



ANNUAL REPORT 2019



INSPIRING BETTER LIVING THROUGH QUALITY DEVELOPMENTS.

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This annual report has been reviewed by the Company's sponsor ("Sponsor"), SAC Capital Private Limited. This annual report has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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. Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.



Our Commitment –

TOGETHER WE BUILD EXCELLENCE

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.

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 AND PHILOSOPHY



CORPORATE PROFILE

Pollux Properties Ltd. ("Pollux" or the "Company", 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 premium real estate projects, with the key aim of creating homes reflecting the philosophy of lavish and modern living.

Pollux develops high-end real estate projects with distinguished style and luxurious quality. We are committed to develop iconic residential as well as commercial properties. Pollux looks forward to embarking on many more projects that will give the Group a greater presence in the property market both as a developer and investor.

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.

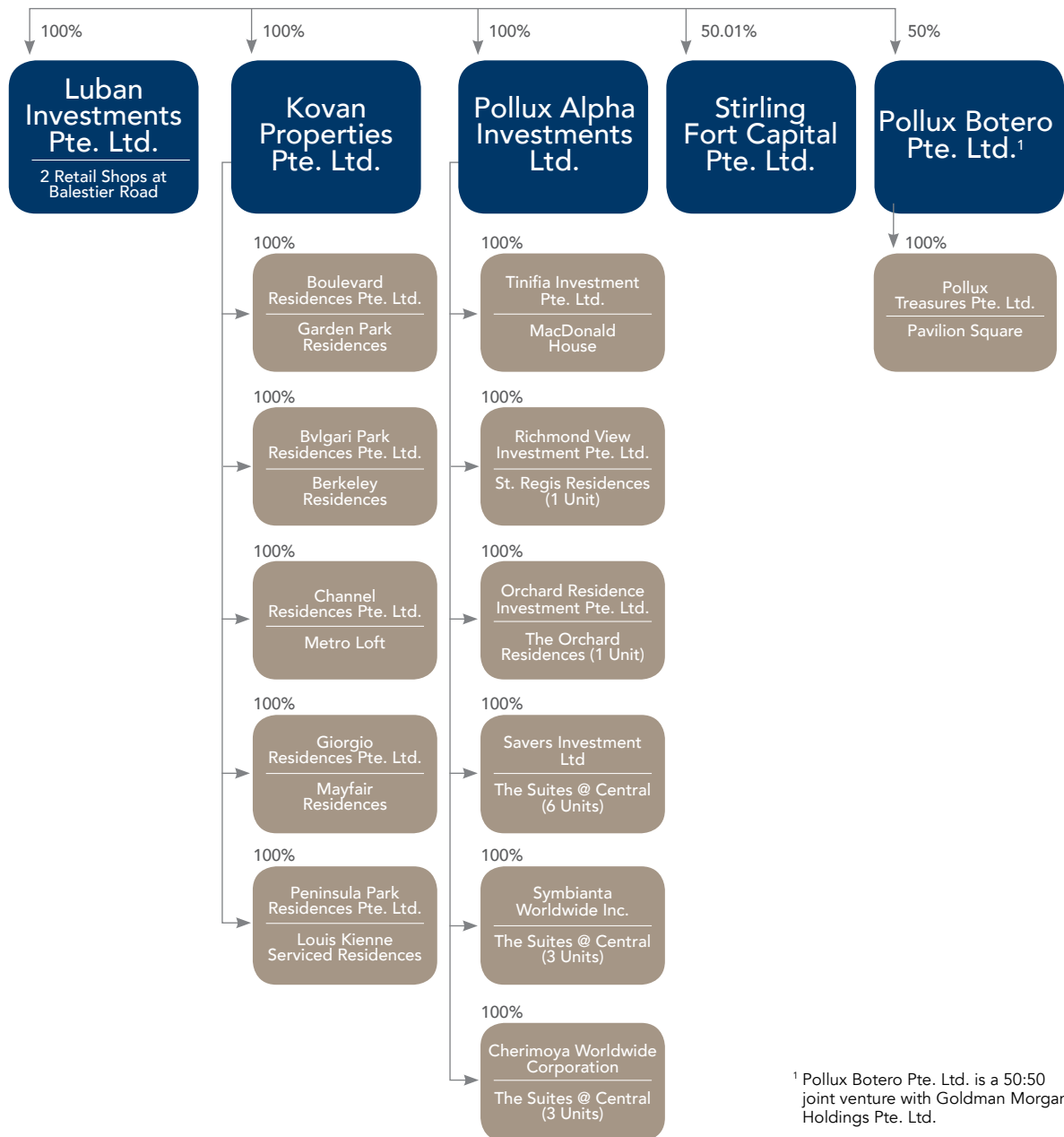
Passion for details sets Pollux apart. We are constantly in search of the best materials befitting your dream home. We want to make moving in a pleasure and living as leisurely as possible. That's why we call it home, it's the way living is meant to be.

Sustainability should be at the start of every venture and not its end. Pollux works 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,

We are pleased to present our Annual Report for the financial year ended 31 March 2019 ("FY2019").

In FY2019, Pollux Properties Ltd. ("Pollux Properties", and together with its subsidiaries, the "Group") delivered a stable set of results. This is in line with the Group's decision to grow its recurring revenue stream, after conscientiously investing to expand its Property Investment business segment in the previous financial year ended 31 March 2018 ("FY2018").

FY2019 FINANCIAL SCORECARD

During the current financial year in review, the Group generated revenue entirely from its Serviced Apartment and Property Investment businesses, comprising its Louis Kienne Serviced Residences and its portfolio of residential and commercial units respectively.

On the back of this, the Group recorded an 8.0% decline in revenue to S\$14.08 million from S\$15.30 million. This was primarily due to the absence of revenue from its Property Development segment, which had contributed a revenue of S\$6.67 million in FY2018, from the sale of all of its properties under its three developments.

This was offset by a 63.0% revenue growth in its Property Investment segment to S\$14.08 million in FY2019 from S\$8.63 million in FY2018.

In FY2019, the Group registered a net profit of S\$4.83 million. While this was substantially lower than its S\$58.33 million net profit in FY2018, the decline was largely attributable to an absence of S\$61.31 million gain from the difference in purchase consideration and fair valuation. It had recognised from the acquisition of 14 prime residential and commercial properties in FY2018.

As a result, the Group's Earnings Per Share as at 31 March 2019 was 0.18 Singapore cents, compared to 4.12 Singapore cents as at 31 March 2018.

The Group's balance sheet remained healthy with cash and cash equivalents of S\$9.08 million, even after repayment of existing loans and borrowings as well as accounting for operational expenses incurred during the financial year.

As at 31 March 2019, the Group's net assets amounted to S\$193.17 million, as well as net asset value per share of 7.00 Singapore cents. This is compared to net assets of S\$187.78 million, and net asset value per share of 6.80 Singapore cents as at 31 March 2018.

PIVOT TOWARDS VISIBLE AND RECURRING REVENUE STREAMS

As part of the Group's plans to strengthen its revenue stream with visible and recurring income, Pollux Properties had invested S\$284.20 million in 14 prime residential properties and a 10-storey commercial property situated in the heart of Singapore's most famous shopping belt – Orchard Road.

The acquisition has increased and diversified the Group's portfolio of income generating properties to 14 high-quality condominiums, 2 retail shops at Balestier Road, the iconic MacDonald House and the Louis Kienne Serviced Residences.

Underscoring the quality of the Group's Rental Income from Residential and Commercial properties, we achieved full occupancy as at 31 March 2019. The Louis Kienne Serviced Residences also performed stably with an overall occupancy rate of 73% in FY2019.

With our enlarged investment property portfolio, the Group will not only be able to ride on potential valuation growth in the local property market, but has also widened our recurring revenue streams to provide greater income stability and visibility for shareholders in the longer-term.

The decision has also proved to be a timely one, on the back of a slowdown in the Group's Property Development segment, as all three of the Group's developments have attained their respective Temporary Occupation Permit ("TOP") and are fully sold out. Moreover, we will also continue to take a cautious stance on seeking accretive land banks on the back of increasingly challenging property market conditions.

Complementing our pivot to focus on recurring income streams, we are also optimistic on the prospects of our fund management associate, Stirling Fort Capital Pte. Ltd. ("Stirling Fort Capital"), which earns visible and recurring fee-income. In FY2019, Stirling Fort Capital's asset under management ("AUM") has increased over the period, contributing a more than six-folds jump in our share of results of an associate.

The Group will continue to be on the lookout for more lucrative opportunities to add to our stable of high-quality income-producing properties.

PROPERTY MARKET OUTLOOK

In the real estate statistics published by the Urban Redevelopment Authority ("URA") each quarter, private residential property prices declined 0.7% in the first quarter of 2019⁽¹⁾. This was the second consecutive drop, after a sustained uptick since the third quarter of 2017.

While this highlights some of the challenges in the private residential property market, it also revealed a stabilising private residential property rental environment – with a 1.0% increase in rental prices and a 0.1%-point decrease in vacancies⁽¹⁾.

During the financial year, the government also implemented further property cooling measures to:

- 1) raise the Additional Buyer's Stamp Duty (ABSD) by 5%-points for all individuals, other than Singapore Citizens and Permanent Residents purchasing their first property, and 10%-points for entities purchasing properties; and
- 2) tighten the Loan-To-Value (LTV) limits by 5%-points for all housing loans granted by financial institutions.

Based on this information, we will continue exercising prudence in identifying development opportunities that will be accretive and investment opportunities that can provide sustainable rental income for the long-term.

In the same URA report, prices of office properties rose 3.0% in the first quarter of 2019, while office rental prices declined marginally by 0.6%. Despite this, there was some reprieve as island-wide vacancy rates dropped 0.3%-points to 11.8% as at the end of first quarter 2019⁽¹⁾.

The retail property sector experienced a challenging quarter, with prices declining 1.9%, coupled with rents dropping 0.2% and vacancies inching up 0.2%-points. This was on the back of a 0.2%-points increase in island-wide vacancy rate of 8.7% at the end of the first quarter 2019⁽¹⁾.

In the hospitality sector, the Singapore Tourism Board ("STB") revealed that visitor arrivals increased 6.2% in 2018, and in the first four months of 2019, visitor arrival numbers are already ahead of 2018 figures. On the back of this, it also revealed that maximum room nights increased 4.2%, while revenue per available room rose 2.3%⁽²⁾.

This is positive for the Group's Louis Kienne Serviced Residences, which continues to receive healthy enquiries for availability, on the back of its 73% occupancy rate.

¹ <https://www.ura.gov.sg/Corporate/Media-Room/Media-Releases/pr19-19>

² <https://www.stb.gov.sg/content/stb/en/statistics-and-market-insights/tourism-statistics/quarterly-tourism-performance-report.html>

CHAIRMAN'S STATEMENT



Barring any unforeseen circumstances, the Group believes our expanded Property Investment segment and the growth of our associate fund management company, Stirling Fort Capital, will forge stronger recurring revenue streams for the long-term.

ENSURING BUSINESS SUSTAINABILITY

Guided by the benchmark Global Reporting Initiative ("GRI") Standards – Core Option, a globally recognised framework for companies to measure and communicate its environment, economic, social and governance performance, we published our inaugural Sustainability Report 2018.

Our commitment to protecting and conserving the environment we operate in is key. Primarily, this is because we create and manage spaces people live, work and play in everyday.

First and foremost, these spaces need to be safe and in compliance with guidelines set by the local building authorities. Going beyond, we also adopt strategies that are environmentally-friendly, incorporating greenery, landscaping, installing quality facilities, as well as being innovative with the use of space and design in our projects to meet the needs of our customers.

We also understand that our employees are the ambassadors for our Group. This is why we prioritise training and skills upgrading, as well as embarking on stringent Occupational Safety and Health Programmes to provide a nurturing and safe working environment. We also encourage our employees to beyond normal working hours to keep healthy and active, as well as to give back to the community.

In the process of putting together the various processes and initiatives we have already set in place, we also gained keen insights into certain ways we can improve, which we will be working on in the coming months.

APPRECIATION

We would also like to take this opportunity to thank Mr. Bambang Widaryatmo, who has retired as Independent Director, for his years of dedication and valuable counsel to the Group. At the same time, Mr. Timur Pradopo relinquished his role as Non-Executive Chairman of the Group, passing the baton over to Mr. Po Sun Kok.

Joining him as a fellow newcomer to the Board is Mdm. Luciana, who joined the Group as Non-Executive Deputy Chairman. We have no doubt that they will bring a wealth of experience to the Group and look forward to their contributions for the benefit of the Group in the years to come.

Before ending, we also would like to express our heartfelt gratitude to our stakeholders, including our shareholders, customers, business partners and employees, for believing in us. With your steadfast support, we are confident of tackling new challenges and embarking on new opportunities for the Group in the financial year ending 31 March 2020.

Po Sun Kok
Non-Executive Chairman
28 June 2019

BOARD OF DIRECTORS

MR. PO SUN KOK

Non-Executive Chairman

Mr. Po Sun Kok, 70, was appointed as Non-Executive Chairman of the Company on 1 July 2018. He is responsible for leading and managing the business of the Board, steering direction of the Group and governing the Board's matters. He has over 30 years of experience in areas of real estate investment, apparel manufacturing and consumer financial services.

Prior to joining the Company as Non-Executive Chairman, he owned and was involved in the daily operations of a wide ranging group of corporations with more than 10,000 employees. Currently, he is also serving as a Director of PT. Pollux Investasi International Tbk and PT. Pollux Properti Indonesia Tbk, both listed on the Indonesia Stock Exchange ("IDX").

DR. NICO PURNOMO PO

Executive Director and Chief Executive Officer

Dr. Po, 37, was appointed to the Board on 31 March 2008. He is responsible for the management and operation of the Group as well as the implementation of the Group's strategies and policies.

Dr. 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. Currently, he is also serving as a Director of PT. Pollux Investasi International Tbk and PT. Pollux Properti Indonesia Tbk, both listed on IDX.

MDM. LUCIANA

Non-Executive Deputy Chairman

Mdm. Luciana, 64, was appointed as Non-Executive Deputy Chairman of the Company on 1 July 2018. As Deputy Chairman, she supports the Chairman in leading and managing the business of the Board, steering direction of the Group and governing the Board's matters. She has more than 30 years of experience in business management, operational accounting and various corporate functions across the Asia-Pacific region.

Prior to joining the Company as Non-Executive Deputy Chairman, she was the overall in-charge of the finance and accounting departments of wide ranging group of corporations involved in business activities such as real estate investment, apparel manufacturing and consumer financial services. Currently, she is also serving as a Director of PT. Pollux Investasi International Tbk and PT. Pollux Properti Indonesia Tbk, both listed on IDX.

MR. TIMUR PRADOPO

Independent Director

Mr. Pradopo, 63, 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 does not hold any directorship in other listed companies whether in or outside Singapore.

BOARD OF DIRECTORS

MR. LOW CHAI CHONG

Lead Independent Director

Mr. Low, 56, 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 and 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 Independent Chairman of Moya Holdings Asia Limited and Eneco Energy Limited.

MR. JAMES KHO CHUNG WAH

Independent Director

Mr. Kho, 43, was appointed as an Independent Director of the Company on 29 May 2014. He has over 19 years of work experience in areas of investments, investment banking, corporate advisory and regulatory compliance. He is the co-founder and Chief Executive Officer of Willan Capital Pte. Ltd.

Mr. Kho holds a Bachelor of Business (Financial Analysis) (Hons.) with a minor in Applied Economics from the Nanyang Technological University in Singapore. He is a CFA charterholder and a member of the CFA Institute. He is also an Independent Director of Rich Capital Holdings Limited and SBI Offshore Limited, both listed on the SGX-ST.

KEY MANAGEMENT

MR. CHAN TEE YONG

Financial Controller

Mr. Chan, 34, 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.

Mr. Chan will resign from his position as Financial Controller with effect from 13 July 2019 as announced on SGXNet on 28 June 2019*.

* Mr. Lau Wei Kian has been appointed as Financial Controller (designate) on 1 July 2019. He will take over from Mr. Chan as Financial Controller of the Company on 14 July 2019.

FINANCIAL HIGHLIGHTS

OVERVIEW

REVENUE AT
S\$14.08
MILLION IN FY2019

EARNINGS PER SHARE AT
0.18
CENTS IN FY2019

PROFIT BEFORE TAX AT
S\$5.43
MILLION IN FY2019

RETURN ON EQUITY AT
2.50%
IN FY2019

Note: "FY" refers to the financial year ended 31 March in the respective years.



REVENUE

The Group's revenue in FY2019 comprised income earned from serviced apartment and rental income. Rental income is derived from the leasing of residential units and commercial units.

The Group's revenue decreased by S\$1.23 million or 8.0%, from S\$15.30 million in FY2018 to S\$14.08 million in FY2019. The decrease was mainly due to no revenue contribution from the sale of development properties during FY2019 as all the development properties have obtained Temporary Occupancy Permit ("TOP") in FY2018. The decrease was partially offset by an increase in rental income from the 14 residential units, 2 retail investment properties located along Balestier Road and a commercial office building, MacDonald House.

COST OF SALES AND GROSS PROFIT

The Group's cost of sales decreased by S\$7.58 million or 76.8% from S\$9.87 million in FY2018 to S\$2.29 million in FY2019. The cost of sales was mainly associated with the cost incurred to operate the serviced apartment. The decrease was mainly due to no cost of sales contribution from the sale of development properties during FY2019 as all the development properties have obtained TOP in FY2018.

Gross profit margin increased from 35.5% in FY2018 to 83.8% in FY2019. The improvement in gross profit margin was mainly due to the higher margin contribution from the property investment segment.

FINANCIAL HIGHLIGHTS

INTEREST INCOME

Interest income in FY2019 mainly consists of interest received from fixed deposit placed in bank. The increase was mainly due to a longer period of the fixed deposit being placed with the bank during the financial year.

OTHER INCOME

Other income in FY2019 mainly consists of fair valuation gain from the investment properties of S\$2.60 million, income from the performance bond of S\$0.82 million and government incentives. Income from the performance bond is the amount recovered for the development project, Mayfair Residences due to the main contractor's inability to deliver work in accordance to the contract terms.

Other income decreased by S\$57.32 million from S\$61.59 million in FY2018 to S\$4.27 million in FY2019. The decrease was mainly due to a gain of S\$61.31 million from the bargain purchase of PAI Group which was recognized in FY2018. The gain from bargain purchase arose from the differences in fair valuation of purchase consideration against the fair value of assets and liabilities of PAI Group 16 November 2017.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses. General and administrative expense decreased by S\$0.33 million or 5.3% from S\$6.21 million in FY2018 to S\$5.88 million in FY2019 mainly due to the decrease in employee benefits expense as there was a reduction in staff headcount during the financial year.

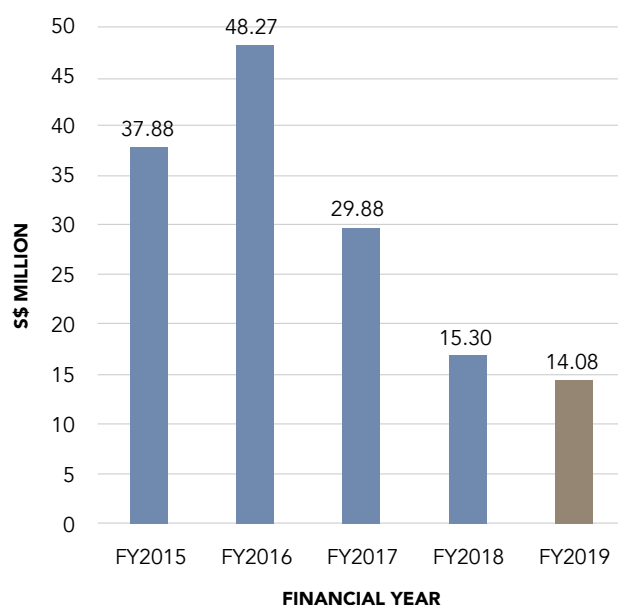
MARKETING AND DISTRIBUTION EXPENSES

Marketing and distribution expenses increased by S\$0.61 million from S\$0.02 million in FY2018 to S\$0.63 million in FY2019 mainly due to commission expenses incurred and paid to the third party property agents for sourcing of new tenants for the commercial office building, MacDonald House.

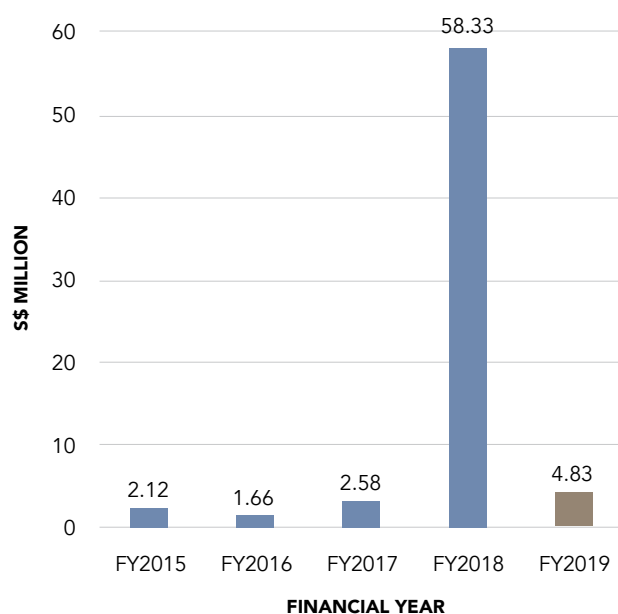
FINANCE COSTS

The increase in finance costs of S\$2.41 million from S\$1.84 million in FY2018 to S\$4.25 million in FY2019 was mainly due to the contribution of the interest expense from the newly acquired PAI Group amounting to S\$3.50 million.

REVENUE OF THE FINANCIAL YEARS ENDED (2015 - 2019)



PATMI FOR THE FINANCIAL YEARS ENDED (2015 - 2019)



The above financial information is extracted from annual reports of respective years.

FINANCIAL HIGHLIGHTS

SHARE OF RESULTS OF A JOINT VENTURE

Share of results of a joint venture increased by S\$1.02 million from the share of losses of S\$0.97 million in FY2018 to share of profits of S\$0.05 million in FY2019 was mainly due to the recognition of revenue based on the percentage of completion for Pavilion Square project during the financial year.

SHARE OF RESULTS OF AN ASSOCIATE

The increase in share of results of an associate by S\$0.04 million in FY2019 as compared to FY2018 was mainly due to the recognition of performance revenue for the real estate fund managed by the associate company.

INCOME TAX

The increase in income tax expense of S\$0.60 million in FY2019 as compared to a tax credit of S\$0.32 million in FY2018 was mainly due to the higher taxable profit during the financial year as compared to a one off non-taxable gain from the bargain purchase of PAI Group in last financial year.

As a result of the above, the Group recorded a net profit attributable to owners of the Company of S\$4.83 million in FY2019 as compared to S\$58.33 million in FY2018.



BALANCE SHEETS

The financial position of the Group remained strong with net assets of S\$193.17 million as at 31 March 2019. The Group's cash and cash equivalents stood at S\$9.08 million as at 31 March 2019 as compared to S\$19.17 million as at 31 March 2018. The decrease in cash and cash equivalents was mainly due to the repayment of loans and borrowings as well as payment for operating expenses during the financial year.

ASSETS

Total assets stood at S\$382.19 million as at 31 March 2019 as compared to S\$384.67 million as at 31 March 2018.

The decrease of S\$2.48 million was mainly due to the decrease in (i) plant and equipment due to the depreciation charges and disposal during the financial year, (ii) the decrease in trade receivables due to the collection of the amount from buyers and (iii) the decrease in cash and cash equivalents which was mainly due to the repayment of loans and borrowings.

However, the decrease was partially offset by the increase in (i) amount due from related companies as a result of non interest-bearing short term advances extended to related companies, (ii) the increase in the fair value gain of investment in unquoted securities for a property development project and (iii) the increase in the fair value gain of investment properties.

LIABILITIES

Total liabilities stood at S\$189.02 million as at 31 March 2019 as compared to S\$196.89 million as at 31 March 2018.

The decrease of S\$7.87 million was mainly due to the decrease in loans and borrowings due to the principal repayment as well as repayment to trade payable during the financial year.

FINANCIAL HIGHLIGHTS

| | | |
|---|---|---|
| <p>REVENUE</p> <p>S\$14.08</p> <p>MILLION</p> | <p>EBITDA⁽¹⁾</p> <p>S\$10.37</p> <p>MILLION</p> | <p>PATMI⁽²⁾</p> <p>S\$4.83</p> <p>MILLION</p> |
| <p>EARNINGS PER SHARE⁽³⁾</p> <p>0.18</p> <p>CENTS</p> | <p>NAV PER SHARE</p> <p>S\$0.07</p> | <p>RETURN ON EQUITY</p> <p>2.50%</p> |
| <p>TOTAL EQUITY</p> <p>S\$193.17</p> <p>MILLION</p> | <p>CASH & CASH EQUIVALENTS</p> <p>S\$9.08</p> <p>MILLION</p> | <p>NET DEBT</p> <p>S\$178.34</p> <p>MILLION</p> |
| <p>GEARING RATIO</p> <p>48.00%</p> | <p>LOANS & BORROWINGS</p> <p>S\$165.85</p> <p>MILLION</p> | <p>INTEREST COVERAGE RATIO</p> <p>2.3</p> <p>TIMES</p> |

Note 1: Earnings before interest, taxes, depreciation and amortisation.

Note 2: Profit after tax and minority interests.

Note 3: Earnings per share is calculated by dividing the consolidated profit after tax attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the financial year.

OPERATION REVIEW



100%
tenanted for
MacDonald House.

100%
tenanted for
14
residential
units.

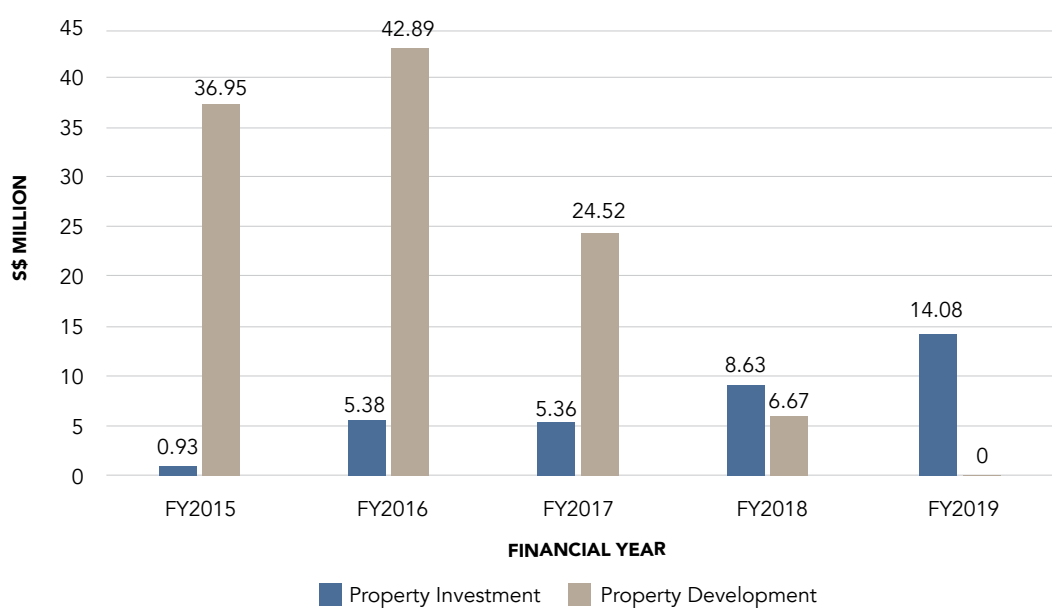
100%
tenanted for retails
shops at Balestier Road.

Pavilion Square
obtained TOP in
October 2018.

Average
73%
occupancy
rate at
Louis Kienne
Serviced
Residences,
Havelock
Road.

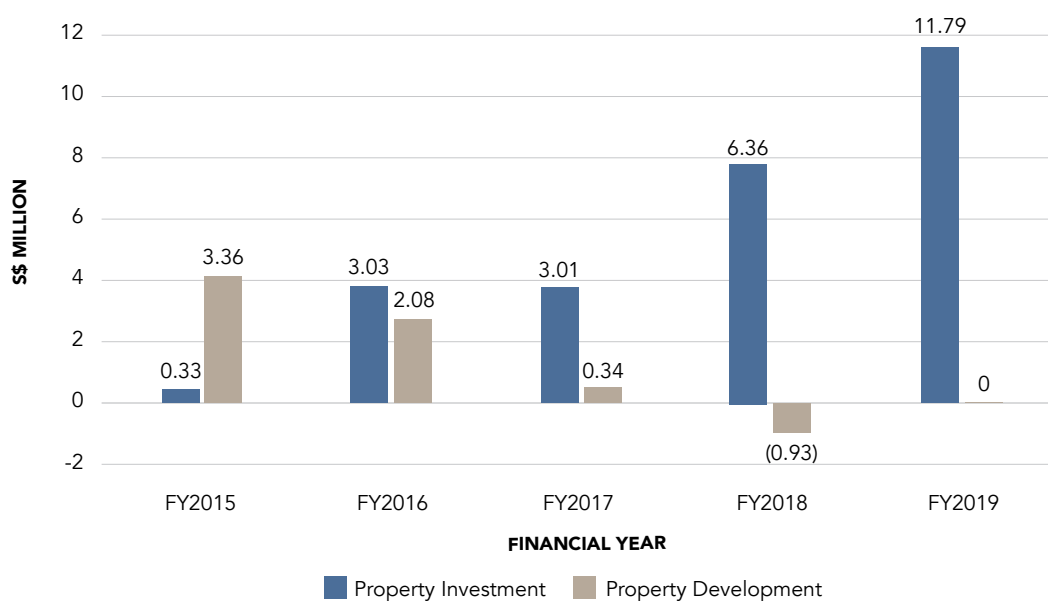
OPERATION REVIEW

5 YEARS REVENUE BY BUSINESS SEGMENTS



| | FY2015 S\$' MIL | FY2016 S\$' MIL | FY2017 S\$' MIL | FY2018 S\$' MIL | FY2019 S\$' MIL |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Property Investment | 0.93 | 5.38 | 5.36 | 8.63 | 14.08 |
| Property Development | 36.95 | 42.89 | 24.52 | 6.67 | 0 |
| TOTAL | 37.88 | 48.27 | 29.88 | 15.30 | 14.08 |

5 YEARS GROSS PROFIT BY BUSINESS SEGMENTS



| | FY2015 S\$' MIL | FY2016 S\$' MIL | FY2017 S\$' MIL | FY2018 S\$' MIL | FY2019 S\$' MIL |
|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Property Investment | 0.33 | 3.03 | 3.01 | 6.36 | 11.79 |
| Property Development | 3.36 | 2.08 | 0.34 | (0.93) | 0 |
| TOTAL | 3.69 | 5.11 | 3.35 | 5.43 | 11.79 |

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 we adopt strategies that are socially responsible by incorporating more greenery, 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

Corporate social responsibility ("CSR") is embedded in our corporate culture and forms an integral part of our business direction. We are guided by our belief that the inclusion of community interests into our business processes supports the long term interests of our company and our stakeholders.

With our proactive approach to promote CSR, we seek to elevate our corporate image and attract investors. As we place greater value to social inclusiveness and integration, this would also provide the platform for our employees to work in a positive workplace to boost employee engagement and increase productivity at work.

We strongly encourage our employees to recycle items and reduce wastage through donation of unwanted usable items and participate in volunteering activities. We believe that when our employees contribute their time and effort to worthy causes, they would in turn develop professionally and personally, with a greater sense of purpose.

EMPLOYEE

The Group provides opportunities for employees to improve their skills set and knowledge to increase workplace productivity and job 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

Po Sun Kok
(Non-Executive Chairman)

Luciana
(Non-Executive Deputy Chairman)

Low Chai Chong
(Lead Independent Director)

Timur Pradopo
(Independent Director)

Nico Purnomo Po
(Executive Director and
Chief Executive Officer)

James Kho Chung Wah
(Independent Director)

AUDIT COMMITTEE

James Kho Chung Wah (Chairman)
Timur Pradopo
Low Chai Chong

REMUNERATION AND NOMINATING COMMITTEE

Low Chai Chong (Chairman)
James Kho Chung Wah
Timur Pradopo

COMPANY SECRETARY

Chew Bee Leng

REGISTERED OFFICE

554 Havelock Road
Singapore 169639
Tel: +65 6922 0333
Fax: +65 6922 0338

BANKERS

United Overseas Bank Limited
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
Maybank Singapore Limited
DBS Bank Limited

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

SAC Capital Private Limited
1 Robinson Road
#21-00 AIA Tower
Singapore 048542

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 2019 (“FY2019”), with specific reference made to each of the principles of the Code. The board of directors (the “Board” or the “Directors”) of the Company confirms that, for FY2019, 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.

On 6 August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance 2018 (the “2018 Code”) and the accompanying Practice Guidance. The 2018 Code supersedes and replaces the Code and will apply to annual reports covering financial years commencing 1 January 2019. The Board will review and set out the appropriate corporate governance practices to comply with the 2018 Code in the next annual report covering the financial year ending 31 March 2020.

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.

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 on 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 ethics.

All relevant information on material events and transactions will be 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 of each Board Committee, 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 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.

The attendance of Directors who were in office during FY2019 at meetings of the Board and Board Committees held in FY2019 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. |
| Po Sun Kok | 1 | 1 | N.A. | N.A. | N.A. | N.A. |
| Luciana | 1 | 1 | 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 |
| James Kho Chung Wah | 2 | 2 | 2 | 2 | 1 | 1 |

* Refers to meetings held and attended while each Director was in office.

CORPORATE GOVERNANCE REPORT

Training and Development of Directors

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

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. In accordance with the Catalist Rules as amended on 1 January 2019, the NC will ensure that newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, must attend mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST.

The Company provides timely information to the Directors on Board's 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 ("ACRA") 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.

During the period under review, Directors are provided with briefings and updates (i) on the developments in financial reporting and governance standards by the external auditors; and (ii) on changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management on monthly basis and during the meetings of the Board and Board Committees.

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, three (3) 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⁾ |
| Po Sun Kok | Director, Chairman of the Board | Non-Executive | 1 July 2018 | 26 July 2018 |
| Luciana | Director, Deputy Chairman of the Board | Non-Executive | 1 July 2018 | 26 July 2018 |
| Low Chai Chong | Director, Chairman of RNC and member of AC | Non-Executive/Independent | 1 September 2010 | 27 July 2017 |
| Timur Pradopo | Director, member of AC and RNC | Non-Executive/Independent | 18 March 2014 | 22 July 2016 |
| James Kho Chung Wah | Director, Chairman of AC and member of RNC | Non-Executive/Independent | 29 May 2014 | 26 July 2018 |

(1) In the past, 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. However, pursuant to the adoption of new Constitution, under Regulation 89 Dr. Nico Purnomo Po will be seeking re-election during the upcoming annual general meeting.

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.

The Chairman of the Board is the father of Dr. Nico Purnomo Po and spouse of Mdm. Luciana (Non-Executive Director and Deputy-Chairman of the Board). As the Chairman is not an Independent Director, half of the Board is made up of Independent Directors, 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, in accordance with Rule 406(3)(d) of the Catalist Rules, an Independent Director is one who is not employed by the Company or any of its related corporations for the current or any of the past three financial years and does not have immediate family members who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the RC. 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 and the Catalist Rules. The Independent Directors have confirmed that they do not have any relationship with other Directors, the Company or its related corporations or its officer or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere with the exercise of their independent business judgement with a view to the best interests of the Company. The Independent Directors have also confirmed their independence in accordance with the Catalist Rules. Taking into consideration the RNC’s review and the confirmation received from the Independent Directors, the Board is of the view that Mr. Low Chai Chong, Mr. Timur Pradopo, 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, legal, 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.

Mr. Po Sun Kok is currently the Non-Executive Chairman of the Board while Dr. Nico Purnomo Po, the son of Mr. Po Sun Kok, is the Chief Executive Officer (“CEO”). There is a clear division of roles and responsibilities between the Non-Executive Chairman and the CEO. 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 segregation 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.

CORPORATE GOVERNANCE REPORT

The 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.

The Board has previously 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 of the Chairman, the CEO or the Financial Controller 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 CEO after such meetings as deemed 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 through the merger of the Nominating Committee and the Remuneration Committee of the Company. Currently, the RNC comprises three (3) 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

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 Guideline 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 and Mr. James Kho Chung Wah are independent. The Board noted that Mr. Low Chai Chong is a partner at Dentons Rodyk & Davidson LLP ("Dentons Rodyk") which provides legal services to and receives fees from the Group. Nevertheless, the RNC has considered Mr. Low Chai Chong to be independent as the billings for the services rendered were not significant. Furthermore, Mr. Low Chai Chong does not hold more than 10% stake in Denton Rodyk. Mr. Low Chai Chong has been and is capable of maintaining his objectivity and independence at all times in discharging his duties and responsibilities.

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.

CORPORATE GOVERNANCE REPORT

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 competencies, commitment, contribution and performance, including but not limited to attendance, preparedness, participation and candour. 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 shall retire by rotation at least once every three (3) years. With effect from 1 January 2019, Rule 720(4) of the Catalist Rules provides that an issuer must have all directors (including managing directors and executive directors) submit themselves for re-nomination and re-appointment at least once every 3 years.

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 both Dr. Nico Purnomo Po and Mr. Timur Pradopo who are retiring pursuant to Regulation 89 of the Company's Constitution, be nominated for re-election as Director 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. Pursuant to Rule 720(5) of the Catalist Rules, the additional information set out in Appendix 7F of the Catalist Rules relating to the retiring directors, Dr. Nico Purnomo Po and Mr. Timur Pradopo, who are submitting themselves for re-appointment, are disclosed below and to be read in conjunction with their respective biography under the "Board of Directors" section of the annual report.

| | | |
|--|--|---|
| Name of Director | Nico Purnomo Po | Timur Pradopo |
| Date of Initial Appointment | 31 March 2008 | 18 March 2014 |
| Date of last re-appointment (if applicable) | Not Applicable | 22 July 2016 |
| Age | 37 | 63 |
| Country of principal residence | Singapore | Indonesia |
| The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process) | The re-election of Dr. Nico Purnomo Po as the Executive Director and CEO was recommended by the RNC and the Board has accepted the recommendation, after taking into consideration Dr. Nico Purnomo Po's qualifications, past experiences and overall contributions since he was appointed as the Director of the Company. | The re-election of Mr. Timur Pradopo as the Independent Director of the Company was recommended by the RNC and the Board has accepted the recommendation, after taking into consideration Mr. Timur Pradopo's qualifications, past experiences and overall contributions since he was appointed as the Director of the Company. |

| | | |
|---|---|--|
| Whether appointment is executive, and if so, the area of responsibility | Overall management and Operation as well as the implementation of the Group's strategies and policies. | Non-executive |
| Job Title | Executive Director and CEO | Independent Director and a member of the AC and RNC committees. |
| Professional qualifications | Honorary Doctor of Philosophy in Business Administrative Bachelor of Computing | Indonesia Police Academy Indonesia Police College |
| Working experience and occupation(s) during the past 10 years | CEO of the Company | Head of Indonesia police Head of Central Jakarta Police Department Head of West Java Police Department |
| Shareholding interest in the listed issuer and its subsidiaries | Yes, Dr. Nico Purnomo Po owns 99.99% of the issued share capital of PT. Pollux Multi Artha, which holds 100% of the issued share capital of Pollux Holdings Pte. Ltd. As such, Dr. Nico Purnomo Po is deemed to be interested in 2,483,242,325 shares of the Company owned by Pollux Holdings Pte. Ltd. pursuant to Section 7(4) of the Companies Act (Chapter 50) of Singapore. | No |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | Dr. Nico Purnomo Po is the son of Mr. Po Sun Kok, who is the Chairman of the Board and Non-Executive Director and Mdm. Luciana, who is the Deputy Chairman of the Board and Non-Executive Director. | No |
| Conflict of interest (including any competing business) | No. Dr. Nico Purnomo Po, has provided a non-compete undertaking to the Company whereby he undertakes that, during his term as an Executive Director of the Company, save with the prior consent of the Board of Directors of the Company and save for existing property investments in Singapore made in his personal capacity, he and his associates (as defined in the Catalist Rules) will not have any interest, direct or indirect, in any entity carrying on the same business or dealing in similar services which competes materially and directly with the business of the Company in Singapore. | No |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |

CORPORATE GOVERNANCE REPORT

| | | |
|--|--|--|
| <p>Other Principal Commitments Including Directorship</p> | <p><u>Present Directorships</u> Pollux Holdings Pte Ltd Pollux Alpha Investment Ltd. Tinifia Investment Pte Ltd Pollux Hospitality Pte Ltd Goldman Morgan Holding Pte Ltd Richmond View Investments Pte Ltd Orchard Residences Investment Pte Ltd Cherimoya Worldwide Corporation Savers Investment Limited Symbianta Worldwide Inc Ariva Hospitality Premier Pte Ltd Bvlgari Park Residences Pte Ltd Boulevard Residences Pte Ltd Giorgio Residences Pte Ltd Channel Residences Pte Ltd Pollux Treasures Pte Ltd Stirling Fort Capital Pte Ltd Pollux (SF1) Pte Ltd Pollux (CCK) Pte Ltd PT. Mega Kuningan Pinnacle PT. Mega Dutga Megah Laksana PT. Mega Daya Prima PT. Raffles Investasi Indonesia PT. Adiperdana Sejahtera PT. Pollux Properti Indonesia TBK PT. Pollux Investasi International TBK</p> <p><u>Past Directorships (in the last 5 years)</u> Magnificent Ocean Assets Ltd Fair Billion Holdings Ltd Dragon Diligent International Limited Sunny Scene Investment Ltd Ocean Blue Asia Limited Ocean Blue Aisa Ltd</p> | <p><u>Present Directorships</u> Not Applicable</p> <p><u>Past Directorships (in the last 5 years)</u> Not Applicable</p> |
|--|--|--|

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

| | | |
|--|-----------|-----------|
| <p>(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?</p> | <p>No</p> | <p>No</p> |
| <p>(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</p> | <p>No</p> | <p>No</p> |
| <p>(c) Whether there is any unsatisfied judgment against him?</p> | <p>No</p> | <p>No</p> |
| <p>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?</p> | <p>No</p> | <p>No</p> |

| | | |
|---|----------------|----------------|
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| (g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |
| (h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| (i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| (j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iii) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |
| Disclosure applicable to the appointment of Director Only | | |
| Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please provide details of any training undertaken in the roles and responsibilities of a director of a listed Company. | Not Applicable | Not Applicable |

Each member of the RNC shall abstain from voting on any resolution and making any recommendation and/or participating in any deliberations of the RNC in respect of the assessment of his performance or re-nomination as a Director. Accordingly, Mr. Timur Pradopo, as a member of the RNC, has abstained from voting on any resolutions in relation to the assessment of his performance as a Director.

CORPORATE GOVERNANCE REPORT

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.

The performance criteria for the board evaluation are in respect of the board composition and independence, board processes, board information and accountability, board's review risk and internal controls and the Company's performance of industry comparative date.

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 by external facilitator.

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 and 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 FY2019.

In the case of service contracts, the RNC will review the 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, with an aim to be fair and avoid rewarding poor performance.

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.

CORPORATE GOVERNANCE REPORT

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. The Executive Director owes a fiduciary duty to the Company, and hence, the Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties. The RNC will review such contractual provisions with the Executive Director and key management personnel as and when necessary.

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 FY2019 is set out below:

| Remuneration Band and Name of Director | Base/Fixed Salary | Bonus | Directors' Fees ⁽¹⁾ | Other Benefits ⁽²⁾ | Total |
|--|-------------------|-------|--------------------------------|-------------------------------|-------|
| Between S\$250,001 and S\$500,000 | | | | | |
| Nico Purnomo Po | 90% | - | - | 10% | 100% |
| S\$250,000 and below | | | | | |
| Po Sun Kok ⁽³⁾ | - | - | 100% | - | 100% |
| Luciana ⁽³⁾ | - | - | 100% | - | 100% |
| James Kho Chung Wah | - | - | 100% | - | 100% |
| Low Chai Chong | - | - | 100% | - | 100% |
| Timur Pradopo | - | - | 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 FY2019.

(3) Mr. Po Sun Kok and Mdm. Luciana were appointed on 1 July 2018. Hence, their director fees were calculated on a pro-rata basis.

| Remuneration Band and Name of Key Management Personnel⁽¹⁾ | Base/Fixed Salary | Bonus | Other Benefits | Total |
|---|--------------------------|--------------|-----------------------|--------------|
| S\$250,000 and below | | | | |
| Chan Tee Yong | 48% | 52% | - | 100% |

(1) The Company has only one (1) key management personnel (who is not a Director nor the CEO) in FY2019.

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.

Save for Dr. Nico Purnomo Po who is the son of Mr. Po Sun Kok and Mdm. Luciana, 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 FY2019.

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.

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 comprehensible assessment of the Group's performance, position and prospects. The Board embraces openness and transparency in the conduct of the Company's matters, 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 FY2019, 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 provides the Board with appropriate detailed management accounts of the Group's performance, position and prospects on monthly basis to enable the Board to make a balanced and informed assessment of the Group's financial position, performance and prospects.

CORPORATE GOVERNANCE REPORT

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 Board's Responsibility

The Board acknowledges that it is responsible for the overall internal control framework and the maintenance of a sound system of risk management and internal controls.

Enterprise Risk Management Exercise

An Enterprise Risk Management ("ERM") Committee which comprises senior personnel from the operational and financial aspects has been established since FY2017. The ERM Committee has reviewed 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.

For the key operational, financial, compliance, human capital, environment and information technology risks identified, the ERM Committee will ensure the adequacy and effectiveness of the internal controls implemented to manage the identified risks based on the ERM framework executed.

Confirmation provided by Senior Management

The Board has overseen the Management in the design, implementation and monitoring of the risk management system. On an annual basis, the ERM Committee will report to the Board the processes, risks, and risk mitigating controls that are in place and provide updates on the status of significant issues of the Group, if any, to the Board. Based on the evaluation of risk management system performed by the ERM Committee, the CEO and Financial Controller have provided written assurance to the Board that the Group's risk management system is adequate and effective for FY2019.

Internal Controls

The effectiveness of the internal control systems and procedures are monitored by the Management. The Board acknowledges that it is responsible for the overall internal control framework, but recognizes 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 on annual basis. During FY2019, 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.

For FY2019, 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 and adequate.

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 three (3) 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

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, with 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 FY2019, 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;

CORPORATE GOVERNANCE REPORT

- (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, with 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 FY2019.

The Company's external auditors are Ernst & Young LLP. During FY2019, the aggregate amount of fees paid and/or payable to the external auditors for audit services amounted to approximately S\$150,400. During FY2019, 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.

With reference to the joint recommendations made by the Monetary Authority of Singapore, Accounting and Corporate Regulatory Authority and Singapore Exchange Securities Trading Limited, the audit committees of all Singapore-listed entities are encouraged to disclose their perspectives and assessment on key audit matters ("KAM"). The following KAM was discussed between external auditors and Management, and reviewed by the AC.

| Key Audit Matter | How the AC reviewed this matter and what decision was made. |
|------------------------------------|--|
| Valuation of investment properties | <p>As at 31 March 2019, the Group's investment properties amounted to \$340,170,000 and accounted for 89% of the Group's total assets. During the financial year, the Group changed its accounting policy for its investment properties from cost model to fair value model, with gains or losses arising from changes in the fair values of investment properties included in profit or loss in the year in which they arise.</p> <p>The fair valuation of these properties is significant to the group result due to their materiality and use of estimates in the valuation process. The Group records its investment properties at their fair values based on independent external valuations. The valuation process involves valuation methods with significant estimates on the underlying assumptions applied.</p> <p>The AC has considered and is satisfied with the competency and capabilities of the independent external valuation specialist as well as the valuation methods.</p> <p>The valuation of investment properties is an area of focus for the external auditors. The external auditors have included it as a key audit matter in the independent auditors' report for the financial year ended 31 March 2019. Please refer to page 43 of this annual report.</p> |

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 FY2019.

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 independent professional firm, Wensen Consulting Asia (S) Pte. Ltd., to perform the review and test of controls of the Group's processes in FY2019. 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.

CORPORATE GOVERNANCE REPORT

The internal auditors report 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 FY2019 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

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, 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 dividend policy. The Board would consider establishing a dividend policy when appropriate. 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 relevant. Taking into consideration these factors, the Company has not declared any dividends for FY2019.

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 resolution 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 employees of the Group informing them that they are not allowed to deal in the securities of the Company during the period commencing one (1) 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 employees 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. There were no interested person transactions with aggregate value more than S\$100,000 entered into during the financial year save as disclosed in the section entitled "Material Contracts".

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 FY2019, or if not then subsisting, entered into since the end of the previous financial year.

As at the end of FY2019, 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 Dr. 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, SAC Capital Private Limited for FY2019.

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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 2019.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2019 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
James Kho Chung Wah (Gu Songhua)
Low Chai Chong
Timur Pradopo
Po Sun Kok (Appointed on 1 July 2018)
Luciana (Appointed on 1 July 2018)
Bambang Widaryatmo (Resigned 26 July 2018)

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 objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' 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:

| Names of directors | Direct interest | | Deemed interest | |
|--|------------------------------------|------------------------------|------------------------------------|------------------------------|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| The Company | | | | |
| Pollux Properties Ltd. (Ordinary shares) | | | | |
| Nico Purnomo Po | – | – | 2,483,242,325 | 2,483,242,325 |
| Low Chai Chong | – | – | 200,000 | 200,000 |

DIRECTORS' STATEMENT

Directors' interests in shares and debentures (cont'd)

| Names of directors | Direct interest | | Deemed interest | |
|---|------------------------------------|------------------------------|------------------------------------|------------------------------|
| | At the beginning of financial year | At the end of financial year | At the beginning of financial year | At the end of financial year |
| Immediate Holding Company | | | | |
| Pollux Holdings Pte. Ltd. (Ordinary shares) | | | | |
| Nico Purnomo Po | – | – | 131,000,000 | 131,000,000 |
| Ultimate Holding Company | | | | |
| PT. Pollux Multi Artha (Ordinary shares) | | | | |
| Nico Purnomo Po | 999,999 | 999,999 | 1 | 1 |

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 April 2019.

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.

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 financial results 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;

DIRECTORS' STATEMENT

Audit Committee (cont'd)

- 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 Corporate Governance Report.

Auditor

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

On behalf of the Board of Directors,

Nico Purnomo Po
Director

Low Chai Chong
Director

Singapore

3 July 2019

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2019

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 March 2019, the statements 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 March 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Valuation of investment properties

As at 31 March 2019, the Group's investment properties amounted to \$340,170,000 and accounted for 89% of the Group's total assets. During the financial year, the Group changed its accounting policy for its investment properties from cost model to fair value model, with gains or losses arising from changes in the fair values of investment properties included in profit or loss in the year in which they arise.

The fair valuation of these properties is significant to our audit due to their materiality and use of estimates in the valuation process. The Group records its investment properties at their fair values based on independent external valuations. The valuation process involves valuation methods with significant estimates on the underlying assumptions applied. Accordingly, the fair valuations performed by independent external valuation specialists are inherently subjective and are highly sensitive to changes in the key assumptions applied. As such, we identified this as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2019

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Key audit matters (cont'd)

Valuation of investment properties (cont'd)

Our audit procedures in relation to the valuation of the properties included:

- Considered the objectivity, competency and capabilities of the independent external valuation specialists;
- Held discussions with the independent external valuation specialists to gain an understanding of the valuation methodologies adopted, the key assumptions and inputs used in the valuation, and the results of their work;
- Engaged our internal valuation specialists to review the appropriateness of methodologies adopted and certain key assumptions and inputs used by the independent external valuation specialists;
- Assessed the reasonableness of estimates used in the determination of fair valuation, including property related data such as average room rates, occupancy rates, discount rates and recent comparable transactions adjusted for location, tenure and condition of the investment properties by comparing them to the available trade published data and considering the specific nature and uses of these properties, and
- Evaluated the adequacy of disclosures in Note 13 *Investment Properties* and Note 36 *Fair Value of Assets and Liabilities* to the financial statements relating to the assumptions, given the estimation uncertainty and sensitivity of the valuations.

Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2019

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2019

Independent Auditor's Report to the Members of Pollux Properties Ltd.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ng Boon Heng.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

3 July 2019

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|-------------|-------------|
| Revenue | 4 | 14,076,321 | 15,303,305 |
| Cost of sales | 5 | (2,286,999) | (9,867,772) |
| Gross profit | | 11,789,322 | 5,435,533 |
| Other items of income | | | |
| Interest income | 6 | 40,096 | 18,307 |
| Other income | 7 | 4,272,977 | 61,593,343 |
| Other items of expense | | | |
| Marketing and distribution | | (633,892) | (19,300) |
| General and administrative | | (5,880,952) | (6,208,025) |
| Finance costs | 8 | (4,253,626) | (1,838,927) |
| Share of results of an associate, net of tax | | 49,776 | 8,329 |
| Share of results of a joint venture, net of tax | | 46,431 | (975,097) |
| Profit before tax | 9 | 5,430,132 | 58,014,163 |
| Income tax (expense)/credit | 10 | (599,659) | 316,451 |
| Profit for the financial year | | 4,830,473 | 58,330,614 |
| Attributable to: Owners of the Company | | | |
| Profit for the financial year attributable to owners of the Company | | 4,830,473 | 58,330,614 |
| Earnings per share attributable to owners of the Company (cents per share) | | | |
| - Basic | 11 | 0.175 | 4.120 |
| - Diluted | 11 | 0.175 | 4.120 |
| Earnings per share (cents per share) | | | |
| - Basic | 11 | 0.175 | 4.120 |
| - Diluted | 11 | 0.175 | 4.120 |

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 2019

| | 2019 | 2018 |
|---|------------------|-------------------|
| | \$ | \$ |
| Profit for the financial year | 4,830,473 | 58,330,614 |
| Other comprehensive income for the financial year, net of tax | — | — |
| Total comprehensive income for the financial year | <u>4,830,473</u> | <u>58,330,614</u> |
| Attributable to: | | |
| Owners of the Company | | |
| Total comprehensive income for the financial year attributable to owners of the Company | <u>4,830,473</u> | <u>58,330,614</u> |

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

BALANCE SHEETS

As at 31 March 2019

| | Note | 31.3.19 \$ | Group 31.3.18 \$ | 1.4.17 \$ | 31.3.19 \$ | Company 31.3.18 \$ | 1.4.17 \$ |
|---|------|--------------------|------------------------|--------------------|---------------------|--------------------------|-------------------|
| Non-current assets | | | | | | | |
| Plant and equipment | 12 | 415,276 | 2,757,539 | 1,508,180 | 3,050 | 6,446 | 11,532 |
| Investment properties | 13 | 340,170,000 | 336,090,000 | 52,270,000 | – | – | – |
| Investment in subsidiaries | 14 | – | – | – | 141,232,487 | 141,232,487 | 2 |
| Investment in a joint venture | 15 | 2,985,691 | 3,124,261 | 4,320,858 | 1 | 1 | 1 |
| Investment in an associate | 16 | 905,397 | 855,622 | 847,293 | 847,000 | 847,000 | 847,000 |
| Investment securities | 17 | 2,616,665 | 1,512,000 | – | 2,616,665 | 1,512,000 | – |
| | | <u>347,093,029</u> | <u>344,339,422</u> | <u>58,946,331</u> | <u>144,699,203</u> | <u>143,597,934</u> | <u>858,535</u> |
| Current assets | | | | | | | |
| Properties under development | 18 | – | – | 24,146,719 | – | – | – |
| Trade receivables | 19 | 71,016 | 88,937 | 108,595 | – | – | – |
| Contract assets | 4 | 4,475,830 | 6,805,003 | 13,047,443 | – | – | – |
| Other receivables and deposits | 20 | 116,101 | 131,883 | 444,937 | 35,381 | 37,402 | 38,968 |
| Prepaid operating expenses | | 36,095 | 24,554 | 94,825 | – | 12,296 | 12,868 |
| Due from subsidiaries | 21 | – | – | – | 31,852,893 | 50,358,033 | 52,796,101 |
| Due from related companies | 22 | 21,022,826 | 13,814,511 | 9,186,352 | 17,952,212 | 10,351,897 | 5,686,352 |
| Investment securities | 17 | 293,400 | 304,200 | – | – | – | – |
| Cash and cash equivalents | 23 | 9,081,257 | 19,166,086 | 3,185,653 | 94,328 | 1,997,285 | 1,089,423 |
| | | <u>35,096,525</u> | <u>40,335,174</u> | <u>50,214,524</u> | <u>49,934,814</u> | <u>62,756,913</u> | <u>59,623,712</u> |
| Total assets | | <u>382,189,554</u> | <u>384,674,596</u> | <u>109,160,855</u> | <u>194,634,017</u> | <u>206,354,847</u> | <u>60,482,247</u> |
| Equity and liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Trade payables | 24 | 2,823,380 | 4,156,377 | 3,532,784 | – | – | – |
| Contract liabilities | 4 | 728,225 | 331,090 | 217,356 | – | – | – |
| Other payables and accruals | 25 | 4,242,667 | 4,301,553 | 2,086,852 | 527,616 | 542,557 | 460,255 |
| Provision for taxation | | 758,256 | 684,864 | 401,542 | – | – | – |
| Loans and borrowings | 26 | 22,171,608 | 51,281,630 | 26,359,889 | – | – | – |
| Loan from joint venture | 27 | – | – | 14,490,601 | – | – | 14,490,601 |
| Due to subsidiaries | 28 | – | – | – | 65,767,474 | 63,122,767 | 2,217,700 |
| Due to related parties | | 10,536 | 10,536 | – | – | – | – |
| | | <u>30,734,672</u> | <u>60,766,050</u> | <u>47,089,024</u> | <u>66,295,090</u> | <u>63,665,324</u> | <u>17,168,556</u> |
| Net current assets/(liabilities) | | <u>4,361,853</u> | <u>(20,430,876)</u> | <u>3,125,500</u> | <u>(16,360,276)</u> | <u>(908,411)</u> | <u>42,455,156</u> |
| Non-current liabilities | | | | | | | |
| Deferred tax liabilities | 10 | 112,916 | 202,916 | 543,810 | – | – | – |
| Loan from joint venture | 27 | 14,490,601 | 14,490,601 | – | 14,490,601 | 14,490,601 | – |
| Loans and borrowings | 26 | 143,681,510 | 121,433,302 | 17,371,026 | – | – | – |
| | | <u>158,285,027</u> | <u>136,126,819</u> | <u>17,914,836</u> | <u>14,490,601</u> | <u>14,490,601</u> | <u>–</u> |
| Total liabilities | | <u>189,019,699</u> | <u>196,892,869</u> | <u>65,003,860</u> | <u>80,785,691</u> | <u>78,155,925</u> | <u>17,168,556</u> |
| Net assets | | <u>193,169,855</u> | <u>187,781,727</u> | <u>44,156,995</u> | <u>113,848,326</u> | <u>128,198,922</u> | <u>43,313,691</u> |
| Equity attributable to owners of the Company | | | | | | | |
| Share capital | 29 | 140,099,994 | 140,099,994 | 54,805,876 | 140,099,994 | 140,099,994 | 54,805,876 |
| Revenue reserve | | 53,069,861 | 47,681,733 | (10,648,881) | (26,251,668) | (11,901,072) | (11,492,185) |
| Total equity | | <u>193,169,855</u> | <u>187,781,727</u> | <u>44,156,995</u> | <u>113,848,326</u> | <u>128,198,922</u> | <u>43,313,691</u> |
| Total equity and liabilities | | <u>382,189,554</u> | <u>384,674,596</u> | <u>109,160,855</u> | <u>194,634,017</u> | <u>206,354,847</u> | <u>60,482,247</u> |

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 2019

| | Attributable to owners of the Company | | |
|---|--|--------------------------|-----------------------|
| | Share capital \$ | Revenue reserve \$ | Total equity \$ |
| Group | | | |
| At 1 April 2017 (as previously reported) | 54,805,876 | (1,446,395) | 53,359,481 |
| Adoption of SFRS(I) 15 | – | (10,484,266) | (10,484,266) |
| Effect of changes in accounting policies | – | 1,281,780 | 1,281,780 |
| At 1 April 2017 (restated) | 54,805,876 | (10,648,881) | 44,156,995 |
| Profit net of tax, representing total comprehensive income for the financial year | – | 58,330,614 | 58,330,614 |
| Shares issued for acquisition of subsidiary | 85,294,118 | – | 85,294,118 |
| At 31 March 2018 | 140,099,994 | 47,681,733 | 187,781,727 |
| At 1 April 2018 (as previously reported) | 140,099,994 | 50,329,516 | 190,429,510 |
| Adoption of SFRS(I) 9 | – | 557,655 | 557,655 |
| Adoption of SFRS(I) 15 | – | (6,821,402) | (6,821,402) |
| Effect of changes in accounting policies | – | 4,173,619 | 4,173,619 |
| At 1 April 2018 (restated) | 140,099,994 | 48,239,388 | 188,339,382 |
| Profit net of tax, representing total comprehensive income for the financial year | – | 4,830,473 | 4,830,473 |
| At 31 March 2019 | 140,099,994 | 53,069,861 | 193,169,855 |
| Company | | | |
| At 1 April 2017 | 54,805,876 | (11,492,185) | 43,313,691 |
| Loss net of tax, representing total comprehensive income for the financial year | – | (408,887) | (408,887) |
| Shares issued for acquisition of subsidiary | 85,294,118 | – | 85,294,118 |
| At 31 March 2018 and 1 April 2018 | 140,099,994 | (11,901,072) | 128,198,922 |
| At 1 April 2018 (as previously reported) | 140,099,994 | (11,901,072) | 128,198,922 |
| Adoption of SFRS(I) 9 | – | 557,655 | 557,655 |
| At 1 April 2018 (restated) | 140,099,994 | (11,343,417) | 128,756,577 |
| Loss net of tax, representing total comprehensive income for the financial year | – | (14,908,251) | (14,908,251) |
| At 31 March 2019 | 140,099,994 | (26,251,668) | 113,848,326 |

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 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|--------------|--------------|
| Cash flows from operating activities | | | |
| Profit before tax | | 5,430,132 | 58,014,163 |
| Adjustments for: | | | |
| Depreciation of plant and equipment | 12 | 695,376 | 703,112 |
| Interest income | 6 | (40,096) | (18,307) |
| Fair value (gain)/loss on investment properties | | (2,597,600) | 380,000 |
| Fair value loss/(gain) on quoted investment | | 10,800 | (10,800) |
| Fair value gain on unquoted investment | | (547,010) | – |
| Gain from bargain purchase of subsidiaries | 7 | – | (61,314,576) |
| Interest expense | 8 | 4,245,708 | 1,833,821 |
| Allowance for doubtful debts | 9 | – | 4,682,584 |
| Plant and equipment written off | 9 | – | 3,708 |
| Gain on disposal of plant and equipment | 9 | (18,515) | – |
| Share of results of a joint venture | | (46,431) | 975,097 |
| Share of results of an associate | | (49,776) | (8,329) |
| | | <hr/> | <hr/> |
| Operating cash flows before changes in working capital | | 7,082,588 | 5,240,473 |
| Changes in working capital: | | | |
| Properties under development | | – | 24,146,719 |
| Trade receivables and contract assets | | 2,347,094 | 6,159,642 |
| Other receivables, deposits and prepayments | | 4,242 | (4,117,781) |
| Trade payables | | (1,332,997) | 331,867 |
| Deferred revenue | | 397,135 | 113,732 |
| Other payables and accruals | | (58,886) | 47,305 |
| | | <hr/> | <hr/> |
| Cash flows from operations | | 8,439,176 | 31,921,957 |
| Interest received | | 40,096 | 5,287 |
| Interest paid | | (4,245,708) | (1,833,821) |
| Income taxes paid | | (616,267) | (934,794) |
| | | <hr/> | <hr/> |
| Net cash flows from operating activities | | 3,617,297 | 29,158,629 |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | 12 | (13,998) | (455,897) |
| Proceed from disposal of plant and equipment | | 857,000 | – |
| Investment in unquoted securities | | – | (1,512,000) |
| Additions of investment properties | 13 | (660,000) | – |
| Net cash inflow from acquisition of subsidiary | | – | 10,582,267 |
| Increase in amount due from related companies | | (7,023,314) | (1,423,427) |
| | | <hr/> | <hr/> |
| Net cash flows (used in)/generated from investing activities | | (6,840,312) | 7,190,943 |
| Cash flows from financing activities | | | |
| Repayment of loans and borrowings | | (6,861,814) | (20,369,139) |
| | | <hr/> | <hr/> |
| Net cash flows used in financing activities | | (6,861,814) | (20,369,139) |
| Net (decrease)/increase in cash and cash equivalents | | | |
| | | (10,084,829) | 15,980,433 |
| Cash and cash equivalents at beginning of financial year | | 19,166,086 | 3,185,653 |
| | | <hr/> | <hr/> |
| Cash and cash equivalents at end of financial year | 23 | 9,081,257 | 19,166,086 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

1. Corporate information

Pollux Properties Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore. The Company 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 at 554 Havelock Road, Singapore 169639.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries, associate and joint venture are disclosed in Notes 14 to 16 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 (International) (SFRS(I)).

For all periods up to and including the year ended 31 March 2018, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore (FRS). These financial statements for the year ended 31 March 2019 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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 First-time adoption of SFRS(I)

These financial statements for the year ended 31 March 2019 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 March 2019, together with the comparative period data for the year ended 31 March 2018, as described in the summary of significant accounting policies.

On preparing the financial statements, the Group's and the Company's opening balance sheets were prepared as at 1 April 2017, the Group and the Company's date of transition to SFRS(I). The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 April 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.
- The comparative information does not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of SFRS(I) (cont'd)

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except for the change in accounting policy as explained below and that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 April 2018. Except for the impact arising from the exemptions applied as described above and the change in accounting policy and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

Change in accounting policy

With effect from this financial year, the Group changed its accounting policy with respect to the subsequent measurement of investment properties from cost to fair value model, with the changes in fair values recognised in the income statement.

This resulted in an increase in investment properties of \$1,281,780 and \$4,173,619 as at 1 April 2017 and 31 March 2018 and a decrease in operating expenses of \$2,891,843 for the financial year ended 31 March 2018.

SFRS(I) 9 Financial Instruments

On 1 April 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 April 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Classification and measurement

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 April 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 April 2018. The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. There is no significant impact arising from measurement of these instruments under SFRS(I) 9.

SFRS(I) 9 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income. The Group elects to measure its currently held unquoted equity securities at FVPL. The Group previously measures its investment in unquoted equity at cost. Upon adoption of SFRS(I) 9, the Group measures the unquoted equity securities at FVPL. The impact arising from this change resulted in an increase in carrying value of \$557,655 to the unquoted equity securities with a corresponding adjustment to retained earnings as at 1 April 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of SFRS(I) (cont'd)

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. The Group applies the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, there is no significant impact arising from the impairment of these instruments under SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018. The Group adopted SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the practical expedients in accordance with the transition provisions in SFRS(I) 15.

The key impact of adopting SFRS(I) 15 is detailed as follows:

Sale of development properties

(i) Timing of revenue recognition

The Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of its residential and mixed use developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

(ii) Finance costs

Before 1 April 2018, the Group recognised finance costs incurred on development properties on a percentage of completion method multiplied by the individual project's percentage of sales. Under SFRS(I) 15, finance costs incurred in relation to the acquisition of land and construction of a development project where revenue is recognised over time is capitalised up to the point that the project is ready for its intended sale. Finance costs incurred after that date is expensed as incurred. This resulted in a decrease in properties under development by \$1,607,337 as at 1 April 2017 and a decrease in cost of sales by \$1,607,337 for the financial year ended 31 March 2018.

(iii) Variable considerations

The sale and purchase agreements provide for payment of liquidated damages to buyers on delays in contractual handover of units and strata title. Such payments for liquidated damages give rise to variable consideration under SFRS(I) 15. The Group previously recognized provision for liquidated damages as cost of sales in profit or loss. Under SFRS(I) 15, variable consideration is estimated and is constrained to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty is subsequently resolved. For completed contracts that have variable consideration, the Group has elected to apply the exemption in SFRS(I) 1 to apply the practical expedient in accordance with the transition provisions in SFRS(I) 15 and used the transaction price at the date the contract was completed instead of estimating variable consideration amounts in the comparative year ended 31 March 2018. This resulted in a decrease in investment in a joint venture of \$8,876,929 and \$6,821,402 on 1 April 2017 and 31 March 2018 respectively and an increase in share of results of a joint venture of \$2,055,527 for the financial year ended 31 March 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 April 2017 to the balance sheet of the Group.

| | Group | | | | |
|---|-----------------------|--------------------------------|---------------------------------|--|---------------------------|
| | 1.4.17 (FRS) \$ | SFRS(I) 1 adjustments \$ | SFRS(I) 15 adjustments \$ | Change in accounting policy adjustments \$ | 1.4.17 (SFRS(I)) \$ |
| Non-current assets | | | | | |
| Plant and equipment | 1,508,180 | – | – | – | 1,508,180 |
| Investment properties | 50,988,220 | – | – | 1,281,780 | 52,270,000 |
| Investment in a joint venture | 13,197,787 | – | (8,876,929) | – | 4,320,858 |
| Investment in an associate | 847,293 | – | – | – | 847,293 |
| | 66,541,480 | – | (8,876,929) | 1,281,780 | 58,946,331 |
| Current assets | | | | | |
| Properties under development | 25,754,056 | – | (1,607,337) | – | 24,146,719 |
| Trade receivables | 108,595 | – | – | – | 108,595 |
| Contract assets | 13,047,443 | – | – | – | 13,047,443 |
| Other receivables and deposits | 444,937 | – | – | – | 444,937 |
| Prepaid operating expenses | 94,825 | – | – | – | 94,825 |
| Due from related companies | 9,186,352 | – | – | – | 9,186,352 |
| Cash and cash equivalents | 3,185,653 | – | – | – | 3,185,653 |
| | 51,821,861 | – | (1,607,337) | – | 50,214,524 |
| Current liabilities | | | | | |
| Trade payables | 3,532,784 | – | – | – | 3,532,784 |
| Deferred revenue | 217,356 | – | – | – | 217,356 |
| Other payables and accruals | 2,086,852 | – | – | – | 2,086,852 |
| Provision for taxation | 401,542 | – | – | – | 401,542 |
| Loans and borrowings | 26,359,889 | – | – | – | 26,359,889 |
| Loan from joint venture | 14,490,601 | – | – | – | 14,490,601 |
| | 47,089,024 | – | – | – | 47,089,024 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 543,810 | – | – | – | 543,810 |
| Loans and borrowings | 17,371,026 | – | – | – | 17,371,026 |
| | 17,914,836 | – | – | – | 17,914,836 |
| Net assets | 53,359,481 | – | (10,484,266) | 1,281,780 | 44,156,995 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 54,805,876 | – | – | – | 54,805,876 |
| Retained earnings | (1,446,395) | – | (10,484,266) | 1,281,780 | (10,648,881) |
| Total equity | 53,359,481 | – | (10,484,266) | 1,281,780 | 44,156,995 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 March 2018 and 1 April 2018 to the balance sheet of the Group.

| | Group | | | | | | |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | 31.3.18 | SFRS(I) 1 | SFRS(I) 15 | Change in | 31.3.18 | SFRS(I) 9 | 1.4.18 |
| | (FRS) | adjustments | adjustments | accounting | (SFRS(I)) | adjustments | (SFRS(I)) |
| | \$ | \$ | \$ | policy | \$ | \$ | \$ |
| | \$ | \$ | \$ | adjustments | \$ | \$ | \$ |
| Non-current assets | | | | | | | |
| Plant and equipment | 2,757,539 | – | – | – | 2,757,539 | – | 2,757,539 |
| Investment properties | 331,916,381 | – | – | 4,173,619 | 336,090,000 | – | 336,090,000 |
| Investment in a joint venture | 9,945,663 | – | (6,821,402) | – | 3,124,261 | – | 3,124,261 |
| Investment in an associate | 855,622 | – | – | – | 855,622 | – | 855,622 |
| Investment securities | 1,512,000 | – | – | – | 1,512,000 | 557,655 | 2,069,655 |
| | 346,987,205 | – | (6,821,402) | 4,173,619 | 344,339,422 | 557,655 | 344,897,077 |
| Current assets | | | | | | | |
| Trade receivables | 88,937 | – | – | – | 88,937 | – | 88,937 |
| Contract assets | 6,805,003 | – | – | – | 6,805,003 | – | 6,805,003 |
| Other receivables and deposits | 131,883 | – | – | – | 131,883 | – | 131,883 |
| Prepaid operating expenses | 24,554 | – | – | – | 24,554 | – | 24,554 |
| Due from related companies | 13,814,511 | – | – | – | 13,814,511 | – | 13,814,511 |
| Investment securities | 304,200 | – | – | – | 304,200 | – | 304,200 |
| Cash and cash equivalents | 19,166,086 | – | – | – | 19,166,086 | – | 19,166,086 |
| | 40,335,174 | – | – | – | 40,335,174 | – | 40,335,174 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of SFRS(I) (cont'd)

| | Group | | | | | | |
|---|---|--------------------------------|---------------------------------|-----------|----------------------------|--------------------------------|---------------------------|
| | Change in accounting policy adjustments | | | | | | |
| | 31.3.18 (FRS) \$ | SFRS(I) 1 adjustments \$ | SFRS(I) 15 adjustments \$ | \$ | 31.3.18 (SFRS(I)) \$ | SFRS(I) 9 adjustments \$ | 1.4.18 (SFRS(I)) \$ |
| Current liabilities | | | | | | | |
| Trade payables | 4,156,377 | – | – | – | 4,156,377 | – | 4,156,377 |
| Deferred revenue | 331,090 | – | – | – | 331,090 | – | 331,090 |
| Other payables and accruals | 4,301,553 | – | – | – | 4,301,553 | – | 4,301,553 |
| Provision for taxation | 684,864 | – | – | – | 684,864 | – | 684,864 |
| Loans and borrowings | 51,281,630 | – | – | – | 51,281,630 | – | 51,281,630 |
| Due to related parties | 10,536 | – | – | – | 10,536 | – | 10,536 |
| | 60,766,050 | – | – | – | 60,766,050 | – | 60,766,050 |
| Non-current liabilities | | | | | | | |
| Deferred tax liabilities | 202,916 | – | – | – | 202,916 | – | 202,916 |
| Loan from joint venture | 14,490,601 | – | – | – | 14,490,601 | – | 14,490,601 |
| Loans and borrowings | 121,433,302 | – | – | – | 121,433,302 | – | 121,433,302 |
| | 136,126,819 | – | – | – | 136,126,819 | – | 136,126,819 |
| Net assets | 190,429,510 | – | (6,821,402) | 4,173,619 | 187,781,727 | 557,655 | 188,339,382 |
| Equity attributable to owners of the Company | | | | | | | |
| Share capital | 140,099,994 | – | – | – | 140,099,994 | – | 140,099,994 |
| Retained earnings | 50,329,516 | – | (6,821,402) | 4,173,619 | 47,681,733 | 557,655 | 48,239,388 |
| Total equity | 190,429,510 | – | (6,821,402) | 4,173,619 | 187,781,727 | 557,655 | 188,339,382 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.2 First-time adoption of SFRS(I) (cont'd)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and the change in accounting policy and application of the new accounting standards to the comprehensive income of the Group for the year ended 31 March 2018.

| | Group | | | |
|---|---------------------|---------------------------------|--|-------------------|
| | 2018 (FRS) \$ | SFRS(I) 15 adjustments \$ | Change in accounting policy adjustments \$ | 2018 (SFRS(I)) |
| Revenue | 15,303,305 | – | – | 15,303,305 |
| Cost of sales | (11,475,105) | 1,607,333 | – | (9,867,772) |
| Gross profit | 3,828,200 | 1,607,333 | – | 5,435,533 |
| Other items of income | | | | |
| Interest income | 18,307 | – | – | 18,307 |
| Other income | 61,593,343 | – | – | 61,593,343 |
| Other items of expense | | | | |
| Marketing and distribution | (19,300) | – | – | (19,300) |
| Administrative expenses | (9,099,868) | – | 2,891,843 | (6,208,025) |
| Finance cost | (1,838,927) | – | – | (1,838,927) |
| Share of results of a joint venture, net of tax | (3,030,624) | 2,055,527 | – | (975,097) |
| Share of results of an associate, net of tax | 8,329 | – | – | 8,329 |
| Profit before tax | 51,459,460 | 3,662,860 | 2,891,843 | 58,014,163 |
| Income tax credit | 316,451 | – | – | 316,451 |
| Profit for the year | 51,775,911 | 3,662,860 | 2,891,843 | 58,330,614 |
| Profit for the financial year | 51,755,911 | 3,662,860 | 2,891,843 | 58,330,614 |
| Other comprehensive income for the year, net of tax | – | – | – | – |
| Total comprehensive income for the year | 51,755,911 | 3,662,860 | 2,891,843 | 58,330,614 |
| Attributable to: | | | | |
| Owners of the Company | | | | |
| Profit for the financial year attributable to owners of the company | 51,755,911 | 3,662,860 | 2,891,843 | 58,330,614 |
| Earnings per share attributable to owners of the Company (cents per share) | | | | |
| Basic | 3.656 | 0.259 | 0.204 | 4.120 |
| Diluted | 3.656 | 0.259 | 0.204 | 4.120 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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 |
|--|--|
| SFRS(I) 16 <i>Leases</i> | 1 January 2019 |
| SFRS(I) INT 23 <i>Uncertainty over Income Tax Treatments</i> | 1 January 2019 |
| Amendments to SFRS(I) 9 <i>Prepayment Features with Negative Compensation</i> | 1 January 2019 |
| Amendments to SFRS(I) 1-28 <i>Long-term Interests in Associates and Joint Ventures</i> | 1 January 2019 |
| Annual Improvements to SFRS(I)s 2015-2017 Cycle | 1 January 2019 |
| Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Date to be determined |

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group plans to adopt SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- (i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 April 2019; or
- (ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 April 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 April 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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.

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 and goodwill

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.

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

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

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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 |
| Operating equipment | – | 5 to 10 years |
| Linen, glass/silverware and uniforms | – | 4 years |
| Motor vehicles | – | 10 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.

2.7 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held 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 and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are de-recognised 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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.

2.9 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 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. Impairment losses relating to goodwill cannot be reversed in future periods.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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.

2.12 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 accounts 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 or 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 venture, 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 venture. 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 or joint venture and its carrying value and recognises the amount in profit or loss.

The financial statements of the associate and joint venture 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

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

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.13 Financial Instruments (cont'd)

(a) Financial assets (cont'd)

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition 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 had been recognised in other comprehensive income for debt instruments 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.

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 de-recognised, 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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.14 Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits that are readily convertible to known amount of cash and 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 Development properties

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

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

Net realisable value of development properties is the estimated selling price in the ordinary course of 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.

2.17 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.

2.18 Borrowing costs

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.19 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.

2.20 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 2.21(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

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

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

(a) *Sale of completed development properties*

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*

The Group develops and sells residential and commercial properties before completion of construction of the properties.

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

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time, based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

For development properties whereby the Group does not have an enforceable right to payment for performance completed to date, revenue is recognised when the customer obtains control of the asset.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified construction milestones.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.21 Revenue (cont'd)

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

A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(c) Rental income

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

(d) 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.

2.22 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.22 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

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 recovered.

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

(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.

2.23 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

2.24 Contingencies

A contingent liability is:

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

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

Contingent liabilities and assets are not recognised on the balance 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 company is disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

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) Valuation of investment properties

The Group carries its investment properties with changes in fair values being recognised in profit or loss. The Group engaged real estate valuation experts to assess fair value as at 31 March 2019. The fair values of the investment properties are determined by independent real estate valuation experts using recognised valuation techniques. These techniques comprise both the market comparable approach and discounted cash flow method.

The determination of the fair values of the investment properties require the use of estimates on yield adjustments such as location, tenure and condition and size. These estimates are based on local market conditions existing at the end of each reporting date. The key assumptions used to determine the fair value of these investment properties and sensitivity analysis are provided in Note 36(b).

The carrying amounts of the investment properties carried at fair value as at 31 March 2019 are \$340,170,000 (31 March 2018: \$336,090,000, 1 April 2017: \$52,270,000) respectively.

(b) 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 2019 was \$758,256 (31 March 2018: \$684,864, 1 April 2017: \$401,542) and \$112,916 (31 March 2018: \$202,916, 1 April 2017: \$543,810) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

3.2 Key sources of estimation uncertainty (cont'd)

(c) 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.

(d) Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 35.

The carrying amount of trade receivables and contract assets as at 31 March 2019 are \$71,016 and \$4,475,830 (31 March 2018: \$88,937 and \$6,805,003; 1 April 2017: \$108,595 and \$13,047,443) respectively.

(e) Useful lives of plant and equipment

The Group's plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these plant and equipment to be within 3 to 10 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 plant and equipment at the end of the reporting period are disclosed in Note 12 to the financial statements respectively.

4. Revenue

| | 2019 | Group | 2018 |
|---------------------------------------|-------------------|-------|-------------------|
| | \$ | | \$ |
| Revenue from contracts with customers | – | | 6,670,365 |
| Serviced apartment operating income | 4,796,056 | | 5,268,428 |
| Rental income | 9,280,265 | | 3,364,512 |
| | <u>14,076,321</u> | | <u>15,303,305</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. Revenue (cont'd)

(a) Disaggregation of revenue

| | Development properties | | Serviced Apartment | | Investment properties* | | Total revenue | |
|--|------------------------|-----------|--------------------|-----------|------------------------|-----------|---------------|------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Primary geographical markets | | | | | | | | |
| Singapore | – | 6,670,365 | 4,796,056 | 5,268,428 | 9,280,265 | 3,364,512 | 14,076,321 | 15,303,305 |
| Major product or service lines | | | | | | | | |
| Residential properties | – | 6,670,365 | – | – | 1,199,637 | 476,289 | 1,199,637 | 7,146,654 |
| Commercial properties | – | – | – | – | 8,080,628 | 2,888,223 | 8,080,628 | 2,888,223 |
| Serviced apartment operation income | – | – | 4,796,056 | 5,268,428 | – | – | 4,796,056 | 5,268,428 |
| | – | 6,670,365 | 4,796,056 | 5,268,428 | 9,280,265 | 3,364,512 | 14,076,321 | 15,303,305 |
| Timing of transfer of goods or services | | | | | | | | |
| Over time | – | 6,670,365 | 4,796,056 | 5,268,428 | 9,280,265 | 3,364,512 | 14,076,321 | 15,303,305 |

* Excluding serviced apartment

(b) Judgement and methods used in estimating revenue

Recognition of revenue from development properties over time

For the sale of development properties where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the development properties to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the development properties. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the development properties.

The estimated total construction and other related costs are based on contracted amounts and, in respect of amounts not contracted for, management relies on past experience and knowledge of the project engineers to make estimates of the amounts to be incurred. In making these estimates, management takes into consideration the historical trends of the amounts incurred in its other similar development properties, analysed by different property types and geographical areas for the past 3 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

4. Revenue (cont'd)

(c) Contract assets and contract liabilities

Information about receivables, contract assets and contract liabilities from contracts with customers is disclosed as follows:

| | 31.3.19 | Group 31.3.18 | 1.4.17 |
|---|-----------|------------------|------------|
| Receivables from contracts with customers (Note 19) | 71,016 | 88,937 | 108,595 |
| Contract assets | 4,475,830 | 6,805,003 | 13,047,443 |
| Contract liabilities | 728,225 | 331,090 | 217,356 |

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at reporting date for sale of development properties. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's obligation to transfer goods or services to customers for which the Group has received advances received from customers for its serviced apartment.

Contract liabilities are recognised as revenue as the Group performs under the contract.

5. Cost of sales

| | 2019 \$ | Group 2018 \$ |
|---|------------|---------------------|
| Cost of sales in relation to development properties | – | 7,597,734 |
| Cost of sales in relation to serviced apartment | 2,286,999 | 2,270,038 |
| | 2,286,999 | 9,867,772 |

6. Interest income

| | 2019 \$ | Group 2018 \$ |
|--|------------|---------------------|
| Interest income from loan to a related company | – | 13,020 |
| Interest income from short term deposits | 40,096 | 5,287 |
| | 40,096 | 18,307 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

7. Other income

| | Group | |
|---|-----------|------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Management fee income from a joint venture | 185,000 | 221,500 |
| Gain from bargain purchase of subsidiaries | – | 61,314,576 |
| Fair value gain from unquoted equity securities | 547,010 | – |
| Fair value gain from investment properties | 2,597,600 | – |
| Income from draw down of performance bond | 823,014 | – |
| Others | 120,353 | 57,267 |
| | 4,272,977 | 61,593,343 |

8. Finance costs

| | Group | |
|--------------------------------|-----------|-----------|
| | 2019 | 2018 |
| | \$ | \$ |
| Interest expense on bank loans | 4,245,708 | 1,833,821 |
| Bank charges | 7,918 | 5,106 |
| | 4,253,626 | 1,838,927 |

9. Profit before tax

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

| | | Group | |
|--|-------|-----------|-----------|
| | Note | 2019 | 2018 |
| | | \$ | \$ |
| Audit fees to: | | | |
| - Auditors of the Group | | 150,400 | 192,600 |
| Depreciation of plant and equipment | 12 | 695,376 | 703,112 |
| Gain on disposal of plant and equipment | | 18,515 | – |
| Plant and equipment written off | 12 | – | 3,708 |
| Allowance for doubtful debts | 19,20 | – | 4,682,584 |
| Rental expenses | | 138,449 | 140,201 |
| Employee benefits expense | 32 | 1,666,536 | 2,066,530 |
| Fair value gain on unquoted equity securities | | 547,010 | – |
| Fair value (loss)/gain on quoted equity securities | | (10,800) | 10,800 |
| Fair value gain/(loss) from investment properties | 13 | 2,597,600 | (380,000) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

10. Income tax expense/(credit)

Major components of income tax expense/(credit)

The major components of income tax expense/(credit) for the financial years ended 31 March 2019 and 2018 are:

| | Group | |
|--|----------|-----------|
| | 2019 | 2018 |
| | \$ | \$ |
| Current income tax | | |
| - Current income taxation | 706,779 | 8,707 |
| - Under/(Over) provision in respect of prior years | (17,120) | 15,736 |
| | 689,659 | 24,443 |
| Deferred income tax | | |
| - Origination and reversal of temporary differences | – | 48,906 |
| - Over provision in respect of prior years | (90,000) | (389,800) |
| | (90,000) | (340,894) |
| Income tax expense/(credit) recognised in profit or loss | 599,659 | (316,451) |

Relationship between tax expense/(credit) and profit before tax

A reconciliation between tax expense/(credit) and the product of profit before tax multiplied by the applicable corporate tax rate for the financial years ended 31 March 2019 and 2018 is as follows:

| | Group | |
|--|-----------|--------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Profit before tax | 5,430,132 | 58,014,163 |
| Tax at statutory tax rate of 17% (2018: 17%) | 923,122 | 9,862,407 |
| Adjustments: | | |
| Non-deductible expenses | 902,249 | 204,651 |
| Income not subject to taxation | (997,916) | (10,670,162) |
| Effect of partial tax exemption and tax relief | (148,768) | (86,162) |
| Deferred tax assets not recognised | 193,845 | 572,435 |
| (Over)/under provision of income tax in respect of prior years | (17,120) | 15,736 |
| Utilisation of group relief | (107,058) | – |
| Over provision of deferred tax in respect of prior years | (90,000) | (389,800) |
| Adjustment for share of results of joint venture | (7,983) | 165,767 |
| Adjustment for share of results of associate | (8,462) | (1,416) |
| Others | (42,340) | 10,093 |
| Income tax expense/(credit) recognised in profit or loss | 599,659 | (316,451) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

10. Income tax expense/(credit) (cont'd)

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

| | Group | | | Profit or loss | |
|---|------------------|-----------------------|------------------|-----------------|------------------|
| | 2019 | Balance sheet 2018 | 2017 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ |
| Attributable profit on development property | – | – | (1,205,587) | – | (1,205,587) |
| Unutilised tax losses | – | – | 834,777 | – | 834,777 |
| Difference in depreciation for tax purposes | (112,916) | (202,916) | (173,000) | (90,000) | 29,916 |
| | <u>(112,916)</u> | <u>(202,916)</u> | <u>(543,810)</u> | | |
| Deferred income tax | | | | <u>(90,000)</u> | <u>(340,894)</u> |

Unrecognised tax losses

As at 31 March 2019, the Group has tax losses of approximately \$4,514,365 (2018: \$3,690,695) that are available for offset against future taxable profits of the companies 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 reflects the earnings used in the computation of basic and diluted earnings per share for the financial years ended 31 March 2019 and 31 March 2018:

| | Group | |
|---|------------------|-------------------|
| | 2019 | 2018 |
| | \$ | \$ |
| Profit for the financial year attributable to owners of the Company | <u>4,830,473</u> | <u>58,330,614</u> |

| | Group | |
|---|----------------------|----------------------|
| | 2019 | 2018 |
| | No of shares | No of shares |
| Weighted average number of ordinary shares for basic earnings per share computation | <u>2,759,468,325</u> | <u>1,415,793,869</u> |
| Weighted average number of ordinary shares for diluted earnings per share computation | <u>2,759,468,325</u> | <u>1,415,793,869</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. Plant and equipment

| Group | Leasehold improvement | Office equipment | Computers and software | Furniture and fittings | Operating equipment | Linen, glass/silverware and uniforms | Motor vehicles | Total |
|-----------------------------------|-----------------------|------------------|------------------------|------------------------|---------------------|--------------------------------------|----------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Cost | | | | | | | | |
| At 1 April 2017 | 167,471 | 39,984 | 153,094 | 1,937,906 | 587,745 | 138,345 | – | 3,024,545 |
| Acquisition of subsidiary | – | – | – | – | 446,248 | – | 1,054,034 | 1,500,282 |
| Additions | – | – | 10,397 | 5,500 | 440,000 | – | – | 455,897 |
| Written off | – | – | – | – | (1,427) | (14,125) | – | (15,552) |
| At 31 March 2018 and 1 April 2018 | 167,471 | 39,984 | 163,491 | 1,943,406 | 1,472,566 | 124,220 | 1,054,034 | 4,965,172 |
| Additions | – | – | 4,600 | 3,560 | 5,838 | – | – | 13,998 |
| Disposal | – | – | – | – | (1,221) | (9,153) | (1,054,034) | (1,064,408) |
| Transfer to investment properties | – | – | – | – | (918,000) | – | – | (918,000) |
| At 31 March 2019 | 167,471 | 39,984 | 168,091 | 1,946,966 | 559,183 | 115,067 | – | 2,996,762 |
| Accumulated depreciation | | | | | | | | |
| At 1 April 2017 | 91,947 | 25,003 | 125,585 | 933,953 | 259,177 | 80,700 | – | 1,516,365 |
| Charge for the financial year | 46,812 | 5,524 | 27,146 | 377,218 | 139,589 | 30,675 | 76,148 | 703,112 |
| Written off | – | – | – | – | (859) | (10,985) | – | (11,844) |
| At 31 March 2018 | 138,759 | 30,527 | 152,731 | 1,311,171 | 397,907 | 100,390 | 76,148 | 2,207,633 |
| Charge for the financial year | 28,712 | 5,524 | 4,750 | 375,609 | 126,845 | 14,676 | 139,260 | 695,376 |
| Transfer to investment properties | – | – | – | – | (95,600) | – | – | (95,600) |
| Disposal | – | – | – | – | (981) | (9,534) | (215,408) | (225,923) |
| At 31 March 2019 | 167,471 | 36,051 | 157,481 | 1,686,780 | 428,171 | 105,532 | – | 2,581,486 |
| Net book value | | | | | | | | |
| At 31 March 2019 | – | 3,933 | 10,610 | 260,186 | 131,012 | 9,535 | – | 415,276 |
| At 31 March 2018 | 28,712 | 9,457 | 10,760 | 632,235 | 1,074,659 | 23,830 | 977,886 | 2,757,539 |
| At 1 April 2017 | 75,524 | 14,981 | 27,509 | 1,003,953 | 328,568 | 57,645 | – | 1,508,180 |

A subsidiary, Peninsula Park Residences Pte. Ltd. carried out a review for plant and equipment that are no longer in use. An amount of \$Nil (2018: \$3,708) was written off in profit or loss for the financial year ended 31 March 2019 (Note 9).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

12. Plant and equipment (cont'd)

| Company | Leasehold improvement \$ | Office equipment \$ | Computers and software \$ | Furniture and fittings \$ | Total \$ |
|--|-----------------------------|------------------------|------------------------------|------------------------------|-------------|
| Cost | | | | | |
| At 1 April 2017 | 27,919 | 12,364 | 50,054 | 69,948 | 160,285 |
| Additions | – | – | 1,877 | – | 1,877 |
| At 31 March 2018, 1 April 2018 and 31 March 2019 | 27,919 | 12,364 | 51,931 | 69,948 | 162,162 |
| Accumulated depreciation | | | | | |
| At 1 April 2017 | 27,624 | 12,364 | 45,567 | 63,198 | 148,753 |
| Charge for the financial year | 295 | – | 4,143 | 2,525 | 6,963 |
| At 31 March 2018 | 27,919 | 12,364 | 49,710 | 65,723 | 155,716 |
| Charge for the financial year | – | – | 1,439 | 1,957 | 3,396 |
| At 31 March 2019 | 27,919 | 12,364 | 51,149 | 67,680 | 159,112 |
| Net book value | | | | | |
| At 31 March 2019 | – | – | 782 | 2,268 | 3,050 |
| At 31 March 2018 | – | – | 2,221 | 4,225 | 6,446 |
| At 1 April 2017 | 295 | – | 4,487 | 6,750 | 11,532 |

13. Investment properties

| | Group | |
|---|-------------|-------------|
| | 2019 \$ | 2018 \$ |
| Beginning of the financial year | 336,090,000 | 52,270,000 |
| Net gain/(loss) from fair value adjustments recognised in profit or loss (Note 9) | 2,597,600 | (380,000) |
| Additions | 660,000 | 284,200,000 |
| Transfer from plant and equipment (Note 12) | 822,400 | – |
| At 31 March | 340,170,000 | 336,090,000 |

The following amounts are recognised in the income statement:

| | | |
|---|------------|-----------|
| Serviced apartment and rental income (Note 4) | 14,076,321 | 8,632,940 |
| Direct operating expenses arising from rental generating properties | 5,467,433 | 5,347,988 |

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed at the end of the reporting period. The valuations were performed by Cushman & Wakefield VHS Pte. Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued. Details of the valuation techniques and inputs are disclosed in Note 36(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

13. Investment properties (cont'd)

Investment properties pledged as security

Investment properties amounting to \$340,170,000 (31 March 2018: \$336,090,000, 1 April 2017: \$52,270,000) are mortgaged to secure certain bank loans of the Group (Note 26).

The investment properties held by the Group as at 31 March 2019 are as follows:

| Description and Location | Existing Use | Tenure | Unexpired lease term |
|--|---------------------|-----------|----------------------|
| 2 units at No. 432 Balestier Road | Shops | Freehold | Freehold |
| 96 units at No. 554 Havelock Road | Serviced Apartments | Leasehold | 16 years |
| 10-storey development at 40A Orchard Road, MacDonald House | Commercial | Freehold | Freehold |
| 12 units at 57B Devonshire Road, The Suites @ Central | Residential | Freehold | Freehold |
| 1 unit at 31 Tanglin Road, St. Regis Residences | Residential | 999 years | 975 years |
| 1 unit at 238 Orchard Boulevard, The Orchard Residences | Residential | 99 years | 86 years |

14. Investments in subsidiaries

| | 2019 \$ | 2018 \$ | 2017 \$ |
|---|-------------|-------------|------------|
| At 1 April | 141,232,487 | 2 | 2 |
| At acquisition of a group of subsidiaries | – | 141,232,485 | – |
| At 31 March | 141,232,487 | 141,232,485 | 2 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. Investments in subsidiaries (cont'd)

| Name | Principal activities | Country of incorporation | Proportion (%) of ownership interest | | |
|---|-----------------------------|--------------------------|--------------------------------------|-----------|----------|
| | | | 31.3.19 % | 31.3.18 % | 1.4.17 % |
| Held by the Company | | | | | |
| Luban Investments Pte. Ltd. ⁽¹⁾ | Property investment holding | Singapore | 100 | 100 | 100 |
| Kovan Properties Pte. Ltd. ⁽¹⁾ | Investment holding | Singapore | 100 | 100 | 100 |
| Pollux Alpha Investments Ltd. ⁽¹⁾ | Investment holding | British Virgin Islands | 100 | 100 | 100 |
| Held through subsidiaries | | | | | |
| Kovan Central Pte. Ltd. ⁽¹⁾ | Property development | Singapore | – | 100 | 100 |
| Boulevard Residences Pte. Ltd. ⁽¹⁾ | Property development | Singapore | 100 | 100 | 100 |
| Bulgari Park Residences Pte. Ltd. ⁽¹⁾ | Property development | Singapore | 100 | 100 | 100 |
| Channel Residences Pte. Ltd. ⁽¹⁾ | Property development | Singapore | 100 | 100 | 100 |
| Giorgio Residences Pte. Ltd. ⁽¹⁾ | Property development | Singapore | 100 | 100 | 100 |
| Peninsula Park Residences Pte. Ltd. ⁽¹⁾ | Property investment holding | Singapore | 100 | 100 | 100 |
| Tinifia Investment Pte. Ltd. ⁽¹⁾ | Property investment holding | Singapore | 100 | 100 | – |
| Richmond View Investment Pte. Ltd. ⁽¹⁾ | Property investment holding | Singapore | 100 | 100 | – |
| Orchard Residence Investment Pte. Ltd. ⁽¹⁾ | Property investment holding | Singapore | 100 | 100 | – |
| Symbianta Worldwide Inc. ⁽¹⁾ | Property investment holding | British Virgin Islands | 100 | 100 | – |
| Savers Investment Ltd ⁽¹⁾ | Property investment holding | British Virgin Islands | 100 | 100 | – |
| Cherimoya Worldwide Corporation ⁽¹⁾ | Property investment holding | British Virgin Islands | 100 | 100 | – |

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. Investments in subsidiaries (cont'd)

Acquisition of subsidiary

On 16 November 2017, the Company acquired 100% equity interest in Pollux Alpha Investments Ltd ("PAI"), an investment holding company. PAI is a single-purpose property investment company incorporated in the British Virgin Islands and holds its investment properties through each of its six wholly-owned subsidiaries. The investment properties comprise commercial and residential properties located in prime districts in Singapore. (Note 13).

The following table summarises the fair value of the identifiable assets and liabilities of Pollux Alpha Investments Ltd. and its subsidiaries as at the acquisition date.

| | Fair value recognised on acquisition \$ |
|--|--|
| Summarised balance sheet | |
| Plant and equipment | 1,500,282 |
| Investment properties | 284,200,000 |
| Trade receivables | 38,400 |
| Other receivable and deposits | 40,620 |
| Investment securities | 293,400 |
| Due from holding company | 58,908,579 |
| Cash and cash equivalents | 10,582,267 |
| Total assets | <u>355,563,548</u> |
| Trade payables | 291,726 |
| Other payables and accruals | 2,167,396 |
| Due to related parties | 10,536 |
| Loans and borrowings | 149,353,156 |
| Provision for taxation | 1,193,673 |
| Total liabilities | <u>153,016,487</u> |
| Total identifiable net assets at fair value | 202,547,061 |
| Gain from bargain purchase | (61,314,576) |
| Carrying amount of the investment | <u>141,232,485</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

14. Investments in subsidiaries (cont'd)

Consideration transferred for the acquisition of PAI

| | Fair value recognised on acquisition \$ |
|---|--|
| <u>Equity instruments issued (2,132,352,941 ordinary shares of Company)</u> | 85,294,118 |
| Offset of amount due from holding company | 55,938,367 |
| Total consideration transferred | <u>141,232,485</u> |
| <u>Effect of the acquisition of PAI on cash flows</u> | |
| Total consideration transferred | 141,232,485 |
| Less: non-cash consideration | <u>(141,232,485)</u> |
| Consideration to be settled in cash | – |
| Less: cash and cash equivalents of subsidiary acquired | <u>(10,582,267)</u> |
| Net cash inflow on acquisition | <u>10,582,267</u> |

Equity instruments issued as part of consideration transferred

In connection with the acquisition of PAI, the Company issued 2,132,352,941 ordinary shares with a fair value of \$0.04 each. The fair value of these shares is the published price of the shares at the acquisition date.

Transaction cost

Transaction costs relating to the acquisition of \$310,208 have been recognised in the "General and administrative expenses" line item in the Group's consolidated income statement for the year ended 31 March 2018.

Impact of the acquisition on profit or loss

From the acquisition date, PAI has contributed \$3,222,692 of revenue and \$2,194,713 of profit net of tax to the Group's income statement. If the business combination had taken place at the beginning of the year, the revenue of the Group would have been \$20,881,858 and the Group's profit, net of tax would have been \$52,505,957.

Accounting for the acquisition of PAI

The Group has engaged Cushman and Wakefield VHS Pte. Ltd., an independent valuation specialist to determine the fair value of the identifiable net assets of PAI.

The purchase price allocation ("PPA") was completed during the year and gain on bargain purchase of \$61,314,576 was recorded.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

15. Investment in joint venture

The Group has 50% (31 March 2018: 50%, 1 April 2017: 50%) interest in the ownership and voting rights in a joint venture, Pollux Botero Pte. Ltd ⁽¹⁾. 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.

| | 31.3.19 | Group 31.3.18 | 1.4.17 | 31.3.19 | Company 31.3.18 | 1.4.17 |
|------------------------------------|------------------|--------------------------|------------------|----------------|----------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Shares, at cost | 1 | 1 | 1 | 1 | 1 | 1 |
| Share of post-acquisition reserves | 2,985,690 | 3,124,260 | 4,320,857 | – | – | – |
| | <u>2,985,691</u> | <u>3,124,261</u> | <u>4,320,858</u> | <u>1</u> | <u>1</u> | <u>1</u> |

Note:

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

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

Summarised balance sheet

| | 31.3.19 | Group 31.3.18 | 1.4.17 |
|--|-------------------|--------------------------|--------------------|
| | \$ | \$ | \$ |
| Property under development | – | 59,532,995 | 55,078,866 |
| Trade debtors | 14,510,595 | 404,700 | 404,700 |
| Other debtors and deposits | 7,905 | 7,950 | 1,174,640 |
| Due from shareholders (non-trade) | 28,981,202 | 28,981,202 | 28,981,202 |
| Cash and cash equivalents | 1,080,408 | 4,244,140 | 26,496,693 |
| Total assets | <u>44,580,110</u> | <u>93,170,987</u> | <u>112,136,101</u> |
| Current liabilities | 35,845,012 | 84,582,352 | 97,316,736 |
| Non-current liabilities | 2,763,716 | 2,340,114 | 6,177,649 |
| Total liabilities | <u>38,608,728</u> | <u>86,922,466</u> | <u>103,494,385</u> |
| Net assets | <u>5,971,382</u> | <u>6,248,521</u> | <u>8,641,716</u> |
| Proportion of the Group's ownership | 50% | 50% | 50% |
| Carrying amount of the investment | <u>2,985,691</u> | <u>3,124,261</u> | <u>4,320,858</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

15. Investment in joint venture (cont'd)

| Summarised statement of comprehensive income | 2019 | 2018 |
|---|-------------|-------------|
| | \$ | \$ |
| Operating results | 2,088,892 | 9,367 |
| Other operating income | 171,463 | 1,374,383 |
| Operating expenses | (474,330) | (3,256,755) |
| Interest expense | (1,065,884) | (1,563,415) |
| Profit/(loss) before tax | 720,141 | (3,436,420) |
| Income tax (expense)/credit | (997,280) | 1,043,227 |
| Loss after tax | (277,139) | (2,393,193) |
| Total comprehensive loss | (277,139) | (2,393,193) |

Management fee of \$370,000 (2018: \$443,000) 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.⁽¹⁾, 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.

| | 31.3.19 | Group | 1.4.17 | 31.3.19 | Company | 1.4.17 |
|------------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| | \$ | 31.3.18 | \$ | \$ | 31.3.18 | \$ |
| Shares, at cost | 847,000 | 847,000 | 847,000 | 847,000 | 847,000 | 847,000 |
| Share of post-acquisition reserves | 58,397 | 8,622 | 293 | – | – | – |
| | 905,397 | 855,622 | 847,293 | 847,000 | 847,000 | 847,000 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

16. Investment in an associate (cont'd)

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

| | 31.3.19 \$ | 31.3.18 \$ | 1.4.17 \$ |
|---|----------------|----------------|----------------|
| Summarised balance sheet | | | |
| Current assets | 924,020 | 846,540 | 827,818 |
| Total assets | 924,020 | 846,540 | 827,818 |
| Current liabilities | 3,910 | 25,960 | 23,893 |
| Total liabilities | 3,910 | 25,960 | 23,893 |
| Net assets | 920,110 | 820,580 | 803,925 |
| Proportion of the Group's ownership | 50.01% | 50.01% | 50.01% |
| Group's share of net assets | 460,147 | 410,372 | 402,043 |
| Goodwill on acquisition | 445,250 | 445,250 | 445,250 |
| Carrying amount of the investment | 905,397 | 855,622 | 847,293 |
| Summarised statement of comprehensive income | | | |
| Revenue | 563,599 | 314,660 | 172,772 |
| Other operating income | – | 9,015 | 18,025 |
| Operating expenses | (463,880) | (307,020) | (195,619) |
| Finance expense | (189) | – | (279) |
| Profit/(loss) before tax | 99,530 | 16,655 | (5,101) |
| Income tax expense | – | – | – |
| Profit/(loss) after tax | 99,530 | 16,655 | (5,101) |
| Other comprehensive income | – | – | – |
| Total comprehensive income | 99,530 | 16,655 | (5,101) |

Note:

⁽¹⁾ Audited by JC Allianz & Co, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

17. Investment securities

| | 31.3.19 \$ | Group 31.3.18 \$ | 1.4.17 \$ | 31.3.19 \$ | Company 31.3.18 \$ | 1.4.17 \$ |
|--|---------------|------------------------|--------------|---------------|--------------------------|--------------|
| At fair value through profit and loss | | | | | | |
| Current: | | | | | | |
| - Equity securities (quoted) | 293,400 | 304,200 | – | – | – | – |
| Non-current: | | | | | | |
| - Equity securities (unquoted) | 2,616,665 | – | – | 2,616,665 | – | – |
| Available-for-sale financial asset | | | | | | |
| Non-current: | | | | | | |
| - Equity securities (unquoted) | – | 1,512,000 | – | – | 1,512,000 | – |

18. Properties under development

| | 31.3.19 \$ | Group 31.3.18 \$ | 1.4.17 \$ |
|---|---------------|------------------------|--------------|
| Properties under development, units for which revenue is recognised over time | | | |
| Land and land related cost | – | – | 17,490,280 |
| Development costs | – | – | 6,656,439 |
| | – | – | 24,146,719 |
| Costs incurred in relation to development properties recognised as an expense in cost of sales (Note 5) | – | 7,597,734 | 24,185,002 |

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) |
|--|----------|---------|-----------------------------------|--|---|
| 20 residential units at 531 to 537 East Coast Road | Freehold | 100 | 1,425 | 2,224 | Completed in October 2017 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

19. Trade receivables

| | 31.3.19 | Group 31.3.18 | 1.4.17 |
|---|----------------|--------------------------|----------------|
| | \$ | \$ | \$ |
| Trade receivables | 211,872 | 229,793 | 108,595 |
| Less: Allowance for expected credit loss/allowance for impairment | (140,856) | (140,856) | – |
| | <u>71,016</u> | <u>88,937</u> | <u>108,595</u> |

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.

Expected credit losses

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

| | Group 2019 |
|--------------------------------|-----------------------|
| | \$ |
| Movement in allowance accounts | |
| At 1 April | 140,856 |
| Charge for the financial year | – |
| At 31 March | <u>140,856</u> |

Receivables that are impaired

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

| | Group | |
|--------------------------------|----------------|-------------|
| | 2018 | 2017 |
| | \$ | \$ |
| Movement in allowance accounts | | |
| At 1 April | – | – |
| Charge for the financial year | 140,856 | – |
| At 31 March | <u>140,856</u> | <u>–</u> |

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

19. Trade receivables (cont'd)

Receivables past due but not impaired

The Group has trade receivables amounting to 31 March 2018: \$88,937 (1 April 2017: \$108,595) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of reporting period is as follows:

| | Group | |
|-------------------|----------------|---------------|
| | 31.3.18 | 1.4.17 |
| | \$ | \$ |
| Less than 30 days | 88,937 | 108,595 |

20. Other receivables and deposits

| | 31.3.19 | Group 31.3.18 | 1.4.17 | 31.3.19 | Company 31.3.18 | 1.4.17 |
|--|----------------|--------------------------|---------------|----------------|----------------------------|---------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Deposit receivable | 1,779,159 | 1,779,060 | 1,731,917 | 1,707,410 | 1,707,410 | 1,707,410 |
| Other receivables | 4,879,920 | 4,895,801 | 714,270 | 329,221 | 331,242 | 332,808 |
| Less: Allowance for estimated credit loss/allowance for impairment | (6,542,978) | (6,542,978) | (2,001,250) | (2,001,250) | (2,001,250) | (2,001,250) |
| | 116,101 | 131,883 | 444,937 | 35,381 | 37,402 | 38,968 |

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

Other receivables and deposits are denominated in Singapore Dollars.

Expected credit losses

The movement in allowance for expected credit losses of other receivables computed based on lifetime ECL are as follows:

| | 2019 Group \$ | 2019 Company \$ |
|--------------------------------|------------------------------|--------------------------------|
| Movement in allowance accounts | | |
| At 1 April | 6,542,978 | 2,001,250 |
| Charge for the financial year | – | – |
| At 31 March | 6,542,978 | 2,001,250 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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 | |
|--------------------------------|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | \$ | \$ | \$ | \$ |
| Movement in allowance accounts | | | | |
| At 1 April | 2,001,250 | 1,000,625 | 2,001,250 | 1,000,625 |
| Charge for the financial year | 4,541,728 | 1,000,625 | – | 1,000,625 |
| At 31 March | <u>6,542,978</u> | <u>2,001,250</u> | <u>2,001,250</u> | <u>2,001,250</u> |

At the end of the financial year, the Group and the Company have provided an allowance of \$6,542,978 (31 March 2018: \$6,542,978, 1 April 2017: \$2,001,250) and \$2,001,250 (31 March 2018: \$2,001,250, 1 April 2017: \$2,001,250) for impairment of payment of construction cost in advance to main contractor and rental deposit due from tenant.

21. Due from subsidiaries

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

22. Due from related companies

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

As at 1 April 2017, included in the amount due from related companies was a loan to a related company of \$2,171,978. 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 was to be settled in cash.

23. Cash and cash equivalents

| | 31.3.19 | Group | 1.4.17 | 31.3.19 | Company | 1.4.17 |
|---------------------------|------------------|-------------------|------------------|---------------|------------------|------------------|
| | \$ | 31.3.18 | \$ | \$ | 31.3.18 | \$ |
| | | \$ | | | \$ | |
| Cash at banks and in hand | 4,051,257 | 14,136,086 | 3,185,653 | 94,328 | 1,997,285 | 1,089,423 |
| Pledged bank deposits | 5,030,000 | 5,030,000 | – | – | – | – |
| | <u>9,081,257</u> | <u>19,166,086</u> | <u>3,185,653</u> | <u>94,328</u> | <u>1,997,285</u> | <u>1,089,423</u> |

Included in the Group's cash at banks are \$519,470 (31 March 2018: \$628,908, 1 April 2017: \$1,571,434) held under the Project Account Rules (1997 Ed), withdrawals from which are restricted to payments for development expenditure incurred on development properties.

Bank deposits are pledged to bank as a collateral of banking facilities at the end of the financial year. The effective interest rate of the deposits was 0.61% p.a.

Cash and cash equivalents are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

24. Trade payables

Trade payables are denominated in Singapore Dollars, non-interest bearing and are normally settled on 60-day terms.

25. Other payables and accruals

| | 31.3.19 | Group 31.3.18 | 1.4.17 | 31.3.19 | Company 31.3.18 | 1.4.17 |
|---------------------------------|-----------|------------------|-----------|---------|--------------------|---------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Other payables | 150,846 | 313,133 | 387,642 | – | 104,091 | 27,370 |
| Accrued directors' fees | 300,746 | 264,004 | 188,000 | 300,746 | 264,004 | 188,000 |
| Accrued operating expenses | 776,274 | 939,090 | 425,461 | 226,870 | 174,462 | 200,885 |
| Deposits received from customer | 2,425,433 | 2,533,977 | 171,024 | – | – | – |
| Provisions | 557,740 | 97,699 | 844,738 | – | – | – |
| Provision for performance bonus | – | – | 44,000 | – | – | 44,000 |
| GST payable | 31,628 | 153,650 | 25,987 | – | – | – |
| | 4,242,667 | 4,301,553 | 2,086,852 | 527,616 | 542,557 | 460,255 |

Other payables are denominated in Singapore Dollars, unsecured, interest-free and repayable on demand.

Provisions

Provisions mainly relate to provision for liquidated damages arising from the development properties.

| | Group | | Company | |
|--|-----------|-----------|---------|------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| At 1 April | 97,699 | 844,738 | – | – |
| Provision made during the financial year | 599,804 | – | – | – |
| Utilised during the financial year | (139,763) | (747,039) | – | – |
| At 31 March | 557,740 | 97,699 | – | – |

Provision for performance bonus

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

| | Group | | Company | |
|--------------------------------|-------|----------|---------|----------|
| | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ |
| At 1 April | – | 44,000 | – | 44,000 |
| Paid during the financial year | – | (44,000) | – | (44,000) |
| At 31 March | – | – | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

26. Loans and borrowings

| | Maturity | 31.3.19 \$ | Group 31.3.18 \$ | 1.4.17 \$ |
|---|-----------|---------------|------------------------|--------------|
| Current: | | | | |
| Short-term bank loans | 2019 | 15,091,600 | 45,796,203 | 24,295,754 |
| Current portion of long-term bank loans | 2019 | 7,080,008 | 5,485,427 | 2,064,135 |
| | | 22,171,608 | 51,281,630 | 26,359,889 |
| Non-current: | | | | |
| Long-term bank loans | 2020-2037 | 143,681,510 | 121,433,302 | 17,371,026 |
| Total | | 165,853,118 | 172,714,932 | 43,730,915 |

- (a) The Group's loans are dominated mainly in Singapore Dollars. During the financial year, the effective interest rates for bank loans ranged from 1.95% to 3.67% (31 March 2018: 1.56% to 3.48%, 1 April 2017: 1.50% to 3.08%) per annum.
- (b) There are no unsecured loans for the financial years ended 31 March 2019 and 2018. The Group's loan are generally secured by the following:
- First legal mortgage over the related investment properties or the related properties under development
 - Corporate guarantee by the Company
 - Legal assignment over all rights, titles, and interests in the related construction contracts, 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
 - Personal guarantee by a major shareholder

The long-term bank loans include a financial covenant that the outstanding loan balance shall not exceed the range of stipulated percentage 55% to 80% (31 March 2018: 55% to 90%, 1 April 2017: 65% to 90%) of the market value of the properties.

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

| | 31.3.18 \$ | Reclassification \$ | Cash flows used in financing activities \$ | 31.3.19 \$ |
|------------------------------|---------------|--|--|---------------|
| Loans and borrowings: | | | | |
| Current | 51,281,630 | (22,248,208) | (6,861,814) | 22,171,608 |
| Non-current | 121,433,302 | 22,248,208 | – | 143,681,510 |
| Total | 172,714,932 | – | (6,861,814) | 165,853,118 |
| | 1.4.17 \$ | Cash flows from acquisition of subsidiary \$ | Cash flows used in financing activities \$ | 31.3.18 \$ |
| Loans and borrowings: | | | | |
| Current | 26,359,889 | 45,290,880 | (20,369,139) | 51,281,630 |
| Non-current | 17,371,026 | 104,062,276 | – | 121,433,302 |
| Total | 43,730,915 | 149,353,156 | (20,369,139) | 172,714,932 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

27. Loan from joint venture

The loan from joint venture is denominated in Singapore Dollars, unsecured, non-interest bearing and to be settled in cash.

During the year, the Company has received a letter from its joint venture, that the loan will not be recalled in the next 12 months.

28. Due to subsidiaries

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

29. Share capital

| | 31.3.19 | | 31.3.18 | | 1.4.17 | |
|--|----------------------|--------------------|----------------------|--------------------|--------------------|-------------------|
| | No. of shares | \$ | No. of shares | \$ | No. of shares | \$ |
| Issued and fully paid ordinary shares | | | | | | |
| At 1 April | 2,759,468,325 | 140,099,994 | 627,115,384 | 54,805,876 | 627,115,384 | 54,805,876 |
| Issued for acquisition of subsidiary (Note 14) | – | – | 2,132,352,941 | 85,294,118 | – | – |
| At 31 March | <u>2,759,468,325</u> | <u>140,099,994</u> | <u>2,759,468,325</u> | <u>140,099,994</u> | <u>627,115,384</u> | <u>54,805,876</u> |

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 2019 amounted to \$138,449 (31 March 2018: \$140,201).

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

| | 31.3.19 | Group 31.3.18 | 1.4.17 |
|---|---------------|----------------|----------------|
| Not later than one year | 60,701 | 121,522 | 121,522 |
| Later than one year but not later than five years | – | 60,760 | 182,282 |
| | <u>60,701</u> | <u>182,282</u> | <u>303,804</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

30. Commitments (cont'd)

(b) Operating lease commitments – as lessor

The Group has entered into various operating lease agreements for its investment properties. These non-cancellable leases have remaining lease terms of between 1 to 7 years.

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

| | 31.3.19 | Group 31.3.18 | 1.4.17 |
|--|-------------------|--------------------------|----------------|
| Not later than 1 year | 9,171,389 | 8,932,410 | 144,900 |
| Later than 1 year but not later than 5 years | 11,169,986 | 18,137,521 | 241,800 |
| Later than 5 years | 456,669 | 1,826,676 | – |
| | <u>20,798,044</u> | <u>28,896,607</u> | <u>386,700</u> |

(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:

| | 31.3.19 | Group 31.3.18 | 1.4.17 |
|--|----------------|--------------------------|------------------|
| | \$ | \$ | \$ |
| Capital commitment in respect of properties under development | – | – | 440,097 |
| Capital commitment in respect of investment property | – | 660,000 | – |
| Share of joint venture's capital commitments in relation to property under development | – | – | 1,228,933 |
| | <u>–</u> | <u>660,000</u> | <u>1,669,030</u> |

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 financial year 31 March 2015, 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 advice, which opined that the indemnity does not expressly cover legal and expert fees incurred for litigation. 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 during the financial year ended 31 March 2015.

In the financial year ended 31 March 2019, the Company had received a letter of demand from Lorenzo dated 14 March 2019 claiming for \$5 million. The claim is subjected to the deduction of the rental deposit of \$1,675,000 and payment of legal fees made on behalf of Lorenzo of \$699,868.

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 the Company in respect of BSPL cannot be substantiated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

31. Contingencies (cont'd)

Contingent liability (cont'd)

Guarantees

As at 31 March 2019, corporate guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries amounted to \$174,001,291 (31 March 2018: \$173,189,000, 1 April 2017: \$42,715,971) of which the amounts utilised by the subsidiaries was \$144,924,913 (31 March 2018: \$134,220,357, 1 April 2017: \$41,463,064).

As at 31 March 2018, corporate guarantees extended to joint venture amounted to \$37,483,000 (1 April 2017: \$37,483,000) of which the amounts utilised was \$23,778,102 (1 April 2017: \$34,278,103).

32. Employee benefits

Employee benefits expense (including executive directors):

| | Group | |
|--------------------------------------|-----------|-----------|
| | 2019 | 2018 |
| | \$ | \$ |
| Salaries and bonuses | 1,479,918 | 1,849,529 |
| Central Provident Fund contributions | 161,823 | 187,879 |
| Other short-term benefits | 24,795 | 29,122 |
| | 1,666,536 | 2,066,530 |

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

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:

| | Group | |
|--|-----------|-----------|
| | 2019 | 2018 |
| | \$ | \$ |
| Rental income from a company related to a director | – | (59,395) |
| Management fees from a joint venture | (370,000) | (443,000) |
| Interest income from a loan to related party | – | (13,019) |
| Legal fees paid to a firm related to a director | 182,489 | 297,178 |
| | | |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

33. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

| | Group | |
|---|---------|---------|
| | 2019 | 2018 |
| | \$ | \$ |
| Short-term employee benefits | 500,000 | 650,658 |
| Central Provident Fund contributions | 12,240 | 17,340 |
| Other short-term benefits | 30,000 | 30,000 |
| Total compensation paid to key management personnel | 542,240 | 697,998 |
| Comprised amounts paid to: | | |
| Directors of the Company | 300,000 | 480,258 |
| Other key management personnel | 242,240 | 217,740 |
| | 542,240 | 697,998 |

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 apartments
- (c) The Corporate segment is involved in Group-level corporate services and investment

Management monitors the operating results of its business units separately for the purpose of making decisions on 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's financing (including finance costs and income) and income taxes are managed on a group basis and are not allocated to operating segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

34. Segment information (cont'd)

| | Property investment | | Property development | | Corporate | | Total | |
|-----------------------------------|---------------------|-------------|----------------------|-------------|-------------|------------|-------------|-------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue: | | | | | | | | |
| External customers | 14,076,321 | 8,632,940 | – | 6,670,365 | – | – | 14,076,321 | 15,303,305 |
| Inter-segment | – | – | – | – | – | – | – | – |
| Total revenue | 14,076,321 | 8,632,940 | – | 6,670,365 | – | – | 14,076,321 | 15,303,305 |
| Results: | | | | | | | | |
| Interest income | 40,096 | 2,059 | – | 3,229 | – | 13,019 | 40,096 | 18,307 |
| Other income | 2,639,871 | 40,326 | 836,102 | 10,245 | 797,004 | 61,542,772 | 4,272,977 | 61,593,343 |
| Depreciation | 691,979 | 696,149 | – | – | 3,397 | 6,963 | 695,376 | 703,112 |
| Allowance for doubtful debts | – | 140,856 | – | 4,541,728 | – | – | – | 4,682,584 |
| Interest expense | 4,251,940 | 1,822,009 | 675 | 15,728 | 1,011 | 1,190 | 4,253,626 | 1,838,927 |
| Share of results of joint venture | – | – | 46,431 | (975,097) | – | – | 46,431 | (975,097) |
| Share of results of associate | – | – | – | – | 49,776 | 8,329 | 49,776 | 8,329 |
| Income tax expense/(credit) | 594,257 | (208,787) | 5,402 | (107,664) | – | – | 599,659 | (316,451) |
| Segment profit/(loss) | 5,674,556 | 1,114,145 | (577,702) | (3,463,051) | (266,381) | 60,679,520 | 4,830,473 | 58,330,614 |
| Assets | | | | | | | | |
| Investment in a joint venture | – | – | 2,985,691 | 3,124,261 | – | – | 2,985,691 | 3,124,261 |
| Additions to non-current assets | – | – | – | – | 905,397 | 855,622 | 905,397 | 855,622 |
| Segment assets | 316,994,346 | 336,390,287 | 2,281,448 | 10,138,138 | 59,022,672 | 34,166,288 | 378,298,466 | 380,694,713 |
| Total assets | | | | | | | 382,189,554 | 384,674,596 |
| Liabilities | | | | | | | | |
| Provision for taxation | 737,608 | 664,216 | 20,648 | 20,648 | – | – | 758,256 | 684,864 |
| Deferred tax liabilities | 112,916 | 202,916 | – | – | – | – | 112,916 | 202,916 |
| Segment liabilities | 75,062,950 | 99,853,888 | 4,814,162 | 3,096,043 | 108,271,415 | 93,055,158 | 188,148,527 | 196,005,089 |
| Total liabilities | | | | | | | 189,019,699 | 196,892,869 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

34. Segment information (cont'd)

| | Property investment 2017 \$ | Property development 2017 \$ | Corporate 2017 \$ | Total 2017 \$ |
|---------------------------------|-----------------------------------|------------------------------------|-------------------------|---------------------|
| Assets | | | | |
| Investment in a joint venture | – | 4,320,858 | – | 4,320,858 |
| Additions to non-current assets | – | – | 847,293 | 847,293 |
| Segment assets | 56,270,028 | 40,876,101 | 6,846,575 | 103,992,704 |
| Total assets | | | | <u>109,160,855</u> |
| Liabilities | | | | |
| Provision for taxation | 149,918 | 251,624 | – | 401,542 |
| Deferred tax liabilities | 173,000 | 370,810 | – | 543,810 |
| Segment liabilities | 25,991,328 | 23,111,505 | 14,955,675 | 64,058,508 |
| Total liabilities | | | | <u>65,003,860</u> |

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 | | |
|-----------|------------|------------|--------------------|---------------|--------------|
| | 2019 \$ | 2018 \$ | 31.3.19 \$ | 31.3.18 \$ | 1.4.17 \$ |
| Singapore | 14,076,321 | 15,303,305 | 347,093,029 | 344,399,422 | 58,946,331 |

Non-current assets information presented above consist of plant and equipment, investment properties, long-term investment securities, investment in a joint venture and an 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, price 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 to help ensure that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(a) Credit risk (cont'd)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency for those investments with credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment. The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Trade and other receivables at amortised cost

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade and other receivables. In measuring the expected credit losses, trade and other receivables are grouped based on days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic data. The Group had assessed that the lifetime expected credit loss of trade and other receivables as disclosed in Note 19 and 20 is not significant.

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 \$174,001,291 (31 March 2018: \$173,188,971, 1 April 2017: \$80,198,971) relating to corporate guarantees provided by the Company for its subsidiaries and joint venture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(a) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables, contract assets 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:

| | 31.3.19 | | Group 31.3.18 | | 1.4.17 | |
|--------------------------|-----------|------------|------------------|------------|------------|------------|
| | \$ | % of total | \$ | % of total | \$ | % of total |
| Trade receivables | | | | | | |
| By Country: | | | | | | |
| Singapore | 71,016 | 100 | 88,937 | 100 | 108,595 | 100 |
| By Industry: | | | | | | |
| Property investment | 71,016 | 100 | 88,937 | 100 | 108,595 | 100 |
| Contract assets | | | | | | |
| By Country: | | | | | | |
| Singapore | 4,475,830 | 100 | 6,805,003 | 100 | 13,047,443 | 100 |
| By Industry: | | | | | | |
| Property development | 4,475,830 | 100 | 131,883 | 100 | 13,047,443 | 100 |
| Other receivables | | | | | | |
| By Country: | | | | | | |
| Singapore | 116,101 | 100 | 131,883 | 100 | 444,937 | 100 |
| By Industry: | | | | | | |
| Property Development | 9,530 | 8 | 10,190 | 8 | 384,164 | 86 |
| Property investment | 71,189 | 61 | 84,290 | 64 | 21,805 | 5 |
| Others | 35,382 | 31 | 37,403 | 28 | 38,968 | 9 |
| | 116,101 | 100 | 131,883 | 100 | 444,937 | 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(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.

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

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$829,266 (2018: \$863,575) higher/lower 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) Price risk

Price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest and exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity securities. These securities are quoted on the Singapore Exchange Securities Trading Limited (SGX-ST) in Singapore and are classified as held for trading.

Sensitivity analysis for equity price risk

At the date of this report, the market price of the quoted shares had increased by approximately 1%. If the marketable securities were recorded at the current market price at the end of the reporting period, the Group's fair value gain on quoted shares and net profit for the year would have been approximately \$12,600 and \$4,843,073 (2018: fair value gain of \$14,400 and net profit of \$58,345,014) respectively, arising from a fair value gain on investment in equity instruments classified as fair value through profit and loss.

(d) 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 effect of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(d) 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:

| Group | 31.3.19 | | | 31.3.18 | | | 1.4.17 | | | | | |
|--|-------------------|-----------------|-----------------|---------------|-------------------|-----------------|-----------------|---------------|-------------------|-----------------|-----------------|--------------|
| | 1 year or less \$ | 1 to 5 years \$ | Over 5 years \$ | Total \$ | 1 year or less \$ | 1 to 5 years \$ | Over 5 years \$ | Total \$ | 1 year or less \$ | 1 to 5 years \$ | Over 5 years \$ | Total \$ |
| Financial assets: | | | | | | | | | | | | |
| Trade receivables | 71,016 | - | - | 71,016 | 88,937 | - | 88,937 | 108,595 | - | - | - | 108,595 |
| Other receivables and deposits | 116,101 | - | - | 116,101 | 131,883 | - | 131,883 | 444,937 | - | - | - | 444,937 |
| Due from related companies | 21,022,826 | - | - | 21,022,826 | 13,814,511 | - | 13,814,511 | 9,186,352 | - | - | - | 9,186,352 |
| Cash and cash equivalents | 9,081,257 | - | - | 9,081,257 | 19,166,086 | - | 19,166,086 | 3,185,653 | - | - | - | 3,185,653 |
| Total undiscounted financial assets | 30,291,200 | - | - | 30,291,200 | 33,201,417 | - | 33,201,417 | 12,925,537 | - | - | - | 12,925,537 |
| Financial liabilities: | | | | | | | | | | | | |
| Trade payables | 2,823,380 | - | - | 2,823,380 | 4,156,377 | - | 4,156,377 | 3,532,784 | - | - | - | 3,532,784 |
| Other payables and accruals | 4,211,038 | - | - | 4,211,038 | 4,050,204 | - | 4,050,204 | 2,086,852 | - | - | - | 2,086,852 |
| Loans and borrowings | 22,860,130 | 30,469,338 | 110,302,192 | 163,631,660 | 55,082,859 | 37,095,150 | 98,487,052 | 190,665,061 | 27,128,510 | 10,647,474 | 9,067,657 | 46,843,641 |
| Due to related parties | 10,536 | - | - | 10,536 | 10,536 | - | 10,536 | - | - | - | - | - |
| Loan from joint venture | - | 14,490,601 | - | 14,490,601 | - | 14,490,601 | - | 14,490,601 | - | - | - | 14,490,601 |
| Total undiscounted financial liabilities | 29,905,084 | 44,959,939 | 110,302,192 | 185,167,215 | 63,299,976 | 51,585,751 | 98,487,052 | 213,372,779 | 20,110,237 | (10,647,474) | (9,067,657) | 66,953,878 |
| Total net undiscounted financial assets/ (liabilities) | 386,116 | (44,959,939) | (110,302,192) | (154,876,015) | (30,098,559) | (51,585,751) | (98,487,052) | (180,171,362) | (7,184,700) | (10,647,474) | (9,067,657) | (54,026,341) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(d) Liquidity risk (cont'd)

| | 31.3.19 | | | 31.3.18 | | |
|--|-------------------------|-----------------------|--------------|-------------------------|-----------------------|--------------|
| | 1 year or less \$ | 1 to 5 years \$ | Total \$ | 1 year or less \$ | 1 to 5 years \$ | Total \$ |
| Company | | | | | | |
| Financial assets: | | | | | | |
| Other receivables and deposits | 35,381 | – | 35,381 | 37,402 | – | 37,402 |
| Due from subsidiaries | 31,852,893 | – | 31,852,893 | 50,358,033 | – | 47,027,680 |
| Due from related companies | 17,952,212 | – | 17,952,212 | 10,351,897 | – | 10,351,897 |
| Cash and cash equivalents | 94,328 | – | 94,328 | 1,997,285 | – | 1,997,285 |
| Total undiscounted financial assets | 49,934,814 | – | 49,934,814 | 62,744,617 | – | 59,414,264 |
| Financial liabilities: | | | | | | |
| Other payables and accruals | 527,616 | – | 527,616 | 542,557 | – | 542,557 |
| Loan from joint venture | – | 14,490,601 | 14,490,601 | – | 14,490,601 | 14,490,601 |
| Due to subsidiaries | 65,767,474 | – | 65,767,474 | 63,122,767 | – | 63,122,767 |
| Total undiscounted financial liabilities | 66,295,090 | 14,490,601 | 80,785,691 | 63,665,324 | 14,490,601 | 78,155,925 |
| Total net undiscounted financial liabilities | (16,630,276) | (14,490,601) | (30,850,877) | (920,707) | (14,490,601) | (18,741,661) |

| | 1.4.17 | | |
|--|-------------------------|-----------------------|-------------|
| | 1 year or less \$ | 1 to 5 years \$ | Total \$ |
| Company | | | |
| Financial assets: | | | |
| Other receivables and deposits | 38,968 | – | 38,968 |
| Due from subsidiaries | 52,796,101 | – | 52,796,101 |
| Due from related companies | 5,686,352 | – | 5,686,352 |
| Cash and cash equivalents | 1,089,423 | – | 1,089,423 |
| Total undiscounted financial assets | 59,610,844 | – | 59,610,844 |
| Financial liabilities: | | | |
| Other payables and accruals | 416,255 | – | 416,255 |
| Loan from joint venture | 14,490,601 | – | 14,490,601 |
| Due to subsidiaries | 2,217,700 | – | 2,217,700 |
| Total undiscounted financial liabilities | 17,124,556 | – | 17,124,556 |
| Total net undiscounted financial assets | 42,486,288 | – | 42,486,288 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(d) 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.

| | 31.3.19 | | | |
|-----------------------|------------------|-------------------|-----------------|-------------|
| | One year or less | One to five years | Over five years | Total |
| Financial guarantees: | | | | |
| - Banking facilities | 22,171,625 | 40,056,898 | 111,772,768 | 174,001,291 |

| | 31.3.18 | | | |
|-----------------------|------------------|-------------------|-----------------|-------------|
| | One year or less | One to five years | Over five years | Total |
| Financial guarantees: | | | | |
| - Banking facilities | 50,192,559 | 26,616,412 | 96,380,000 | 173,188,971 |
| | 50,192,559 | 26,616,412 | 96,380,000 | 173,188,971 |

| | 1.4.17 | | | |
|---|------------------|-------------------|-----------------|------------|
| | One year or less | One to five years | Over five years | Total |
| Financial guarantees: | | | | |
| - Banking facilities | 62,403,000 | 15,596,000 | 2,199,971 | 80,198,971 |
| - Qualifying certificate bonds to Controller of Housing | 1,685,000 | – | – | 1,685,000 |
| | 64,088,000 | 15,596,000 | 2,199,971 | 81,883,971 |

36. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(b) Assets measured at fair value

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

| | Group 31.3.19 | | | |
|---|---|---|--|-------------|
| | 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 \$ |
| Financial assets: | | | | |
| <u>Equity securities at fair value through profit or loss (Note 17)</u> | | | | |
| Quoted equity securities | 293,400 | – | – | 293,400 |
| Unquoted equity securities | – | – | 2,616,665 | 2,616,665 |
| Non-financial asset: | | | | |
| Investment properties (Note 13) | – | 293,400,000 | 46,770,000 | 340,170,000 |

| | Group 31.3.18 | | | |
|---------------------------------|---|---|--|-------------|
| | 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 \$ |
| Financial assets: | | | | |
| <u>Held for trading</u> | | | | |
| Quoted equity securities | 304,200 | – | – | 304,200 |
| Non-financial asset: | | | | |
| Investment properties (Note 13) | – | 286,320,000 | 49,770,000 | 336,090,000 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(b) Assets measured at fair value (cont'd)

| | Group 1.4.17 | | | Total \$ |
|------------------------------------|---|---|--|-------------|
| | Quoted prices in active markets for identical instruments (Level 1) \$ | Significant observable inputs other than quoted prices (Level 2) \$ | Significant unobservable inputs (Level 3) \$ | |
| Non-financial asset: | | | | |
| Investment properties (Note 13) | – | – | 52,270,000 | 52,270,000 |

Level 3 fair value measurements

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

| Description | Fair value at | | | Valuation techniques | Unobservable inputs | Range |
|-----------------------|---------------|---------------|--------------|--|--|------------------------------------|
| | 31.3.19 \$ | 31.3.18 \$ | 1.4.17 \$ | | | |
| Investment properties | 46,770,000 | 49,770,000 | 52,270,000 | The fair value is determined using (a) Comparable sales and/or (b) Discounted cash flow basis | Yield adjustments Capitalisation rate | 0.5% – 16.00% 5.75% – 9.00% |

(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:

| | 31.3.19 | | 31.3.18 | | 1.4.17 | |
|-------------------------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|
| | Carrying amount \$ | Fair value \$ | Carrying amount \$ | Fair value \$ | Carrying amount \$ | Fair value \$ |
| Financial assets: | | | | | | |
| Unquoted equity securities, at cost | – | – | 1,512,000 | – | – | – |

Fair value information has not been disclosed for the Group's investment in unquoted equity securities that are carried at cost because fair value cannot be measured reliably. These unquoted equity securities represent shares in a fund (Note 17) that are not quoted on any market and do not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

Management has determined that the carrying amounts of trade receivables, other receivables and deposits, due from subsidiaries, due from related companies, cash and cash equivalents, trade payables, other payables and accruals, current loans and borrowings and loan from joint venture are reasonable approximation of their fair values as they are either repayable on demand, short-term in nature or floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(e) Classification of financial instruments

| | Group | | Company | |
|---|--------------------|--------------------|-------------------|-------------------|
| | 31.3.19 \$ | 31.3.18 \$ | 31.3.19 \$ | 31.3.18 \$ |
| Financial assets at amortised cost | | | | |
| Trade receivables | 71,016 | 88,937 | – | – |
| Other receivables and deposits | 116,101 | 131,883 | 35,381 | 37,402 |
| Due from subsidiaries | – | – | 31,852,893 | 50,358,033 |
| Due from related companies | 21,022,826 | 13,814,511 | 17,952,212 | 10,351,897 |
| Cash and cash equivalents | 9,081,257 | 19,166,086 | 94,328 | 1,997,285 |
| | <u>30,291,200</u> | <u>33,201,417</u> | <u>49,934,814</u> | <u>62,744,617</u> |
| Financial asset at fair value through profit or loss | | | | |
| Investment securities | | | | |
| - Quoted | 293,400 | 304,200 | – | – |
| - Unquoted | 2,616,665 | – | 2,616,665 | – |
| | <u>2,910,065</u> | <u>304,200</u> | <u>2,616,665</u> | <u>–</u> |
| Liabilities measured at amortised cost | | | | |
| Trade payables | 2,823,380 | 4,156,377 | – | – |
| Other payables and accruals | 4,211,038 | 4,050,204 | 527,616 | 542,557 |
| Loans and borrowings | 165,853,118 | 172,714,932 | – | – |
| Loan from joint venture | 14,490,601 | 14,490,601 | 14,490,601 | 14,490,601 |
| Due to related parties | 10,536 | 10,536 | – | – |
| Due to subsidiaries | – | – | 65,767,474 | 63,122,767 |
| | <u>187,388,673</u> | <u>195,422,650</u> | <u>80,785,691</u> | <u>78,155,925</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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

(e) Classification of financial instruments (cont'd)

| | Group 1.4.17 \$ | Company 1.4.17 \$ |
|---|--------------------------------|----------------------------------|
| Financial assets at amortised cost | | |
| Trade receivables | 108,595 | – |
| Other receivables and deposits | 444,937 | 38,968 |
| Due from subsidiaries | – | 52,796,101 |
| Due from related companies | 9,186,352 | 5,686,352 |
| Cash and cash equivalents | 3,185,653 | 1,089,423 |
| | <u>12,925,537</u> | <u>59,610,844</u> |
| Financial asset at fair value through profit or loss | | |
| Investment securities | | |
| - Quoted | – | – |
| - Unquoted | – | – |
| | <u>–</u> | <u>–</u> |
| Liabilities measured at amortised cost | | |
| Trade payables | 3,532,784 | – |
| Other payables and accruals | 1,172,127 | 416,255 |
| Loans and borrowings | 43,730,915 | – |
| Loan from joint venture | 14,490,601 | 14,490,601 |
| Due to related parties | – | – |
| Due to subsidiaries | – | 2,217,700 |
| | <u>62,926,427</u> | <u>17,124,556</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2019

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 to the objectives, policies or processes during the financial years ended 31 March 2019 and 31 March 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises 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 owners of the Company.

| | Group | |
|---|----------------|----------------|
| | 31.3.19 | 31.3.18 |
| | \$ | \$ |
| Trade payables | 2,823,380 | 4,156,377 |
| Other payables and accruals | 4,242,667 | 4,301,553 |
| Loan from joint venture | 14,490,601 | 14,490,601 |
| Due to related parties | 10,536 | 10,536 |
| Loans and borrowings | 165,853,118 | 172,714,932 |
| Total debt | 187,420,302 | 195,673,999 |
| Less: Cash and cash equivalents | (9,081,257) | (19,166,086) |
| Net debt | 178,339,045 | 176,507,913 |
| Equity attributable to the owner of the Company | 193,169,855 | 187,781,727 |
| Capital and net debt | 371,508,900 | 364,289,640 |
| Gearing ratio | 48% | 48% |

38. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2019 were authorised for issue in accordance with a resolution of the directors on 3 July 2019.

STATISTICS OF SHAREHOLDINGS

As at 21 June 2019

| | | |
|------------------------------------|---|---|
| Number of Issued Shares | - | 2,759,468,325 |
| Issued and Fully Paid-Up Capital | - | S\$200,691,525.56 |
| Number of Treasury Shares Held | - | Nil |
| Number of Subsidiary Holdings Held | - | Nil |
| Number of Shareholders | - | 1,242 |
| Class of Shares | - | Ordinary shares each with equal voting rights |

SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on information available to the Company as at 21 June 2019, 10.01% of the issued ordinary shares of the Company is held by 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 | 335 | 26.97 | 323,020 | 0.01 |
| 1,001 - 10,000 | 467 | 37.60 | 2,491,310 | 0.09 |
| 10,001 - 1,000,000 | 402 | 32.37 | 43,361,273 | 1.57 |
| 1,000,001 and above | 36 | 2.90 | 2,713,292,709 | 98.33 |
| | 1,242 | 100.00 | 2,759,468,325 | 100.00 |

TOP 20 SHAREHOLDERS

| No. | Name of Shareholder | No. of Shares | % |
|-----|-------------------------------------|---------------|-------|
| 1 | Pollux Holdings Pte Ltd | 2,483,242,325 | 89.99 |
| 2 | CGS-CIMB Securities (S) Pte Ltd | 32,730,000 | 1.19 |
| 3 | Tan Kay Sing | 25,163,101 | 0.91 |
| 4 | Tan Kay Tho | 17,923,501 | 0.65 |
| 5 | Citibank Nominees Singapore Pte Ltd | 16,244,354 | 0.59 |
| 6 | Tan Kay Kiang | 15,865,421 | 0.57 |
| 7 | OCBC Securities Private Ltd | 15,531,090 | 0.56 |
| 8 | Tan Chin Hoon | 14,945,501 | 0.54 |
| 9 | Tan Siok Hwee | 10,456,496 | 0.38 |
| 10 | Tay Swee Leng | 9,999,960 | 0.36 |
| 11 | Morph Investments Ltd | 6,631,000 | 0.24 |
| 12 | Yeong Yoon Ying | 4,500,000 | 0.16 |
| 13 | Tan Ren Feng | 4,431,500 | 0.16 |
| 14 | Rice Fields Pte Ltd | 4,313,000 | 0.16 |
| 15 | Goh Wan Peng | 4,043,000 | 0.15 |
| 16 | Terry Tan Nan Chuang | 3,849,000 | 0.14 |
| 17 | Koh Wee Meng | 3,393,000 | 0.12 |
| 18 | Chin Kai Seng | 3,294,900 | 0.12 |
| 19 | Tan Li Yu | 3,250,000 | 0.12 |
| 20 | DBS Nominees Pte Ltd | 3,075,300 | 0.11 |
| | | 2,682,882,449 | 97.22 |

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

| Substantial Shareholders | Direct Interest | | Deemed Interest | |
|---------------------------------------|-----------------|-------|-----------------|-------|
| | No. of Shares | %* | No. of Shares | %* |
| Pollux Holdings Pte. Ltd. | 2,483,242,325 | 89.99 | - | - |
| PT. Pollux Multi Artha ⁽¹⁾ | - | - | 2,483,242,325 | 89.99 |
| Nico Purnomo Po ⁽²⁾ | - | - | 2,483,242,325 | 89.99 |

⁽¹⁾ PT. Pollux Multi Artha (the sole shareholder of Pollux Holdings Pte. Ltd.) is 99.99% owned by Dr. Nico Purnomo Po. By virtue of section 7(4) of the Companies Act (Chapter 50) of Singapore (the "Act"), Dr. Nico Purnomo Po is therefore deemed interested in the shares of the Company held by Pollux Holdings Pte. Ltd.

⁽²⁾ Dr. Nico Purnomo Po is deemed to be interested in the 2,483,242,325 shares held by Pollux Holdings Pte. Ltd., by virtue of section 7(4) of the Act.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be held at Grange Ballroom, Level 5, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867, on Friday, 26 July 2019 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 for the financial year ended 31 March 2019 and the Directors' Statement and the Auditor's Report thereon. **Resolution 1**
2. To approve Directors' fees of S\$141,000 for the financial year ended 31 March 2019. (2018: S\$180,258) **Resolution 2**
3. To re-elect Dr. Nico Purnomo Po, a Director retiring pursuant to Regulation 89 of the Company's Constitution. **(See Explanatory Note)** **Resolution 3**
4. To re-elect Mr. Timur Pradopo, a Director retiring pursuant to Regulation 89 of the Company's Constitution. **(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 an 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) save as may otherwise be permitted by the SGX-ST, 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) does not exceed 100% of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings, of which the aggregate number of shares and convertible securities 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 and subsidiary holdings (as calculated in accordance with paragraph (2) below);

NOTICE OF ANNUAL GENERAL MEETING

- (2) (subject to such manner of calculation as may be prescribed by 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 and subsidiary holdings at the time this Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue or 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 General Meeting) the authority conferred by this Resolution shall continue in force 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. **(See Explanatory Note)**

OTHER BUSINESS

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

BY ORDER OF THE BOARD

Nico Purnomo Po

Executive Director and Chief Executive Officer

Singapore
10 July 2019

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 on his/her behalf.
- (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 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.

NOTICE OF ANNUAL GENERAL MEETING

- (2) A proxy need not be a member of the Company.
- (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 554 Havelock Road, Singapore 169639, not less than 72 hours before the time appointed for the Annual General Meeting.
- (4) In the case of members whose shares are registered against their names in the Depository Register, the Company may reject any instruments appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the annual general meeting as certified by the Central Depository (Pte) Limited to the Company."

Explanatory Notes:

Resolution 3

Dr. Nico Purnomo Po will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Executive Officer of the Company. The profile and key information of Dr. Nico Purnomo Po can be found under the section entitled "Board of Directors" of the Company's Annual Report 2019.

Resolution 4

Mr. Timur Pradopo will, upon re-election as a Director of the Company, remain 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.

The profile and key information of Mr. Timur Pradopo can be found under the section entitled "Board of Directors" of the Company's Annual Report 2019.

Resolution 6

The Ordinary Resolution no. 6, if passed, save as may otherwise be permitted by the SGX-ST, 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 and subsidiary holdings) in the capital of the Company, of which up to 50% may be issued other than on a *pro rata* basis to shareholders. 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 and subsidiary holdings) 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 or share options or vesting of share awards which are outstanding or subsisting at the time that Resolution no. 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

This notice has been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor").

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. Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6232 3210.

NOTICE OF ANNUAL GENERAL MEETING

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.

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.
4. CPF Investors and SRS Investors who wish to attend and vote at the Annual General Meeting of the Company should contact their CPF and/or SRS Approved Nominees.

I/We _____ NRIC/Passport No. _____

of _____ (Address)

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

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

and/or (delete as appropriate)

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

or failing him/her, the Chairman of the Nineteenth Annual General Meeting ("AGM") of the Company as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and, if necessary, to demand a poll at the AGM of the Company to be held at Grange Ballroom, Level 5, Main Tower, Mandarin Orchard Singapore, 333 Orchard Road, Singapore 238867, on Friday, 26 July 2019 at 2.00 p.m., and at any adjournment thereof.

(Please indicate with a "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).

| No. | 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 2019 and the Directors' Statement and the Auditor's Report thereon | | |
| 2. | To approve the payment of Directors' fees of S\$141,000 for the financial year ended 31 March 2019 | | |
| 3. | To re-elect Dr. Nico Purnomo Po, a Director retiring by rotation pursuant to Regulation 89 of the Company's Constitution | | |
| 4. | To re-elect Mr. Timur Pradopo, a Director retiring by rotation pursuant to Regulation 89 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 _____ 2019.

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

Total number of
Shares Held

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. Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the meeting.
5. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 554 Havelock Road, Singapore 169639, not less than 72 hours before the time appointed for holding the meeting.
6. 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.
7. 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.
8. 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.
9. 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.
10. Any alteration made to the instrument of proxy should be initialled by the person who signs it.
11. The Company shall be entitled to reject the 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 in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for the meeting as certified by The Central Depository (Pte) Limited to the Company.

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 10 July 2019.



POLLUX
PROPERTIES

POLLUX PROPERTIES LTD.

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