 November 2013 (subject to a further period of five (5)-year). Subsequently this agreement was assigned by Ariva to Ariva Hospitality Premier Pte. Ltd. ("Ariva Premier") on 8 July 2015. Ariva Premier is an associate of Mr Nico Purnomo Po, a Director and controlling shareholder of the Company. Pursuant to the management agreement, management fee shall be payable by Peninsula to Ariva Premier.

MATERIAL CONTRACTS

Save as disclosed above in the section entitled "Interested Person Transactions" and as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder, either still subsisting at the end of FY2016, or if not then subsisting, entered into since the end of the previous financial year:

(a) As at the end of FY2016, there was an outstanding loan amount of S$28,981,202 due to Pollux Treasures Pte. Ltd., a company wholly-owned by Pollux Botero Pte. Ltd. (a 50:50 joint venture with Goldman Morgan Holdings Pte. Ltd., a company wholly-owned by Mr Nico Purnomo Po (Director and CEO of the Company)), from the Company and Goldman Morgan Holdings Pte. Ltd.. This loan is unsecured and interest-free, and is repayable on demand.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there was no non-sponsor fee paid to the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd., for FY2016.

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pollux Properties Ltd. (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 March 2016.

Opinion of the directors

In the opinion of the directors,

(i) the consolidation financial statements of the Group and the balance sheets 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 March 2016 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:

Nico Purnomo Po	
Tan Kay Kiang	
Low Chai Chong	
Bambang Widaryatmo	
Timur Pradopo	
James Kho Chung Wah (Gu Songhua)	
Tan Nan Choon	(Alternate director to Tan Kay Kiang)

Arrangements to enable directors to acquire shares and debentures

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 object 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 Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest			Deemed interest		
Names of directors	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2016**	**At the beginning of financial year**	**At the end of financial year**	**At 21 April 2016**
<u>The Company</u>						
Pollux Properties Ltd. *(Ordinary shares)*						
Nico Purnomo Po	–	–	–	376,188,884	378,789,384	378,789,384
Tan Kay Kiang	1,549,920	1,549,920	1,549,920	74,111,960	74,111,960	74,111,960
Low Chai Chong	–	–	–	200,000	200,000	200,000
Tan Nan Choon	3,310,000	3,310,000	3,310,000	–	–	–

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, shares options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

Share Options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year to which this report relates, by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

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

DIRECTORS' STATEMENT

Audit Committee

The audit committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act, Chapter 50, including the following:

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' 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 external auditors;

- Reviewed the half yearly and annual financial statements and the 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 external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;

- 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 external auditor;

- Reviewed the nature and extent of non-audit services provided by the external auditor;

- Recommended to the board of directors the external auditor to be nominated, approved the compensation of the external 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 considers appropriate; and

- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited (SGX-ST)'s Listing Manual Section B: Rules of Catalist.

During the financial year, no non-audit services were provided by the external auditor to the Group. The AC has also conducted a review of interested person transactions.

The AC convened two meetings during the financial year with full attendance from all members. The AC has also met with the internal and external auditors, without the presence of the Company's management during the financial year.

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

DIRECTORS' STATEMENT

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Nico Purnomo Po
Director

Tan Kay Kiang
Director

Singapore

27 June 2016

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Report on the Financial Statements

We have audited the accompanying financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 46 to 102, which comprise the balance sheets of the Group and the Company as at 31 March 2016, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

27 June 2016

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	2016 $	2015 $
Revenue	4	48,271,332	37,880,582
Cost of sales	5	(43,155,377)	(34,183,619)
Gross profit		5,115,955	3,696,963
Other items of income			
Interest income	6	56,490	–
Other income	7	666,183	432,284
Other items of expense			
Marketing and distribution		(18,000)	(658,920)
General and administrative expenses		(7,177,275)	(4,584,978)
Finance costs	8	(890,868)	(329,860)
Share of result of an associate		2,844	–
Share of result of a joint venture		4,206,170	3,646,157
Profit before tax	9	1,961,499	2,201,646
Income tax expense	10	(305,117)	(83,678)
Profit for the financial year		1,656,382	2,117,968
Attributable to: Owners of the Company			
Profit for the year attributable to owners of the Company		1,656,382	2,117,968
Earnings per share attributable to owners of the Company (cents per share)			
- Basic	11	0.265	0.340
- Diluted	11	0.265	0.340
Earnings per share (cents per share)			
- Basic	11	0.265	0.340
- Diluted	11	0.265	0.340

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 MARCH 2016

	2016 $	2015 $
Profit for the financial year	1,656,382	2,117,968
Other comprehensive income for the financial year, net of tax	–	–
Total comprehensive income for the financial year	1,656,382	2,117,968
Attributable to:		
Owners of the Company		
Total comprehensive income for the financial year attributable to owners of the Company	1,656,382	2,117,968

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

BALANCE SHEETS

AS AT 31 MARCH 2016

	Note	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Non-current assets					
Plant and equipment	12	2,137,804	2,489,197	22,033	34,650
Investment properties	13	52,266,565	54,850,562	–	–
Investment in subsidiaries	14	–	–	2	2
Investment in a joint venture	15	7,309,133	3,469,464	1	1
Investment in an associate	16	849,844	–	847,000	–
		62,563,346	60,809,223	869,036	34,653
Current assets					
Properties under development	17	41,820,517	53,480,397	–	–
Completed property held for sale	18	626,227	–	–	–
Trade receivables	19	6,775,710	5,789,968	–	–
Other receivables and deposits	20	1,165,599	2,112,937	1,032,035	2,039,076
Prepaid operating expenses		204,088	289,809	27,569	28,467
Due from subsidiaries	21	–	–	54,320,505	55,321,321
Due from related companies	22	3,783,430	796,382	3,783,430	796,382
Cash and cash equivalents	23	9,940,325	16,850,944	1,287,425	2,174,158
		64,315,896	79,320,437	60,450,964	60,359,404
Total assets		126,879,242	140,129,660	61,320,000	60,394,057
Equity and liabilities					
Current liabilities					
Trade payables	24	3,479,633	3,517,521	–	–
Deferred revenue		183,738	85,466	–	–
Other payables and accruals	25	3,323,159	1,521,408	626,321	627,230
Provision for taxation		10,742	229,497	–	–
Loans and borrowings	26	34,496,748	37,760,811	–	–
Loan from joint venture	27	14,490,601	14,490,601	14,490,601	14,490,601
Due to subsidiaries	28	–	–	1,947,700	–
		55,984,621	57,605,304	17,064,622	15,117,831
Net current assets		8,331,275	21,715,133	43,386,342	45,241,573
Non-current liabilities					
Deferred tax liabilities	10	678,107	444,052	–	–
Loans and borrowings	26	19,432,783	33,249,955	–	–
		20,110,890	33,694,007	–	–
Total liabilities		76,095,511	91,299,311	17,064,622	15,117,831
Net assets		50,783,731	48,830,349	44,255,378	45,276,226
Equity attributable to owners of the Company					
Share capital	29	54,805,876	54,508,876	54,805,876	54,508,876
Revenue reserve		(4,022,145)	(5,678,527)	(10,550,498)	(9,232,650)
Total equity		50,783,731	48,830,349	44,255,378	45,276,226
Total equity and liabilities		126,879,242	140,129,660	61,320,000	60,394,057

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Attributable to owners of the Company		
	Share capital $	**Revenue reserve** $	**Total equity** $
Group			
At 1 April 2014	54,508,876	(7,796,495)	46,712,381
Profit net of tax, representing total comprehensive income for the financial year	–	2,117,968	2,117,968
At 31 March 2015 and 1 April 2015	54,508,876	(5,678,527)	48,830,349
Profit net of tax, representing total comprehensive income for the financial year	–	1,656,382	1,656,382
Shares issued for acquisition of an associate (Note 29)	297,000	–	297,000
At 31 March 2016	54,805,876	(4,022,145)	50,783,731
Company			
At 1 April 2014	54,508,876	(8,817,234)	45,691,642
Profit net of tax, representing total comprehensive income for the financial year	–	(415,416)	(415,416)
At 31 March 2015 and 1 April 2015	54,508,876	(9,232,650)	45,276,226
Profit net of tax, representing total comprehensive income for the financial year	–	(1,317,848)	(1,317,848)
Shares issued for acquisition of an associate (Note 29)	297,000	–	297,000
At 31 March 2016	54,805,876	(10,550,498)	44,255,378

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 MARCH 2016

	Note	2016 $	2015 $
Cash flows from operating activities			
Profit before tax		1,961,499	2,201,646
Adjustments for:			
Depreciation of plant and equipment	12	604,959	210,861
Depreciation of investment properties	13	2,583,997	867,072
Interest income	6	(56,490)	–
Trade payables written off	7	(71,003)	–
Interest expense	8	875,797	290,263
Allowance for doubtful debts for other receivables	9	1,000,625	–
Loss on disposal of plant and equipment	9	–	15,954
Plant and equipment written off	9	6,645	377,340
Share of result of a joint venture		(4,206,170)	(3,646,157)
Share of result of an associate		(2,844)	–
Operating cash flows before changes in working capital		2,697,015	316,979
Decrease/(increase) in:			
Investment properties		–	(4,742,287)
Properties under development		12,537,401	9,386,939
Completed property held for sale		(626,227)	–
Trade receivables		(985,742)	(2,198,596)
Other receivables, deposits and prepayments		32,434	1,309,026
(Decrease)/increase in:			
Trade payables		33,115	(2,318,339)
Deferred revenue		98,272	85,466
Other payables and accruals		1,801,751	(403,183)
Cash flows from operations		15,588,019	1,436,005
Interest received		56,490	–
Interest paid		(1,753,318)	(1,640,786)
Income taxes (paid)/refund		(289,817)	214,715
Net cash flows from operating activities		13,601,374	9,934
Cash flows from investing activities			
Purchase of plant and equipment	12	(263,198)	(2,611,842)
Proceeds from disposal of plant and equipment		2,987	7,692
Acquisition of investment in an associate	16	(550,000)	–
Increase in amount due from related companies		(2,620,547)	(424,382)
Net cash flow used in investing activities		(3,430,758)	(3,028,532)
Cash flows from financing activities			
Loan from a joint venture		–	7,000,000
Receipts from a joint venture		–	48,088
Repayment of loans and borrowings		(22,848,246)	(23,483,996)
Proceeds from loans and borrowings		5,767,011	26,594,340
Net cash (used in)/ from financing activities		(17,081,235)	10,158,432
Net (decrease)/ increase in cash and cash equivalents		(6,910,619)	7,139,834
Cash and cash equivalents at beginning of financial year		16,850,944	9,711,110
Cash and cash equivalents at end of financial year	23	9,940,325	16,850,944

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

1. Corporate information

Pollux Properties Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 391A Orchard Road, #08-07, Ngee Ann City Tower A, Singapore 238873.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below. The financial statements are presented in Singapore Dollars (SGD or $).

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
(b) Amendments to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

2.3 ***Standards issued but not yet effective (cont'd)***

Except for FRS 115, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 is described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

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 end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(A) *Basis of consolidation (cont'd)*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

(B) *Business combinations*

Business combinations are accounted for by applying 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 in the periods in which the costs are incurred and the services are received.

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 deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

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.

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

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(B) *Business combinations (cont'd)*

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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 ***Foreign currency***

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. 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.

2.6 ***Plant and equipment***

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold improvement	–	3 years
Office equipment	–	5 years
Computers and software	–	3 years
Furniture and fittings	–	5 years
Linen, glass/silverware and uniforms	–	4 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised 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 year the asset is derecognised.

2. Summary of significant accounting policies (cont'd)

2.7 ***Investment properties***

Investment properties are properties that are owned by the Group to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment properties only when there is a change in use. The transfer from development property to investment property will be made at carrying value.

Depreciation for the investment properties are computed on a straight-line basis over the estimated useful lives of the investment properties of 20 and 30 years.

2.8 ***Intangible assets***

Goodwill

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, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating unit to which goodwill has 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. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. Summary of significant accounting policies (cont'd)

2.9 ***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 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 groups 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 of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.10 ***Subsidiaries***

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 ***Joint arrangements***

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.12.

2. Summary of significant accounting policies (cont'd)

2.12 *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint venture are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associate or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates joint ventures.

When the Group's share of losses in an associate or joint ventures equals or exceeds its interest in the associate or joint ventures, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

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

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

2. Summary of significant accounting policies (cont'd)

2.13 ***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. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

<u>Loans and receivables</u>

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised 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 and any cumulative gain or loss that has been recognised in other comprehensive income 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 are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial instruments (cont'd)***

(b) *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 ***Impairment of financial assets***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

(a) *Financial assets carried at amortised cost (cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.15 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits which are subject to an insignificant risk of changes in value.

Cash at banks includes amounts collected from the sale of the property under development for which withdrawals are restricted to payments for expenditure incurred on development projects.

2.16 *Construction contracts*

The Group principally operates fixed price contracts. Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably.

When the outcome of a construction contract cannot be estimated reliably (principally during early stages of a contract), contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date and the estimated costs to complete.

2. Summary of significant accounting policies (cont'd)

2.17 ***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.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties 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 of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in 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.

2.18 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 ***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.

2.20 ***Employee benefits***

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 in the Group make contributions to the Central Provident Fund scheme in Singapore, a 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.

2. Summary of significant accounting policies (cont'd)

2.21 ***Leases***

(a) *As lessee*

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(C).

2.22 ***Revenue***

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(b) *Sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the Directors consider whether the contract comprises:
- A contract to construct a property; or
- A contract for the sale of completed property

1) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

2) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

2. Summary of significant accounting policies (cont'd)

2.22 ***Revenue (cont'd)***

(b) *Sale of development property under construction (cont'd)*

i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

ii) In Singapore context, INT FRS 115 includes an accompanying note on the application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in Singapore.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred

(c) *Rental income*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

(d) *Service apartment operating income*

Income from service apartment is recognised when services are rendered to customers. Income from room rental is recognised on a straight line basis over the period the customer stays in the service apartment.

2.23 ***Taxes***

(a) *Current income tax*

Current tax assets and liabilities for the current period 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 by the end of the reporting period, in the country 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 subjected to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes (cont'd)***

(b) *Deferred tax*

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date 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, 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.

Deferred income tax assets are recognised for all deductible temporary differences, 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 income 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, deferred income 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

2. Summary of significant accounting policies (cont'd)

2.23 ***Taxes (cont'd)***

(c) *Goods and services tax ("GST")*

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

- Where the sales tax incurred in 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.

2.24 ***Share capital and share issue 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.

2.25 ***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 sheet of the Group except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

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 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.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Classification of investments as associated company

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 16 to the financial statements.

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.

(a) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made. The carrying amount of the Group's provision for taxation and deferred tax liabilities at 31 March 2016 was $10,742 (2015: $229,497) and $678,107 (2015: $444,052) respectively.

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(b) *Revenue recognition on development properties under construction*

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets and liabilities as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 17 and Note 4 to the financial statements respectively.

(c) *Provision for foreseeable losses on development properties*

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. During the current financial year, there is no provision for foreseeable losses on development properties.

(d) *Estimation of net realisable value of development properties*

Development properties are stated 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 end of the reporting period 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. The carrying amount of development properties at the end of the reporting period is disclosed in Note 17 and Note 18 to the financial statements respectively.

(e) *Impairment of non-financial assets*

The Group assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(f) *Impairment of trade and other receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that trade and other receivables are impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's trade receivables and other receivables at the end of the reporting period is disclosed in Note 19 and Note 20 to the financial statements respectively.

(g) *Useful lives of plant and equipment and investment properties*

The Group's plant and equipment and investment properties are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these property, plant and equipment and investment properties to be within 3 to 30 years. Changes in the expected level of usage and technological developments could impact the estimated useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of these property, plant and equipment and investment properties at the end of the reporting period are disclosed in Note 12 and Note 13 to the financial statements respectively.

4. Revenue

	Group	
	2016	**2015**
	$	$
Revenue from sale of development properties (recognised on percentage of completion basis)	42,895,346	36,944,411
Serviced apartment operating income	5,209,066	674,691
Rental income	166,920	261,480
	48,271,332	37,880,582

5. Cost of sales

	Group	
	2016	**2015**
	$	$
Cost of sales in relation to development properties	40,815,458	33,580,498
Cost of sales in relation to serviced apartment	2,339,919	603,121
	43,155,377	34,183,619

6. Interest income

	Group	
	2016	**2015**
	$	$
Interest income from loan to a related company	52,612	–
Interest income from short term deposits	3,878	–
	56,490	–

7. Other income

	Group	
	2016	**2015**
	$	$
Management fee income from a joint venture	366,500	352,000
Forfeiture of deposits	153,340	39,046
Trade payables written off	71,003	–
Others	75,340	41,238
	666,183	432,284

8. Finance costs

	Group	
	2016	**2015**
	$	$
Interest expense on bank loans	875,797	290,263
Bank charges	15,071	39,597
	890,868	329,860

9. Profit before tax

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

		Group	
	Note	2016	2015
		$	$
Audit fees to:			
- Auditors of the Group		132,400	127,400
Depreciation of plant and equipment	12	604,959	210,861
Depreciation of investment properties	13	2,583,997	867,072
Director's fees		188,400	188,000
Employee benefits expense	32	1,894,969	1,434,051
Rental expenses		152,910	564,608
Allowance for doubtful debts for other receivables		1,000,625	–
Plant and equipment written off		6,645	377,340
Loss on disposal of plant and equipment		–	15,954

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2016 and 2015 are:

	Group	
	2016	2015
	$	$
Current income tax		
- Current income taxation	10,118	228,873
- Under/(over) provision in respect of prior years	60,944	(214,715)
	71,062	14,158
Deferred income tax		
- Origination and reversal of temporary differences	226,612	72,109
- Under/(over) provision in respect of prior years	7,443	(2,589)
	234,055	69,520
Income tax expense recognised in profit or loss	305,117	83,678

10. Income tax expense (cont'd)

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2016 and 2015 is as follows:

	Group	
	2016	2015
	$	$
Profit before tax	1,961,499	2,201,646
Tax at statutory tax rate of 17% (2015: 17%)	333,455	374,280
Adjustments:		
Non-deductible expenses	649,746	401,977
Income not subject to taxation	(19,590)	(13,171)
Effect of partial tax exemption and tax relief	(12,743)	(45,925)
Benefits from previously unrecognised tax losses	(49,913)	–
Deferred tax assets not recognised	51,307	203,669
(Over)/under provision of income tax in respect of prior years	60,944	(214,716)
Under/ (over) provision of deferred tax in respect of prior years	7,443	(2,589)
Adjustment for share of results of joint venture	(715,049)	(619,847)
Adjustment for share of results of associate	(483)	–
Income tax expense recognised in profit or loss	305,117	83,678

Deferred income tax as at 31 March relates to the following:

	Group				Company	
	Balance sheet		Profit or loss		Balance sheet	
	2016	2015	2016	2015	2016	2015
	$	$	$	$	$	$
Attributable profit on development property	(1,366,782)	(604,649)	762,133	(62,576)	–	–
Unutilised tax losses	688,675	160,597	(528,078)	132,096	–	–
	(678,107)	(444,052)			–	–
Deferred income tax			234,055	69,520		

Unrecognised tax losses

As at 31 March 2016, the Group has tax losses of approximately $4,481,228 (2015: $4,179,422) that are available for offset against future taxable profits of the company in which the losses arose, for which no deferred tax assets is recognised due to uncertainty of its recoverability. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the companies operate. The tax loss has no expiry date.

11. Earnings per share

Basic earnings per share are calculated by dividing earnings attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share are calculated by dividing earnings for the financial year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per share are calculated by dividing the profit for the year attributable to owners of the Company by the weighted average number of ordinary shares.

The following table reflect the earnings used in the computation of basic and diluted earnings per share for the financial years ended 31 March 2016 and 31 March 2015:

	Group	
	2016	**2015**
	$	$
Profit for the financial year attributable to owners of the Company	1,656,382	2,117,968

	Group	
	2016	**2015**
	No of shares	**No of shares**
Weighted average number of ordinary shares for basic earnings per share computation	625,148,171	622,615,384
Weighted average number of ordinary shares for diluted earnings per share computation	625,148,171	622,615,384

12. Plant and equipment

Group	Leasehold improvement	Office equipment	Computers and software	Furniture and fittings	Operating equipment	Linen, glass/ silverware and uniforms	Total
	$	$	$	$	$	$	$
Cost							
At 1 April 2014	26,409	22,814	31,078	504,510	–	–	584,811
Additions	1,510	27,770	111,531	1,821,983	490,528	158,520	2,611,842
Written off	–	–	–	(377,340)	–	–	(377,340)
Disposal	–	(10,600)	–	(23,646)	–	–	(34,246)
At 31 March 2015 and 1 April 2015	27,919	39,984	142,609	1,925,507	490,528	158,520	2,785,067
Additions	139,552	–	13,845	12,399	97,402	–	263,198
Written off	–	–	–	–	(1,309)	(8,529)	(9,838)
Disposal	–	–	(3,360)	–	–	–	(3,360)
At 31 March 2016	167,471	39,984	153,094	1,937,906	586,621	149,991	3,035,067
Accumulated depreciation and impairment							
At 1 April 2014	19,464	17,571	24,046	34,528	–	–	95,609
Charge for the financial year	4,376	5,182	18,897	136,542	32,654	13,210	210,861
Disposal	–	(10,600)	–	–	–	–	(10,600)
At 31 March 2015 and 1 April 2015	23,840	12,153	42,943	171,070	32,654	13,210	295,870
Charge for the financial year	21,086	6,987	41,744	386,557	108,955	39,630	604,959
Written off	–	–	–	–	(349)	(2,844)	(3,193)
Disposal	–	–	(373)	–	–	–	(373)
At 31 March 2016	44,926	19,140	84,314	557,627	141,260	49,996	897,263
Net book value							
At 31 March 2016	122,545	20,844	68,780	1,380,279	445,361	99,995	2,137,804
At 31 March 2015	4,079	27,831	99,666	1,754,437	457,874	145,310	2,489,197

A subsidiary, Peninsula Park Residences Pte. Ltd., carried out a review for furniture and fittings that are no longer in use. An amount of S$6,645 (2015: S$377,340) was written off in profit or loss (Note 9) for the financial year ended 31 March 2016.

12. Plant and equipment (cont'd)

Company	Leasehold improvement $	Office equipment $	Computers and software $	Furniture and fittings $	Total $
Cost					
At 1 April 2014	26,409	22,814	31,078	60,159	140,460
Additions	1,510	150	11,865	3,330	16,855
Disposal	–	(10,600)	–	–	(10,600)
At 31 March 2015 and 1 April 2015	27,919	12,364	42,943	63,489	146,715
Additions	–	–	7,111	6,459	13,570
At 31 March 2016	27,919	12,364	50,054	69,948	160,285
Accumulated depreciation					
At 1 April 2014	19,464	17,571	24,046	34,528	95,609
Charge for the financial year	4,376	3,591	6,612	12,477	27,056
Disposal	–	(10,600)	–	–	(10,600)
At 31 March 2015 and 1 April 2015	23,840	10,562	30,658	47,005	112,065
Charge for the financial year	3,281	1,463	7,984	13,459	26,187
At 31 March 2016	27,121	12,025	38,642	60,464	138,252
Net book value					
At 31 March 2016	798	339	11,412	9,484	22,033
At 31 March 2015	4,079	1,802	12,285	16,484	34,650

13. Investment properties

Group	Completed investment properties	Investment property under refurbishment	Total
	$	$	$
Balance sheet:			
At 1 April 2014	3,136,816	47,402,039	50,538,855
Refurbishment costs capitalised	–	5,178,779	5,178,779
Transfer to completed investment property	52,580,818	(52,580,818)	–
Depreciation charged	(867,072)	–	(867,072)
As at 31 March 2015 and 1 April 2015	54,850,562	–	54,850,562
Depreciation charged (Note 9)	(2,583,997)	–	(2,583,997)
As at 31 March 2016	52,266,565	–	52,266,565

	2016	2015
Income statement:	$	$
Rental income from investment properties:		
- Minimum lease payments	5,332,427	936,171
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	2,354,519	642,163

The investment properties held by the Group as at 31 March are as follows:

Description and Location	Existing Use	Tenure	Unexpired lease term	Estimated fair value	
				2016	2015
				$'000	$'000
2 shop units, No. 432 Balestier Road	Shops	Freehold	Freehold	4,200	3,800
96 serviced apartment units, No. 554 Havelock Road	Serviced Apartments	Leasehold	19 years	50,000	56,000

Valuation of investment properties

Investment properties are stated at cost less depreciation. The fair value of the investment properties are disclosed above. The desktop valuations as at 31 March 2016 were performed by Cushman & Wakefield VHS, an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued.

13. Investment properties (cont'd)

Valuation of investment properties (cont'd)

In relation to No. 432 Balestier Road, the valuation is based on the direct comparison method that considers the sales of similar properties that have been transacted in the open market.

In relation to No. 554 Havelock Road, the valuation is based on both the comparable sales method and discounted cash flow method.

Details of the valuation techniques and unobservable inputs are disclosed in Note 36 (b).

Investment properties pledged as security

Investment properties amounting to $52,266,565 (2015: $54,850,562) are mortgaged to secure bank loans in Note 26.

14. Investments in subsidiaries

	Company	
	2016	**2015**
	$	$
Shares, at cost	2	6
De-registration of subsidiaries	–	(4)
Carrying amount of investments	2	2

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2016	Proportion (%) of ownership interest 2015
Held by the Company				
Luban Investments Pte. Ltd. [(1)]	Investment property	Singapore	100	100
Kovan Properties Pte. Ltd. [(1)]	Investment holding	Singapore	100	100

14. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2016	**2015**
Held through subsidiaries				
Kovan Central Pte. Ltd. [(1)]	Property development	Singapore	100	100
Boulevard Residences Pte. Ltd. [(1)]	Property development	Singapore	100	100
Bvlgari Park Residences Pte. Ltd. [(1)]	Property development	Singapore	100	100
Channel Residences Pte. Ltd. [(1)]	Property development	Singapore	100	100
Giorgio Residences Pte. Ltd. [(1)]	Property development	Singapore	100	100
Peninsula Park Residences Pte. Ltd. [(1)]	Investment property	Singapore	100	100

Note:

[(1)] Audited by Ernst & Young LLP, Singapore.

15. Investment in joint venture

The Group has 50% (2015: 50%) interest in the ownership and voting rights in a joint venture, Pollux Botero Pte. Ltd. The joint venture was incorporated in Singapore and holds 100% interest in an entity with a property under development. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities. The Group has recognised its interest in the joint venture using the equity method.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Shares, at cost	1	1	1	1
Share of post-acquisition reserves	7,309,132	3,469,463	–	–
	7,309,133	3,469,464	1	1

15. Investment in joint venture (cont'd)

Summarised financial statement information in respect of Pollux Botero Pte. Ltd., in the consolidated financial statements is as follows:

Summarised balance sheet	**Group**	
	2016	**2015**
	$	$
Property under development	29,475,932	28,680,066
Trade debtors	746,263	–
Other debtors and deposits	662,534	64,939
Prepaid operating expenses	119,560	119,560
Due from shareholders (non-trade)	28,981,202	28,981,202
Cash and cash equivalents	32,506,870	20,456,248
Total assets	92,492,361	78,302,015
Current liabilities	74,468,297	69,720,124
Non-current liabilities	3,405,798	1,642,963
Total liabilities	77,874,095	71,363,087
Net assets	14,618,266	6,938,928
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	7,309,133	3,469,464

Summarised statement of comprehensive income	**Group**	
	2016	**2015**
	$	$
Revenue	29,422,394	19,672,625
Other operating income	16,761	–
Operating expenses	(18,591,871)	(10,804,149)
Interest expense	(1,405,109)	(810,635)
Profit before tax	9,442,175	8,057,841
Income tax expense	(1,762,835)	(1,509,527)
Profit after tax	7,679,340	6,548,314
Other comprehensive income	–	–
Total comprehensive income	7,679,340	6,548,314

Management fee of $733,000 (2015: $744,000) was charged to Pollux Botero Pte. Ltd., in the current financial year.

16. Investment in an associate

On 7 September 2015, the Group acquired 50.01% of interest of Stirling Fort Capital Pte. Ltd., for a total consideration of $847,000. The company was incorporated in Singapore. The principal activities of the company are fund management and providing investment advisory services approved by Monetary Authority of Singapore ("MAS").

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Shares, at cost	550,000	–	550,000	–
Issuance of shares for acquisition of an associate (Note 29)	297,000	–	297,000	–
Share of post-acquisition reserves	2,844	–	–	–
	849,844	–	847,000	–

The Group has not performed the purchase price allocation ("PPA") for the acquisition of Stirling Fort Capital Pte. Ltd. The Group is required to complete the PPA within 1 year from the date of the acquisition, which is 6 September 2016. For the current financial year, the Group has performed a provisional PPA and has computed the provisional goodwill amount of $448,657. The provision goodwill will be adjusted subsequently upon the completion of the PPA.

The summarised financial information of Stirling Fort Capital Pte. Ltd., and reconciliation with the carrying amount of the investment are as follows:

	As at 31 March 2016
	$
Summarised balance sheet	
Current assets	823,357
Total assets	823,357
Current liabilities	21,142
Total liabilities	21,142
Net assets	802,215
Proportion of the Group's ownership	50.01%
Group's share of net assets	401,187
Goodwill on acquisition	448,657
Carrying amount of the investment	849,844

16. Investment in an associate (cont'd)

	7.9.2015 to 31.3.2016 $
Summarised statement of comprehensive income	
Revenue	87,900
Other operating income	7,425
Operating expenses	(89,526)
Finance expense	(112)
Profit before tax	5,687
Income tax expense	–
Profit after tax	5,687
Other comprehensive income	–
Total comprehensive income	5,687

17. Properties under development

	Group 2016 $	Group 2015 $
Land, at cost	38,108,884	58,007,984
Interest capitalised	3,004,937	3,324,123
Development and related cost	19,414,877	26,345,231
Attributable profit	4,567,208	4,412,317
	65,095,906	92,089,655
Less: progress payment received	(23,275,389)	(38,609,258)
	41,820,517	53,480,397
Costs incurred in relation to development properties recognised as an expense in cost of sales (Note 5)	40,815,458	33,580,498

The properties under development are mortgaged to banks and financial institution as security of interest bearing bank borrowings (Note 26).

17. Properties under development (cont'd)

List of properties under development

Description and location	Tenure	% owned	Approx. site area (square metres)	Approx. gross floor area (square metres)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
36 residential units at 25 Lorong M Telok Kurau	Freehold	100	1,805	2,913	100% (TOP obtained on 20 May 2016)
20 residential units at 531 to 537 East Coast Road	Freehold	100	1,425	2,224	42% (expected completion: Financial Year 2017)

During the financial year, the Group capitalised interest arising from loans and borrowings of subsidiaries amounting to $883,370 (2015: $1,007,381). The effective interest rate used for the capitalisation is within the range of 2.85% to 2.97% (2015: 1.93% to 2.31%).

18. Completed property held for sale

	Group	
	2016	2015
	$	$
Land, at cost	243,371	–
Interest capitalised	17,795	–
Development and related cost	365,061	–
	626,227	–

The Group's completed property held for sale comprise mainly of unsold units in the following project:

Description and location	Tenure	% owned	Approx. gross floor area (square metres)	Description
5 Lorong 27 Geylang	Freehold	100	1,370	31 residential units *

** 1 unit unsold*

19. Trade receivables

	Group	
	2016	2015
	$	$
Trade receivables	86,232	5,258,412
Final amount receivable on units sold	6,689,478	531,556
	6,775,710	5,789,968

Trade receivables are generally on 7 – 30 days' term. They are non-interest bearing and are recognised at their original invoice amounts which represent their fair values on initial recognition. Trade receivables are denominated in Singapore Dollars.

During the current financial year, the Group had obtained the Temporary Occupation Permit ("TOP") for two of its development properties. As the development properties were considered to be completed upon obtaining TOP, the Group had recognised 100% of the revenue in relation to the units sold. Accordingly, final amount receivable on units sold amounting to $6,689,478 were recognised at the end of the reporting period.

The amount of $531,556 was received from the unit holders during the current financial year.

Receivables that are past due but not impaired:

The Group has trade receivables amounting to $86,232 (2015: $91,214) that are past due at the end of the reporting period but not impaired. There receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

	Group	
	2016	2015
Trade receivables past due but not impaired:	$	$
Less than 30 days	86,232	91,214

20. Other receivables and deposits

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Deposit receivable	1,741,685	1,763,187	1,707,660	1,714,076
Other receivables	424,539	349,750	325,000	325,000
Less: Allowance for impairment	(1,000,625)	–	(1,000,625)	–
	1,165,599	2,112,937	1,032,035	2,039,076

Deposit receivable includes lease rental deposit paid by the Company on behalf of a subsidiary that was disposed in the prior years.

Other receivables and deposits are denominated in Singapore Dollars.

20. Other receivables and deposits (Cont'd)

Other receivables and deposits that are impaired

The Group's other receivables and deposits that are impaired at the end of the reporting period and the movement of the allowance account used to record the impairment are as follows:

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Movement in allowance accounts				
At 1 April	–	–	–	–
Charge for the financial year	1,000,625	–	1,000,625	–
At 31 March	1,000,625	–	1,000,625	–

At the end of the financial year, the Group and the Company have provided an allowance of $1,000,625 for impairment for the deposit receivable and other receivables as the debtor has defaulted on payments. The debtor is expected to repay the amount upon the settlement of the legal case (Note 31).

21. Due from subsidiaries

The amounts due from subsidiaries are non-trade in nature, unsecured, interest-free, repayable on demand, to be settled in cash and denominated in Singapore Dollars.

22. Due from related companies

The amounts due from related companies are non-trade in nature, unsecured, interest-free, repayable on demand, to be settled in cash and denominated in Singapore Dollars.

Included in the amount due from related companies is a loan to a related company of $2,288,540. The loan bears an interest of 2.75% p.a. over the bank's Cost of Funds or 2.75% p.a. over the applicable SIBOR Rate, repayable on demand and is to be settled in cash.

23. Cash and cash equivalents

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Cash at banks and in hand	9,439,749	16,850,944	1,287,425	2,174,158
Short-term deposits	500,576	–	–	–
	9,940,325	16,850,944	1,287,425	2,174,158

Included in the Group's cash at banks are $6,596,098 (2015: $14,088,548) held under the Project Account Rules (1997 Ed), withdrawals from which are restricted to payments for development expenditure incurred on development properties.

23. Cash and cash equivalents (cont'd)

Short-term deposits are unpledged and have a maturity of 30 days from the end of the financial year. The effective interest rate of the short-term deposits is 0.77% p.a..

Cash and cash equivalents are denominated in Singapore Dollars.

24. Trade payables

Trade payables are non-interest bearing and are normally settled on 60-day terms.

Trade payables are denominated in Singapore Dollars.

25. Other payables and accruals

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
Other payables	275,244	585,014	10,375	30,520
Accrued directors' fees	223,890	193,202	223,890	193,202
Accrued operating expenses	1,011,998	414,314	258,803	275,509
Deposits received from customer	57,100	34,350	–	–
Provisions	1,610,719	200,000	–	–
Provision for performance bonus	30,000	26,000	30,000	26,000
GST Payable	114,208	68,528	103,253	101,999
	3,323,159	1,521,408	626,321	627,230

Other payables are unsecured, interest-free and repayable on demand.

Other payables and accruals are denominated in Singapore Dollars.

Provision for performance bonus

The provision for performance bonus is payable to an executive director pursuant to the employment contract.

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
At 1 April	26,000	484,418	26,000	484,418
Provision made during the financial year	30,000	26,000	30,000	26,000
Paid during the financial year	(26,000)	(484,418)	(26,000)	(484,418)
At 31 March	30,000	26,000	30,000	26,000

25. Other payables and accruals (cont'd)

Provisions

Provisions mainly relate to provision for liquidated damages and provision for rectification works arising from the development properties after obtaining Temporary Occupation Permit.

	Group		Company	
	2016	2015	2016	2015
	$	$	$	$
At 1 April	200,000	–	–	–
Provision made during the financial year	1,471,782	200,000	–	–
Utilised during the financial year	(61,063)	–	–	–
At 31 March	1,610,719	200,000	–	–

26. Loans and borrowings

	Maturity (Financial Year)	Group 2016 $	Group 2015 $	Company 2016 $	Company 2015 $
Current:					
(a) SGD loan at 2.25% p.a. over SIBOR	2016	–	2,000,000	–	–
(b) SGD loan at 2.25% p.a. over SOR	2017	1,980,092	1,926,808	–	
(c) SGD loan at 2.43% p.a. below CPR	2017	71,277	71,335	–	–
(d) SGD loans at 1.75% p.a. over SOR	2017	19,882,614	27,127,988	–	–
(e) SGD loan at 1.50% p.a. over SIBOR	2016	–	6,634,680	–	–
(f) SGD loan at 1.85% p.a. over SOR	2017	12,562,765	–	–	–
		34,496,748	37,760,811	–	–
Non- current:					
(c) SGD loan at 2.43% p.a. below CPR	2018-2036	1,834,306	1,909,688	–	–
(b) SGD loan at 2.25% p.a. over SOR	2018	17,598,477	19,544,513	–	–
(f) SGD loan at 1.85% p.a. over SOR	2016	–	11,795,754	–	–
		19,432,783	33,249,955	–	–

26. Loans and borrowings (cont'd)

(a) ***SGD loan at 2.25% p.a. over SIBOR***

The money market loan bears interest at 2.25% p.a. over the bank's cost of funds or 2.25% p.a. over the applicable Singapore Interbank Offer Rate ("SIBOR"). The amount of $2,000,000 was fully repaid on 31 October 2015.

(b) ***SGD loan at 2.25% p.a. over SOR***

The term loan bears interest at 2.25% p.a. over the bank's cost of funds or 2.25% over the applicable SOR. The loan is repayable in 36 equal monthly instalments from 31 December 2014 to 31 December 2017.

(c) ***SGD loan at 2.43% p.a. below CPR***

The term loan bears interest at 2.43% p.a. below the bank's commercial property rate ("CPR"). The loan is repayable in 289 equal monthly instalments from 1 December 2011 to 1 December 2036.

(d) ***SGD loans at 1.75% p.a. over SOR***

These loans bear interest at 1.75% p.a. over the bank's cost of funds or 1.75% p.a. over the applicable SOR and these loans are fully repayable on 30 June 2016 and 31 March 2017 respectively.

(e) ***SGD loan at 1.50% p.a. over SIBOR***

The loan bears an interest of 1.50% p.a. over the bank's cost of funds or 1.50% p.a. over the applicable SIBOR Rate. The loan was fully repaid on 31 October 2015.

(f) ***SGD loan at 1.85% p.a. over SOR***

The loan bears an interest of 1.85% p.a. over the bank's cost of funds or 1.85% p.a. over the applicable SOR. The loan is fully repayable on 30 September 2016.

The above loans are secured by the following:

(a) First legal mortgage over the related investment properties or the related properties under development.

(b) Corporate guarantee by the Company.

(c) Legal assignment over all rights, title, and interests in the related construction contract, insurance policies, performance bond (if any), tenancy agreements, current and future rental income relating to the specified property pledged and sale and purchase agreements in respect of properties under development and investment properties.

The loan includes a financial covenant which the loan obtained shall not exceed the range of stipulated percentage 65% to 90% (2015: 65% to 90%) of the market value of the properties.

27. Loan from joint venture

The loan from joint venture is unsecured, interest-free, repayable on demand, to be settled in cash and is denominated in Singapore Dollars.

28. Due to subsidiaries

The amounts due to subsidiaries are unsecured, interest-free, repayable on demand, to be settled in cash and are denominated in Singapore Dollars.

29. Share capital

	Group and Company			
	2016		2015	
	No. of shares	$	No. of shares	$
Issued and fully paid ordinary shares				
At 1 April	622,615,384	54,508,876	622,615,384	54,508,876
Issued for acquisition of an associate (Note 16)	4,500,000	297,000	–	–
At 31 March	627,115,384	54,805,876	622,615,384	54,508,876

The holders of ordinary shares are 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.

30. Commitments

(a) ***Operating lease commitments – as lessee***

The Group has entered into various operating lease agreements for offices. These leases have an average tenure of between 1 and 3 years. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Minimum lease payments recognised as an expense in the income statement for the financial year ended 31 March 2016 amounted to $152,910 (2015: $564,608).

Future minimum rental payables under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2016	2015
	$	$
Not later than 1 year	121,522	73,291
Later than 1 year but not later than 5 years	303,804	–
	425,326	73,291

30. Commitments (cont'd)

(b) ***Operating lease commitments – as lessor***

The Group has entered into various operating lease agreements for its leasehold shop units. These non-cancellable leases have remaining lease terms of between 1 to 2 years.

Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

	Group	
	2016	**2015**
	$	$
Not later than 1 year	159,000	147,000
Later than 1 year but not later than 5 years	114,000	102,000
	273,000	249,000

(c) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2016	**2015**
	$	$
Capital commitment in respect of properties under development	5,562,021	20,608,489
Capital commitment in respect of investment property	1,956,207	1,956,207
Share of joint venture's capital commitments in relation to property under development	3,332,290	6,565,465
	10,850,518	29,130,161

31. Contingencies

Contingent liability

Litigation

Pursuant to the sale of Builders Shop Pte Ltd ("BSPL") to Lorenzo International Limited ("Lorenzo") in the financial year ended 31 March 2012, the Company had agreed to indemnify Lorenzo for any "actual and proven damages" arising from the construction projects undertaken prior to the disposal of BSPL.

In the financial year ended 31 March 2014, Lorenzo made an indemnity claim for legal costs associated with a construction project that was under litigation with the developer. The Company mistakenly paid Lorenzo $374,868 for the legal fees incurred and recorded the legal fees as an expense in the income statement. During the last financial year, the Company paid additional legal fees of $325,000 to Lorenzo. These additional legal fees were recorded as other receivables in the balance sheet. The Company has since sought independent legal advice, which opined that the indemnity does not expressly cover legal and expert fees incurred for litigation.

31. Contingencies (cont'd)

Contingent liability (cont'd)

Litigation (cont'd)

Accordingly, the Company believes that there are reasonable grounds that the legal fees paid to Lorenzo are recoverable, and as such, did not expense the legal fees in the previous financial year.

The Company did not make any provision for damages on the ongoing litigation relating to BSPL's construction project as the case is still ongoing. The Company believes that the claim against BSPL cannot be substantiated.

Guarantees

As at 31 March 2016, corporate guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries and joint venture amounted to $66,521,971 (2015: $108,173,571) and $37,483,000 (2015: $37,483,000) respectively, of which the amounts utilised by the subsidiaries and joint venture was $53,929,531 (2015: $71,010,766) and $34,278,103 (2015: $34,278,103) respectively.

The Company has provided counter guarantees amounting to $4,398,000 (2015: $9,000,000) to a guarantor company who had provided qualifying certificate bonds to the Controller of Housing.

32. Employee benefits

Employee benefits expense (including executive directors):

	Group	
	2016	**2015**
	$	$
Salaries and bonuses	1,661,928	1,286,936
CPF contributions	186,555	87,423
Other short-term benefits	46,486	59,692
	1,894,969	1,434,051

The above includes directors' and key management's remuneration shown in Note 33.

33. Related party transactions

(a) ***Sale and purchase of services***

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 during the financial year at terms agreed between the parties:

33. Related party transactions (cont'd)

(a) *Sale and purchase of services (cont'd)*

	Group 2016 $	Group 2015 $
Rental income from a company related to a director	(106,920)	(106,920)
Management fees from a joint venture	(733,000)	(744,000)
Interest income from a loan to related party	(52,612)	–
Legal fees paid to a firm related to a director	17,000	20,000
Management fees charged to a related party	168,159	–

(b) *Compensation of key management personnel*

	Group 2016 $	Group 2015 $
Short-term employee benefits	558,246	487,439
CPF contributions	24,511	15,304
Other short-term benefits	60,000	56,000
Total compensation paid to key management personnel	642,757	558,743
Comprised amounts paid to:		
Directors of the Company	330,000	326,000
Other key management personnel	312,757	232,743
	642,757	558,743

34. Segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable segments as follows:

(a) The Property Development segment is involved in acquisition and development of properties for sale.

(b) The Property Investment segment is involved in renting of properties and operating of serviced apartment.

(c) The Corporate segment is involved in Group-level corporate services.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. The Group financing (including finance costs and income) and income taxes are managed on a group basis and are not allocated to operating segments.

34. Segment information (cont'd)

	Property investment 2016 $	Property investment 2015 $	Property development 2016 $	Property development 2015 $	Corporate 2016 $	Corporate 2015 $	Total 2016 $	Total 2015 $
Revenue:								
External customers	5,375,986	936,171	42,895,346	36,944,411	–	–	48,271,332	37,880,582
Inter-segment	–	–	–	–	–	–	–	–
Total revenue	5,375,986	936,171	42,895,346	36,944,411	–	–	48,271,332	37,880,582
Results:								
Interest income	–	–	3,878	–	52,612	–	56,490	–
Other income	25,919	2,735	265,719	54,317	374,545	375,232	666,183	432,284
Depreciation	3,162,769	1,050,878	–	–	26,187	27,055	3,188,956	1,077,933
Allowance for doubtful debts for other receivables	–	–	–	–	1,000,625	–	1,000,625	–
Interest expense	760,979	273,226	128,439	55,224	1,450	1,410	890,868	329,860
Share of results of joint venture	–	–	4,206,170	3,646,157	–	–	4,206,170	3,646,157
Share of results of associate	–	–	–	–	2,844	–	2,844	–
Income tax expense	–	–	–	–	–	–	305,117	83,678
Segment profit/ (loss)	(1,412,274)	(2,202,351)	4,390,591	5,105,411	(1,321,935)	(785,092)	1,656,382	2,117,968
Assets								
Investment in a joint venture	–	–	7,309,133	3,469,464	–	–	7,309,133	3,469,464
Investment in an associate	–	–	–	–	849,844	–	849,844	–
Segment assets	55,100,204	57,719,897	57,453,044	73,865,327	6,167,017	5,074,972	118,720,265	136,660,196
Total assets							126,879,242	140,129,660
Liabilities								
Provision for taxation	–	–	–	–	–	–	10,742	229,497
Deferred tax liabilities	–	–	–	–	–	–	678,107	444,052
Segment liabilities	22,912,703	24,391,010	37,372,237	51,112,117	15,121,722	15,122,635	75,406,662	90,625,762
Total liabilities							76,095,511	91,299,311

34. Segment information (cont'd)

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Singapore	48,271,332	37,880,582	62,563,346	60,809,223

Non-current assets information presented above consist of plant and equipment, investment properties, investment in a joint venture and associate presented in the consolidated balance sheet.

35. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer.

It is, and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculation purposes shall be undertaken.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks:

(a) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short term deposits), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

35. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amounts of each class of financial assets recognised in the balance sheet, and
- a nominal amount of $104,004,971 (2015: $145,656,571) relating to corporate guarantees provided by the Company for its subsidiaries and joint venture.
- a nominal amount of $4,398,000 (2015: $9,000,000) relating to counter guarantees provided by the Company for its subsidiaries.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the balance sheet date is as follows:

	Group			
	2016		2015	
	$	% of total	$	% of total
Trade receivables				
By Country:				
Singapore	6,775,710	100	5,789,968	100
	6,775,710	100	5,789,968	100
By Industry:				
Property investment	86,232	1	91,214	2
Property development	6,689,478	99	5,698,754	98
	6,775,710	100	5,789,968	100

35. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Other receivables				
By Country:				
Singapore	1,165,599	100	2,112,937	100
	1,165,599	100	2,112,937	100
By Industry:				
Property development	19,306	2	17,550	1
Property investment	114,258	10	56,311	2
Others	1,032,035	88	2,039,076	97
	1,165,599	100	2,112,937	100

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents are placed with reputable financial institutions with high credit ratings.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19 (Trade receivables) and Note 20 (Other receivables and deposits).

(b) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and Company's exposure to interest rate risk arises primarily from loans and borrowings and interest bearing loan given to a related party.

The Group obtains financing through loans from financial institutions. The Group's policy is to obtain the most favourable market interest rates available.

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2015: 50) basis points lower/higher with all other variables held constant, the Group's interest during the financial year would have been $351,869 (2015: $269,772) lower/higher arising mainly as a result of lower/higher interest expense on floating rate loans from financial institutions and interest income from a related party.

(c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company monitor and maintain a level of cash and bank balances deemed adequate by the management to finance the Group's and Company's operations and mitigate the effected of fluctuations in cash flows.

35. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk (cont'd)*

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 balance sheet date based on contractual undiscounted repayment obligations:

	2016			
	1 year or less $	**1 to 5 years** $	**Over 5 years** $	**Total** $
Group				
Financial assets:				
Trade receivables	6,775,710	–	–	6,775,710
Other receivables and deposits	1,165,599	–	–	1,165,599
Due from related companies	3,783,430	–	–	3,783,430
Cash and cash equivalents	9,940,325	–	–	9,940,325
Total undiscounted financial assets	21,665,064	–	–	21,665,064

	2015			
	1 year or less $	**1 to 5 years** $	**Over 5 years** $	**Total** $
Group				
Financial assets:				
Trade receivables	5,789,968	–	–	5,789,968
Other receivables and deposits	2,112,937	–	–	2,112,937
Due from related companies	796,382	–	–	796,382
Cash and cash equivalents	16,850,944	–	–	16,850,944
Total undiscounted financial assets	25,550,231	–	–	25,550,231

35. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk (cont'd)*

	2016			
	1 year or less $	**1 to 5 years** $	**Over 5 years** $	**Total** $
Group				
Financial liabilities:				
Trade payables	3,479,633	–	–	3,479,633
Other payables and accruals	1,568,232	–	–	1,568,232
Loans and borrowings	35,235,063	20,599,929	1,742,947	57,577,939
Loan from joint venture	14,490,601	–	–	14,490,601
Total undiscounted financial liabilities	54,773,529	20,599,929	1,742,947	77,116,405
Total net undiscounted financial liabilities	(33,108,465)	(20,599,929)	(1,742,947)	(55,451,341)

	2015			
	1 year or less $	**1 to 5 years** $	**Over 5 years** $	**Total** $
Group				
Financial liabilities:				
Trade payables	3,517,521	–	–	3,517,521
Other payables and accruals	1,226,880	–	–	1,226,880
Loans and borrowings	39,081,345	35,054,869	1,955,744	76,091,958
Loan from joint venture	14,490,601	–	–	14,490,601
Total undiscounted financial liabilities	58,316,347	35,054,869	1,955,744	95,326,960
Total net undiscounted financial liabilities	(32,766,116)	(35,054,869)	(1,955,744)	(69,776,729)

35. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk (cont'd)*

	2016		
	1 year or less	**1 to 5 years**	**Total**
	$	$	$
Company			
Financial assets:			
Other receivables and deposits	1,032,035	–	1,032,035
Due from subsidiaries	54,320,505	–	54,320,505
Due from related companies	3,783,430	–	3,783,430
Cash and cash equivalents	1,287,425	–	1,287,425
Total undiscounted financial assets	60,423,395	–	60,423,395
Financial liabilities:			
Other payables and accruals	493,068	–	493,068
Loan from joint venture	14,490,601	–	14,490,601
Due to subsidiaries	1,947,700	–	1,947,700
Total undiscounted financial liabilities	16,931,369	–	16,931,369
Total net undiscounted financial assets	43,492,026	–	43,492,026

	2015		
	1 year or less	**1 to 5 years**	**Total**
	$	$	$
Company			
Financial assets:			
Other receivables and deposits	2,039,076	–	2,039,076
Due from subsidiaries	55,321,321	–	55,321,321
Due from related companies	796,382	–	796,382
Cash and cash equivalents	2,174,158	–	2,174,158
Total undiscounted financial assets	60,330,937	–	60,330,937
Financial liabilities:			
Other payables and accruals	499,231	–	499,231
Loan from joint venture	14,490,601	–	14,490,601
Due to subsidiaries	–	–	–
Total undiscounted financial liabilities	14,989,832	–	14,989,832
Total net undiscounted financial assets	45,341,105	–	45,341,105

35. Financial risk management objectives and policies (cont'd)

(c) *Liquidity risk (cont'd)*

The table below shows the contractual expiry by maturity of the Group and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2016 $'000				2015 $'000			
	One year or less	**One to five years**	**Over five years**	**Total**	**One year or less**	**One to five years**	**Over five years**	**Total**
Financial guarantees:								
- Banking facilities	78,979	22,826	2,200	104,005	102,941	40,516	2,200	145,657
- Qualifying Certificate bonds to Controller of Housing.	4,398	–	–	4,398	9,000	–	–	9,000
	83,377	22,826	2,200	108,403	111,941	40,516	2,200	154,657

36. Fair value of assets and liabilities

(a) ***Fair value hierarchy***

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

– Level 1 – Quoted prices (unadjusted) in active markets 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 (i.e., as prices) or indirectly (i.e., derived from prices), 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.

There are no assets measured at fair value at end of the reporting period.

36. Fair value of assets and liabilities (cont'd)

(b) ***Assets not carried at fair value but for which fair value is disclosed***

The following table shows an analysis of the Group's asset not measured at fair value but for which fair value is disclosed.

	Group 2016			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	$	$	$
Non-financial asset:				
Investment properties (Note 13)	–	–	54,200,000	54,200,000

	Group 2015			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	$	$	$	$
Non-financial asset:				
Investment properties (Note 13)	–	–	59,800,000	59,800,000

36. Fair value of assets and liabilities (cont'd)

(b) ***Assets not carried at fair value but for which fair value is disclosed (cont'd)***

Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements.

Description	Fair value at 2016	Fair value at 2015	Valuation techniques	Unobservable inputs
	$	$		
Investment properties	54,200,000	59,800,000	The fair value is determined using (a) Comparable sales and/or (b) Discounted cash flow basis	Discount rate adjustments based on management's assumptions Terminal yield adjustments based on management's assumptions

(c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation fair value are as follows:

	2016		2015	
	Carrying amount	Fair value	Carrying amount	Fair value
	$	$	$	$
Financial liabilities:				
Loans and borrowings (non-current)	19,423,783	20,794,056	33,249,955	34,243,794

Determination of fair value

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

36. Fair value of assets and liabilities (cont'd)

(d) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Trade receivables, other receivables and deposits, due from joint venture, due from/(to) subsidiaries, due from a related company, cash and cash equivalents, trade payables, other payables and accruals, current loans and borrowings and loan from joint venture.

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either repayable on demand, due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet.

(e) ***Classification of financial instruments***

	Group		Company	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Loans and receivables				
Trade receivables	6,775,710	5,789,968	–	–
Other receivables and deposits	1,165,599	2,112,937	1,032,035	2,039,076
Due from subsidiaries	–	–	54,320,505	55,321,321
Due from related companies	3,783,430	796,382	3,783,430	796,382
Cash and cash equivalents	9,940,325	16,850,944	1,287,425	2,174,158
	21,665,064	25,550,231	60,423,395	60,330,937
Liabilities measured at amortised costs				
Trade payables	3,479,633	3,517,521	–	–
Other payables and accruals	1,568,232	1,226,880	493,068	499,231
Loans and borrowings	53,929,531	71,010,766	–	–
Loan from joint venture	14,490,601	14,490,601	14,490,601	14,490,601
Due to subsidiaries	–	–	1,947,700	–
	73,467,997	90,245,768	16,931,369	14,989,832

37. 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 structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2016 and 31 March 2015.

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 payables, other payables and accruals, loans and borrowings and loan from joint venture less cash and cash equivalents. Capital comprises equity attributable to the equity holders of the parent.

	Group	
	2016	**2015**
	$	$
Trade payables	3,479,633	3,517,521
Other payables and accruals	3,323,159	1,521,408
Loan from joint venture	14,490,601	14,490,601
Loans and borrowings	53,929,531	71,010,766
Total debt	75,222,924	90,540,296
Less: Cash and cash equivalents	(9,940,325)	(16,850,944)
Net debt	65,282,599	73,689,352
Equity attributable to the equity holders of the Parent	50,783,731	48,830,349
Capital and net debt	116,066,330	122,519,701
Gearing ratio	56%	60%

38. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the directors on 27 June 2016.

STATISTICS OF SHAREHOLDINGS

AS AT 15 JUNE 2016

Number of Issued Shares	–	627,115,384
Issued and Fully Paid-Up Capital	–	S$55,691,525.56
Number of Treasury Shares Held	–	Nil
Number of Shareholders	–	1,291
Class of Shares	–	Ordinary shares each with equal voting rights

SHAREHOLDINGS HELD IN THE HANDS OF THE PUBLIC

Based on the information available to the Company as at 15 June 2016, approximately 23.81% of the issued ordinary shares of the Company is held in the hands of the public and therefore Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited is complied with.

ANALYSIS OF SHAREHOLDINGS
(As recorded in the Register of Members and Depository Register)

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2	0.16	13	0.00
100 – 1,000	334	25.87	329,820	0.05
1,001 – 10,000	492	38.11	2,625,610	0.42
10,001 – 1,000,000	424	32.84	45,278,473	7.22
1,000,001 and above	39	3.02	578,881,468	92.31
	1,291	100.00	627,115,384	100.00

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Pollux Holdings Pte. Ltd.	378,789,384	60.40
2	Shining Holdings Pte Ltd	63,371,000	10.11
3	Bank of Singapore Nominees Pte Ltd	16,244,354	2.59
4	OCBC Securities Private Ltd	12,223,990	1.95
5	Tay Swee Leng	9,999,960	1.59
6	Tan Kay Sing	9,900,000	1.58
7	UOB Kay Hian Pte Ltd	7,416,600	1.18
8	Tan Siok Hwee	5,999,990	0.96
9	Pang Heng Kwee	5,600,000	0.89
10	CIMB Securities (S) Pte Ltd	4,500,000	0.72
11	Yeong Yoon Ying	4,500,000	0.72
12	Chang Soon Kheong	4,463,000	0.71
13	Rice Fields Pte Ltd	4,313,000	0.69
14	Goh Wan Peng	4,043,000	0.64
15	Koh Wee Meng	3,393,000	0.54
16	Morph Investments Ltd	3,267,000	0.52
17	Tan Li Yu	3,250,000	0.52
18	Terry Tan Nan Chuang	2,849,000	0.45
19	Tan Kay Tho	2,600,000	0.41
20	Chin Kai Seng	2,340,900	0.37
		549,064,178	87.54

STATISTICS OF SHAREHOLDINGS

AS AT 15 JUNE 2016

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders)

	Direct Interest*		Deemed Interest*	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Pollux Holdings Pte. Ltd.	378,789,384	60.40	–	–
Nico Purnomo Po[(1)]	–	–	378,789,384	60.40
Tan Kay Kiang[(2)]	1,549,920	0.25	74,111,960	11.82
Tan Kay Sing[(3)]	9,900,000**	1.58	64,112,000	10.22
Tan Kay Tho[(4)]	2,600,000	0.41	64,112,000	10.22
Tan Chin Hoon[(5)]	630,000	0.10	64,112,000	10.22
Shining Holdings Pte Ltd[(6)]	63,371,000	10.11	741,000	0.12

* Information on interests in shares of the Company reflected herein is based on the Register of Substantial Shareholders and the known dilutive effect of the allotment and issuance of 4,500,000 new ordinary paid-up shares in the capital of the Company on 7 September 2015.

** Number of shares as confirmed by the substantial shareholder. The substantial shareholder is not required to give notice to the Company on the disposal of 100,000 shares in 2015 as it didn't triggered any notifiable obligation under section 136 of the Securities and Futures Act (Chapter 289) of Singapore.

Notes:

(1) Nico Purnomo Po is deemed to be interested in the 378,789,384 shares held by Pollux Holdings Pte. Ltd., by virtue of section 7(4) of the Companies Act (Chapter 50) of Singapore (the "Act").

(2) Tan Kay Kiang is deemed to be interested in the 63,371,000 shares held by Shining Holdings Pte Ltd and 741,000 shares held by Shining Development Pte Ltd, by virtue of sections 7(4A) and 7(4) of the Act, respectively as well as 9,999,960 shares held by his spouse, Tay Swee Leng, by virtue of section 164(15)(a) of the Act.

(3) Tan Kay Sing is deemed to be interested in the 63,371,000 shares held by Shining Holdings Pte Ltd and 741,000 shares held by Shining Development Pte Ltd, by virtue of sections 7(4A) and 7(4) of the Act, respectively.

(4) Tan Kay Tho is deemed to be interested in the 63,371,000 shares held by Shining Holdings Pte Ltd and 741,000 shares held by Shining Development Pte Ltd, by virtue of sections 7(4A) and 7(4) of the Act, respectively.

(5) Tan Chin Hoon is deemed to be interested in the 63,371,000 shares held by Shining Holdings Pte Ltd and 741,000 shares held by Shining Development Pte Ltd, by virtue of sections 7(4A) and 7(4) of the Act, respectively.

(6) Shining Holdings Pte Ltd is deemed to be interested in the 741,000 shares held by its wholly-owned subsidiary, Shining Development Pte Ltd, by virtue of section 7(4A) of the Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixteenth Annual General Meeting of Pollux Properties Ltd. (the "**Company**") will be held at Meeting Room 833, Level 8 Main Tower, Mandarin Orchard Singapore, 333 Orchard Road Singapore 238867, on Friday, 22 July 2016 at 2.00 p.m., for the purpose of transacting the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2016 and the Directors' Statement and the Auditor's Report thereon. — Resolution 1

2. To approve the payment of Directors' fees of S$188,000.00 for the financial year ended 31 March 2016. (FY2015: S$188,000.00) — Resolution 2

3. To re-elect Mr Timur Pradopo, a Director retiring by rotation pursuant to Article 104 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director. (See Explanatory Note) — Resolution 3

4 To re-elect Mr Bambang Widaryatmo, a Director retiring by rotation pursuant to Article 104 of the Company's Constitution and who, being eligible, offer himself for re-election, as a Director. (See Explanatory Note) — Resolution 4

5. To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration. — Resolution 5

SPECIAL BUSINESS

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

6. THAT pursuant to Section 161 of the Companies Act, (Chapter 50) of Singapore and Rule 806 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the Directors to: — Resolution 6

   (a) (i) issue shares in the capital of the Company (the "**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 in their absolute discretion deem fit; and

   (b) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, notwithstanding that the authority granted by this Resolution may have ceased to be in force at the time of such issuance of shares.

PROVIDED THAT

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 50% of the total number of issued shares in the capital of the Company excluding treasury shares (as calculated in accordance with 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 paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares in the capital of the Company excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed, provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or subdivision of shares;

(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) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in a general meeting) the authority conferred by this Resolution shall continue in force (i) until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier; or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

(See Explanatory Note)

OTHER BUSINESS

7. To transact any other business of an Annual General Meeting.

BY ORDER OF THE BOARD

Nico Purnomo Po
Chief Executive Officer
Singapore
5 July 2016

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) (a) A member of the Company ("**Member**") (other than a Member who is a relevant intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a Member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy.

(b) A Member who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

(2) A proxy need not be a Member.

(3) The instrument appointing a proxy or proxies that has been executed by a Member, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy thereof), must be deposited at the registered office of the Company at 391A Orchard Road #08-07 Ngee Ann City Tower A Singapore 238873, not less than 48 hours before the time appointed for holding the Annual General Meeting.

(4) This notice has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Canaccord Genuity Singapore Pte. Ltd. ("**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this notice.

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

The contact person for the Sponsor is Ms. Goh Mei Xian, Associate Director, Corporate Finance, Canaccord Genuity Singapore Pte. Ltd., at 77 Robinson Road #21-02, Singapore 068896, telephone number: +65 68546160.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, (iii) agrees to provide the Company with written evidence of such prior consent upon reasonable request, and (iv) agrees to indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Explanatory Notes:

Resolutions 3 and 4

Mr Timur Pradopo will, upon re-election as a Director of the Company, remain as Chairman of the Board, a member of the Audit Committee and a member of the Remuneration and Nominating Committee. There are no relationships (including immediate family relationships) between Mr Timur Pradopo and the other Directors of the Company, the Company or its 10% shareholders. The Board considers Mr Timur Pradopo to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

Mr Bambang Widaryaimo will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and a member of the Remuneration and Nominating Committee. There are no relationships (including immediate family relationships) between Mr Bambang Widaryaimo and the other Directors of the Company, the Company or its 10% shareholders. The Board considers Mr Bambang Widaryaimo to be independent for the purpose of Rule 704(7) of the Listing Manual Section B: Rules of Catalist of the SGX-ST.

The profile and key information of Mr Timur Pradopo and Mr Bambang Widaryaimo can be found under the section entitled "Board of Directors" of the Company's Annual Report 2016.

Resolution 6

The Ordinary Resolution no. 6, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in aggregate 100% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders of the Company. For the purpose of determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time that Resolution no. 6 is passed, after adjusting for (a) new shares arising from the conversion or exercise of any convertible securities; (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time that Resolution no. 6 is passed; and (c) any subsequent bonus issue, consolidation or subdivision of shares.

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POLLUX PROPERTIES LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199904729G)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

1. A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting of the Company.
2. For investors who have used their Central Provident Fund **("CPF")** monies **("CPF Investors")** and/or monies in the Supplementary Retirement Scheme **("SRS")** accounts **("SRS Investors")** to buy Pollux Properties Ltd.'s shares, this annual report and its enclosures are forwarded to you at the request of their CPF and/or SRS Approved Nominees (as the case may be) and is sent solely FOR INFORMATION ONLY.
3. This Proxy Form is not valid for use by CPF Investors and SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We____________________________________NRIC/Passport No. ________________________

of____

being a member/members of POLLUX PROPERTIES LTD. (the **"Company"**) hereby appoint

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

and/or failing him/her (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings (%)

or failing him/her, the Chairman of the Sixteenth Annual General Meeting **("AGM")** of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the AGM of the Company to be held at Meeting Room 833, Level 8 Main Tower, Mandarin Orchard Singapore, 333 Orchard Road Singapore 238867, on Friday, 22 July 2016 at 2.00 p.m., and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolutions as set out in the Notice of the AGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the AGM of the Company).

	Ordinary Resolutions	**For**	**Against**
	Ordinary Business		
1.	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31 March 2016 and the Directors' Statement and the Auditor's Report thereon		
2.	To approve the payment of Directors' fees of S$188,000.00 for the financial year ended 31 March 2016		
3.	To re-elect Mr Timur Pradopo, a Director retiring by rotation pursuant to Article 104 of the Company's Constitution		
4.	To re-elect Mr Bambang Widaryatmo, a Director retiring by rotation pursuant to Article 104 of the Company's Constitution		
5.	To re-appoint Messrs Ernst & Young LLP as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
6.	To authorise the Directors to allot/issue new shares in the capital of the Company		

Dated this ________________ day of ________________ 2016

Total number of Shares Held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and shares registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. (a) A member of the Company (other than a member who is a relevant intermediary) entitled to attend and vote at the meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where a member appoints two (2) proxies, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of the proxy. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as alternate to the first named or at the Company's option to treat the instrument of proxy as invalid.

   (b) A member of the Company who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) of Singapore.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 391A Orchard Road #08-07 Ngee Ann City Tower A Singapore 238873, not less than 48 hours before the time appointed for holding the meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

6. Where the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or other authority, if any, or a duly certified copy thereof shall (failing previous registration with the Company) be stamped and be lodged with the instrument of proxy at the registered office of the Company, not less than 48 hours before the time appointed for holding the meeting and/or any adjournment thereof at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.

8. In the case of joint holders of shares, any one of such persons may vote, but if more than one of such persons is present at the meeting, the person whose name stands first on the Register of Members or (as the case may be) in the Depository Register shall alone be entitled to vote.

9. Any alteration made to the instrument of proxy should be initialled by the person who signs it.

General: The sending of a Proxy Form by a member does not preclude him from attending and voting in person at the meeting if he finds that he is able to do so. In such event, the relevant Proxy Forms will be deemed to be revoked. The Company shall be entitled to reject an instrument appointing a proxy or proxies 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 on the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies lodged if such members being the appointor, is not shown to have shares entered against his names in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 5 July 2016.

POLLUX
PROPERTIES

POLLUX PROPERTIES LTD.

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