



ANNUAL REPORT 2020



Striving for the Better
Building for the Future

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PROXY FORM



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



The MacDonald House, 40A Orchard Road

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.

The Group's enlarged investment property portfolio had also provided recurring revenue streams with greater income stability and visibility for shareholders in the long term.

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



MR. PO SUN KOK
Non-Executive & Non-Independent
Chairman

MS. LUCIANA
Non-Executive & Non-Independent
Deputy Chairman

Despite the impact from the challenging global environment and the COVID-19 pandemic, our strategic move to build a robust recurring revenue base through our portfolio under the Property Investments business has enabled us to stay strong and resilient, as we rise above the challenges to achieve our sustainable future during increasingly volatile times.

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you another year of satisfactory performance for the financial year ended 31 March 2020 ("FY2020").

OUR STABLE PERFORMANCE

In FY2020, the Group's revenue continued to grow by S\$0.90 million or 6.4% to S\$14.98 million as compared to S\$14.08 million in FY2019. This increase was driven solely by income generated from our serviced apartment and rental income, mainly attributable to higher rents collected from the commercial office building, Macdonald House and income from Louis Kienne Serviced Residences.

However, affected by the weak COVID-19 market outlook of local property prices, the Group incurred a

fair valuation loss for our investment properties of S\$1.64 million in FY2020 as compared to a fair valuation gain of S\$2.60 million in FY2019. As a result, the Group registered a lower net profit of S\$2.25 million in FY2020. Correspondingly, the Group's earnings per share declined to 0.08 Singapore cents as at 31 March 2020 from 0.18 Singapore cents a year ago.

Notwithstanding that, the financial position of the Group remained strong with net assets of S\$195.42 million as at 31 March 2020, representing a net asset value of 7.08 Singapore cents per share. With higher revenue in FY2020, the Group's cash and cash equivalents stood at S\$11.50 million as at 31 March 2020 as compared to S\$9.08 million as at 31 March 2019.

OUR ROBUST PORTFOLIO & OPERATIONAL HIGHLIGHTS

During the year in review, the rental market in Singapore, where our properties are located, remained strong. Amid a tightening of new inventory supply and depleting stock, higher transaction volume and occupancy rates for condominiums and private apartments were recorded in 2019, with a rise of 2.3% to 58,236 units transacted⁽¹⁾.

Even when the pandemic broke out in 1Q 2020, rental demand remained stable, with more leasing transactions and rental renewals recorded. Additionally, according to the SRX, rental income for private homes continued to climb, with rental income of condominiums and private apartments growing by 3.7% across Singapore in 2019⁽²⁾.

⁽¹⁾ <https://www.straitstimes.com/business/property/rents-for-private-non-landed-homes-and-hdb-flats-rise-in-december-2019-from-a-year>

⁽²⁾ <https://www.channelnewsasia.com/news/commentary/singapore-private-property-market-outlook-viewing-price-index-12783760>



Against this backdrop of a relatively stable Singapore's property rental market, the Group's robust portfolio of properties remained fully tenanted and achieved total rental income of S\$9.92 million in FY2020 as compared to S\$9.28 million a year ago. The Group currently invests in 14 prime residential properties, two retail properties along Balestier Road and a 10-storey commercial property in the heart of Singapore – the iconic MacDonald House.

In addition, faced with tighter travel restrictions due to the COVID-19 pandemic, our strategy to offer the Group's Serviced Apartment, Louis Kienne Serviced Residences to a larger customer base with different needs had successfully mitigated the impact of a weaker demand for serviced apartments. Besides

taking substantial steps to address the operating impact to ensure the safety of our guests and employees, our sales team has proactively pursued and secured alternative sources of revenue.

Through providing accommodation for tourists, travellers on Stay-Home Notices, individuals looking for alternate work-from-home locations and workers affected by border shutdowns, the occupancy rate for Louis Kienne Serviced Residences inched higher to 75% in FY2020 from 73% a year ago, registering a higher income of S\$5.05 million in FY2020, as compared to S\$4.80 million in FY2019.

To ease operating costs, we have also implemented comprehensive cost-containment measures to manage staff costs and reduce discretionary

expenditures. We have also leveraged on the local government's support measures such as wage subsidies which helped to defray our overheads. As uncertainties continue to loom, we will continue to monitor the operations closely and adapt accordingly.

OUR STRATEGY & BUSINESS OUTLOOK

Looking ahead, we foresee that the local and global business environment will still be dominated by the detrimental health and economic effects of the COVID-19 pandemic in the near term. Many countries, including Singapore, have responded by imposing travel restrictions, enforceable quarantine rules and social distancing measures.

CHAIRMAN'S STATEMENT



To mitigate the decline in tourism demand, Louis Kienne Serviced Residences will continue to explore more alternative revenue sources including catering to guests serving Stay-Home Notices and workers seeking accommodation due to border shutdowns.

In addition, with the leasing terms of Group's investment properties structured between 1 to 2 years, we expect a moderately stable recurring income in the near future.

To ensure financial stability and cash flow sustainability, the Group will continue to adopt a prudent and disciplined approach towards capital management. With a well staggered debt maturity profile, there is sufficient cash on hand to meet current operating requirements. The Group does not foresee any issues in refinancing the debt maturities as bankers and lenders continue to be supportive during these uncertain times.

In the near term, the Group remains committed to delivering long-term value to the shareholders as we continue to seek accretive land and investments to build a stronger portfolio of high-quality properties. Coupled with the capabilities of our fund management associate, Stirling Fort Capital Pte Ltd, we strive to sustain a stable and resilient recurring income base, as we weather the economic downturn ahead.

OUR WORDS OF APPRECIATION

In closing, I would like to express my heartfelt appreciation to my fellow Board members, who have provided guidance in conducting the affairs of the Board, as well as to acknowledge the great contributions and dedication of the management team and every staff in the Pollux family.

Last but not least, I would also like to express my gratitude to our shareholders, bankers, tenants and business associates for your continued support of the Group over the years. We strongly believe that with our relentless efforts and concerted team spirit, we can overcome any challenge ahead of us.

Po Sun Kok

Chairman

14 August 2020



Inspiring Better Living Through Quality Developments

We build the future through quality property developments that deliver long lasting impressions and great value for our customers.

BOARD OF DIRECTORS

MR. PO SUN KOK

*Non-Executive & Non-Independent
Chairman*

Mr. Po Sun Kok, 71, was appointed as Non-Executive & Non-Independent Chairman of the Company on 1 July 2018. He is responsible for leading and managing the business of the Board and is responsible for steering direction of the Group and the governance of Board matters. He has over 30 years of work experience in areas of real estate investment, apparel manufacturing and consumer financial services.

Prior to joining Pollux Properties Ltd as Non-Executive & Non-Independent Chairman, He has 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, PT. Pollux Properti Indonesia Tbk and PT. Golden Flower Tbk, all listed on the Indonesia Stock Exchange ("IDX").

MS. LUCIANA

*Non-Executive & Non-Independent
Deputy Chairman*

Ms. Luciana, 65, was appointed as Non-Executive & Non-Independent 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 the direction of the Group and governing 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 Pollux Properties Ltd as Non-Executive & Non-Independent Deputy Chairman, She was the overall person-in-charge of finance and accounting departments for a 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, PT. Golden Flower Tbk and PT. Pollux Properti Indonesia Tbk, all listed on the IDX.

DR. NICO PURNOMO PO

*Executive Director &
Chief Executive Officer*

Dr. Po, 38, 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's 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, besides serving as Director of the Company he is also serving as a Director of PT. Pollux Investasi International Tbk, PT. Golden Flower Tbk and PT Pollux Properti Indonesia Tbk, all listed on the IDX.



BOARD OF DIRECTORS

MR. LOW CHAI CHONG

Lead Independent Director

Mr. Low, 58, was appointed as an Independent Director of the Company on 1 September 2010. Mr. Low is also the Lead Independent Director of the Company. He is an advocate & solicitor of the Supreme Court of Singapore. He joined Dentons Rodyk & Davidson LLP in 1986, and has been with the same firm his entire career. He has many years of legal experience, representing MNCs, financial institutions and listed companies in a wide array of commercial and corporate matters regionally, including dispute resolution.

Mr. Low graduated from National University of Singapore with a Bachelor of Laws (Honours) degree. He is also the Lead Independent Director of Moya Holdings Asia Limited and Non-Executive Chairman of Eneco Energy Limited and Capital World Limited.

MR. TIMUR PRADOPO

Independent Director

Mr. Pradopo, 64, 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 36 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.

MR. JAMES KHO CHUNG WAH

Independent Director

Mr. Kho, 44, 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 on the board of other two SGX-ST listed companies, namely Rich Capital Holdings Limited and SBI Offshore Limited.

KEY MANAGEMENT

MR. LAU WEI KIAN

Financial Controller

Mr. Lau, 38, is the Financial Controller of the Company. He joined the Company in July 2019. He is responsible for overseeing the finance and accounting functions of the Company and the Group. Prior to joining the Company, he was a Group Financial Controller of a company dual listed on the Mainboard on the Singapore Exchange Securities Trading Limited (delisted on 24 August 2018) and Mainboard on the Hong Kong Stock Exchange. Prior to that, he was an auditor in Ernst and Young LLP (Singapore) and Deloitte & Touche (Malaysia). Mr. Lau holds a Bachelor of Accounting from the Multimedia University, Malaysia.

FINANCIAL HIGHLIGHTS

OVERVIEW IN FY2020



REVENUE

S\$ **14.98**_M



EARNINGS PER SHARE⁽³⁾

0.08_{CENTS}



PROFIT BEFORE TAX

S\$ **2.80**_M



RETURN ON EQUITY

1.15_%

TOTAL EQUITY

S\$195.42_{MILLION}

GROSS PROFIT

S\$12.68_{MILLION}

EBITDA⁽¹⁾

S\$7.71_{MILLION}

NAV PER SHARE

S\$7.08_{CENTS}

GEARING RATIO

47.79_%

CASH & CASH EQUIVALENTS

S\$11.50_{MILLION}

NET DEBT

S\$172.02_{MILLION}

LOANS AND BORROWINGS

S\$183.50_{MILLION}

INTEREST COVERAGE
RATIO⁽⁴⁾

1.62_%

PATMI⁽²⁾

S\$2.25_{MILLION}

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 equityholders of the Company over the weighted average number of ordinary shares in issue during the financial year.

Note 4: Interest Coverage Ratio is computed by Earnings before interest and taxes divided by interest expense.



FINANCIAL AND OPERATIONS REVIEW

100%

tenanted for
MacDonald
House

100%

tenanted for
retails shops
at Balestier
Road

100%

tenanted for
14 residential
units

Average **75%** occupancy rate at Louis Kienne
Serviced Residences, Havelock Road



FINANCIAL AND OPERATIONS REVIEW

REVENUE

The Group's revenue in FY2020 comprised income from serviced apartment and rental income. Rental income consists of income generated from residential units and commercial units. The Group's revenue increased by S\$0.90 million or 6.4%, from S\$14.08 million in FY2019 to S\$14.98 million in FY2020. The increase was mainly due to higher rental income collected from the commercial office building, Macdonald House and income from the serviced apartment, Louis Kienne Serviced Residences, with higher occupancy rates in FY2020.

COST OF SALES AND GROSS PROFIT

The Group's cost of sales of S\$2.30 million in FY2020 mainly pertains to the cost incurred to operate the

serviced apartment. The increase in cost of sales corresponds the increase in income from the serviced apartment. Gross profit margin increased from 83.8% in FY2019 to 84.7% in FY2020. The improvement in gross profit margin was mainly due to better cost control measures in operating the serviced apartment.

INTEREST INCOME

Interest income consists of interest received from fixed deposits placed in bank.

OTHER INCOME

Other income in FY2020 mainly consists of dividend income from investment in securities and wage credit scheme received from the local tax authority. The decline in other income of S\$4.25 million was

mainly due to the fair valuation loss for the Group's investment properties of S\$1.64 million which was classified under General and administrative expenses in FY2020 as compared to a fair valuation gain of S\$2.60 million recorded under other income in FY2019.

MARKETING AND DISTRIBUTION EXPENSES

The decline in marketing and distribution expenses of S\$0.58 million was mainly due to the absence of higher commission expenses made to 3rd party property agents for sourcing of tenants for Macdonald House in FY2020.



GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses. The decline in general and administrative expenses of S\$0.67 million was mainly due to the reduction in depreciation expenses and payroll costs attributable to the lower headcount in FY2020.

FINANCE COSTS

The increase in finance costs of S\$0.31 million was mainly due to higher interest rates charged for bank loans.

SHARE OF RESULT OF AN ASSOCIATE

The share of loss of S\$0.04 million in FY2020 was mainly due to lower performance fees being recognised by the real estate fund managed by the associate company.

SHARE OF RESULTS OF A JOINT VENTURE

The share of loss of S\$0.08 million in FY2020 was mainly due to operating expenses incurred during the financial year.

INCOME TAX EXPENSE

The decrease in income tax expense of S\$0.06 million in FY2020 was mainly due to tax credits received from the local tax authority during the financial year.

As a result of the above, the Group recorded a net profit attributable to owners of the Company of S\$2.25 million in FY2020 compared to a profit of S\$4.83 million in FY2019.

BALANCE SHEETS

The financial position of the Group remained strong with net assets of S\$195.42 million as at 31 March 2020. The Group's cash and cash equivalents stood at S\$11.50 million as at 31 March 2020 as compared to S\$9.08 million as at 31 March 2019. The increase in cash and cash equivalents was mainly due to the higher operating revenue in FY2020.

ASSETS

Total assets stood at S\$387.43 million as at 31 March 2020 as compared to S\$382.19 million as at 31 March 2019.

The increase of S\$5.24 million was mainly due to an increase in cash and cash equivalents of S\$2.42 million and amount due from related companies of S\$9.20 million, arising from advances extended by the Company to a related company. This was partially offset by the fair valuation loss for the Group's investment properties of S\$1.64 million, decrease in investment in quoted and unquoted securities of S\$1.55 million and decrease in contract assets of S\$2.77 million as a subsidiary had obtained Certificate of Statutory Completion during the financial year.

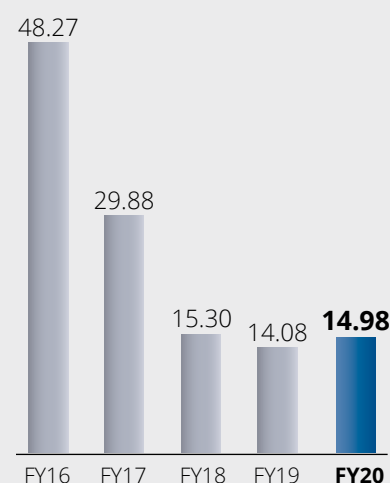
LIABILITIES

Total liabilities stood at S\$192.01 million as at 31 March 2020 as compared to S\$189.02 million as at 31 March 2019.

The increase of S\$2.99 million was mainly due to the drawdown of a credit facility of S\$10 million and increase in corporate tax provision of S\$0.39 million which were partially offset by principal repayments of S\$6.84 million made during the financial year.

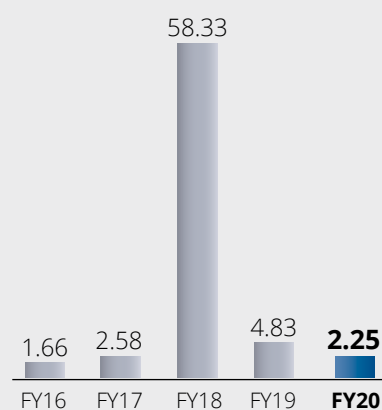
REVENUE OF THE FINANCIAL YEARS ENDED (2016 - 2020)

(S\$ MILLION)



PATMI¹ FOR THE FINANCIAL YEARS ENDED (2016 - 2020)

(S\$ MILLION)



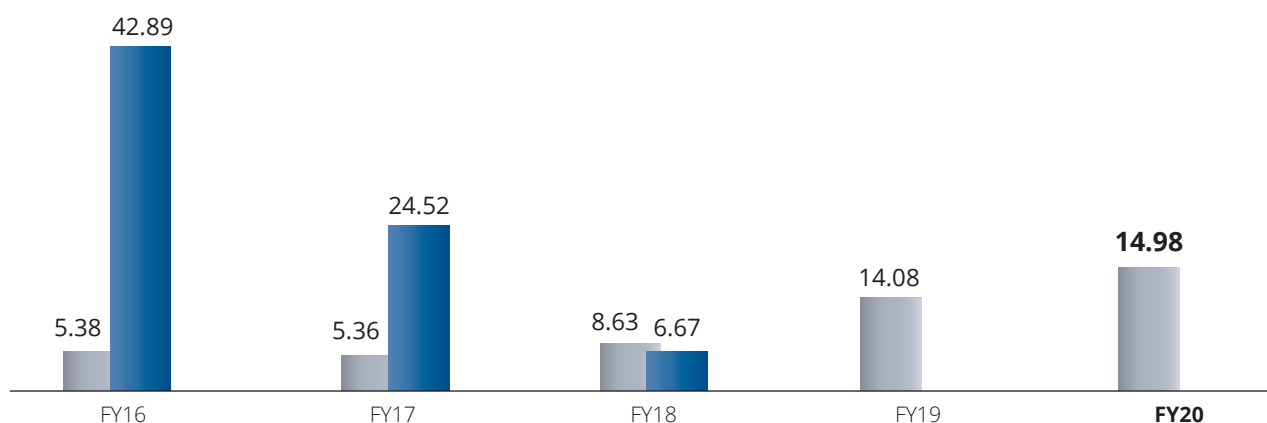
¹ Profit after tax and minority interests

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

FINANCIAL AND OPERATIONS REVIEW

5 YEARS REVENUE BY BUSINESS SEGMENTS

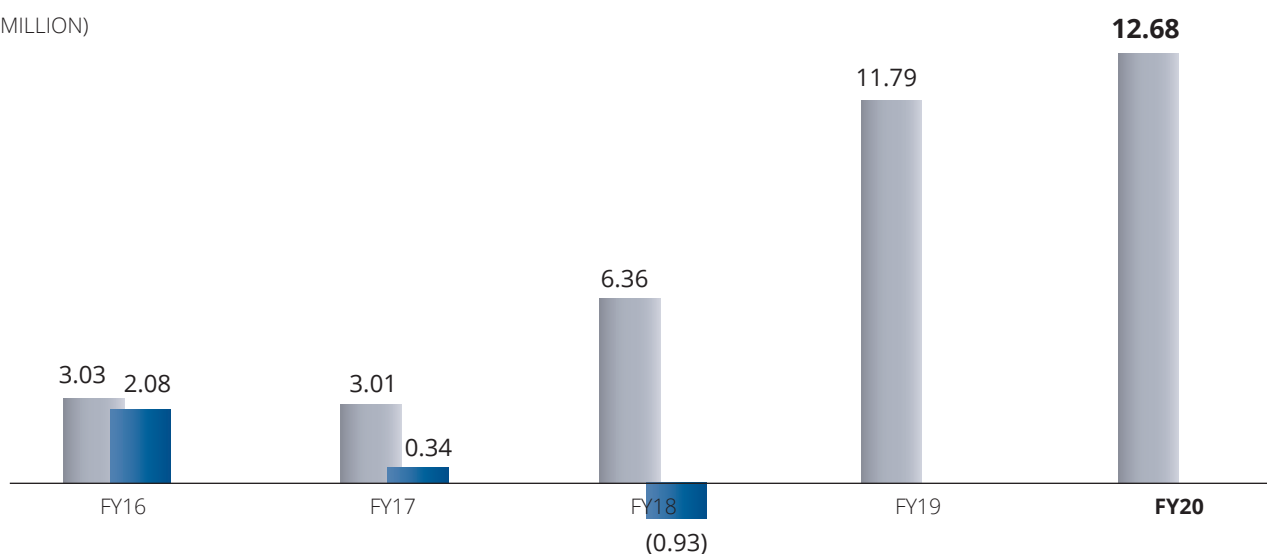
(\$ MILLION)



	FY16	FY17	FY18	FY19	FY20
Property Investment	5.38	5.36	8.63	14.08	14.98
Property Development	42.89	24.52	6.67	-	-
TOTAL	48.27	29.88	15.30	14.08	14.98

5 YEARS GROSS PROFIT BY BUSINESS SEGMENTS

(\$ MILLION)



	FY16	FY17	FY18	FY19	FY20
Property Investment	3.03	3.01	6.36	11.79	12.68
Property Development	2.08	0.34	(0.93)	-	-
TOTAL	5.11	3.35	5.43	11.79	12.68

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

Our energy consumption contributes to climate change and we are committed to reducing our energy use and conserving the environment our business operates in.

Initiatives have been taken to maintain properties which comply with the guidelines set by the local building authorities as we adopt strategies that are socially responsible by incorporating efficient facilities management and innovative house design to further reduce our environmental impact.

We actively work with leading sustainability reporting frameworks and are focused on scaling up participation in a sustainable economy.

COMMUNITIES INVOLVEMENT

Corporate Social Responsibility ("CSR") is embedded in our corporate culture and forms an integral part of our business direction. The Group strives to decouple economic growth from environmental impact while increasing the resiliency of our operations. We are guided by our belief that the inclusion of community interests into our business processes supports the long term interests of the Group and our stakeholders.

We pursue environmental and economic efficiencies in our daily operations. From reducing energy consumption and mitigating wastages, we seize every opportunity to reduce our carbon footprint. We actively seek opportunities to reduce the environmental impact of our operations mainly by partnering with energy efficient vendors and minimizing wastage. We strongly encourage our employees to recycle items and donate unwanted usable items. Volunteering activities are highly encouraged, 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.

Community involvement and service is an integral part of our culture. We remain fully committed to giving back by using our expertise and resources to address the needs in our communities. By adopting a proactive approach to promote CSR, we create a culture of social inclusiveness and integration, providing a trusted platform for our employees to engage in environmental causes.

EMPLOYEE

The Group provides opportunities for employees to improve their skills set and knowledge to increase workplace productivity and job satisfaction. Events, training programmes and seminars are conducted for employees covering areas on Audit, Accounting, Taxation, Project Management and Corporate Governance Compliance.

Efforts include ensuring the well-being of our employees and developing talent to improve recruitment and engagement of a diversified and competent workforce while increasing innovation. Transparent and clear employment standards serve as foundation for our work culture and all employees are required to conduct themselves at the highest ethical level. The Group strives to fulfil the rights and obligations of employees in accordance with the applicable laws and regulations.

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



CORPORATE INFORMATION

BOARD OF DIRECTORS

Po Sun Kok

Non-Executive & Non-Independent
Chairman

Luciana

Non-Executive & Non-Independent
Deputy Chairman

Dr. Nico Purnomo Po

Executive Director
Chief Executive Officer

Low Chai Chong

Lead Independent Director

Timur Pradopo

Independent Director

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
www.pollux.com.sg

BANKERS

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

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 :

Chuen Beng Ang

Date of appointment :

From financial year ended 31 March 2020

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 2018 (the “Code”) and accompanying Practice Guidance issued in August 2018, 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 2020 (“FY2020”), 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 FY2020, the Group has generally adhered to the principles and provisions as set out in the Code. Where there were any deviations from any provisions of the Code, appropriate disclosures and explanations are provided in this report.

The Board will review and set out the appropriate corporate governance practices to comply with the Code in the next annual report covering the financial year ending 31 March 2020.

BOARD MATTERS

The Board’s Conduct of Affairs

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

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 the management of the Company (the “Management”).

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

- (a) providing entrepreneurial leadership, setting the strategic directions and goals of the Company and ensuring that adequate resources are available to meet these objectives;
- (b) establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Company’s assets;
- (c) overseeing and monitoring the management and affairs of the Company;
- (d) monitoring and reviewing the Management’s performance towards achieving organisational goals;
- (e) identifying the key stakeholder groups and recognising that their perceptions affect the Company’s reputation;
- (f) ensuring accurate and timely reporting to, and communication with shareholders;
- (g) ensuring the Company’s compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;
- (h) determining and setting the Company’s values and standards, including ethical standards, and ensuring that obligations to shareholders and other stakeholders are understood and met; and
- (i) considering sustainability issues, including environmental and social factors, in the formulation of the Company’s strategies.

CORPORATE GOVERNANCE REPORT

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

The Company has adopted internal guidelines governing matters that require the Board’s approval, and clear directions have also been given to the Management 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 FY2020 at meetings of the Board and Board Committees held in FY2020 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	3	3	N.A.	N.A.	N.A.	N.A.
Po Sun Kok	3	2	N.A.	N.A.	N.A.	N.A.
Luciana	3	3	N.A.	N.A.	N.A.	N.A.
Low Chai Chong	3	3	3	3	1	1
Timur Pradopo	3	2	3	2	1	1
James Kho Chung Wah	3	3	3	3	1	1

CORPORATE GOVERNANCE REPORT

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.

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. 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.

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").

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 406(3)(a) 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. There is no new director appointed in FY2020.

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 the latest developments relevant to the Company or themselves. Where necessary, the Directors will be updated on new legislation 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.

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The Board adopted a set of ethical values and standards which establish the fundamental principles of professional and ethical conduct expected of the Directors in the performance of their duties. It includes guidelines on matters relating to conflicts of interest. When an actual, potential and perceived conflict of interest arise, the concerned Director must disclose such interest, recuse himself or herself from discussions and decisions involving the matter, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she is abstained from voting in relation to the conflict-related matters.

Board Composition and Guidance

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

The Board presently comprises six (6) Directors, three (3) of whom are Independent Directors. In accordance with Provision 2.3 of the Code, the Board comprises five (5) Non-Executive Directors which makes up a majority of the Board. 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	26 July 2019
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	26 July 2019
James Kho Chung Wah	Director, Chairman of AC and member of RNC	Non-Executive/Independent	29 May 2014	26 July 2018

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 Non-Independent Director and Deputy-Chairman of the Board). Under Provision 2.2 of the Code, independent Directors are to make up a majority of the Board where the Chairman is not independent. As the Chairman is not an Independent Director, the current Board composition which only makes up half of the Board of Independent Directors, does not satisfy Provision 2.2 of the Code. However, taking into consideration of the following factors, the Board and RNC are of the view that the current composition satisfy the intent of Principle 2 of the Code:

- (i) the Non-Executive Directors, i.e. five (5) out of six (6) Directors, make up a majority of the Board. This satisfies the requirement of Provision 2.3 of the Code. The current Board composition is also in compliance with Rule 406(3)(c) of the Catalist Rules, which requires, the independent directors to make up at least one-third of the Board.

CORPORATE GOVERNANCE REPORT

- (ii) As Independent Directors make up half of the Board, there is a strong independent element on the Board and no individual or groups of individuals dominate the Board's decision-making process.
- (iii) The Board has appointed a Lead Independent Director who plays an additional facilitative role within the Board, and where necessary, he also facilitates communication between the Board and shareholders or other stakeholders of the Company.

Nonetheless, the Board and NC remain committed to continuously review the adequacy of the composition on the Board and ensure that at all times, the Board will be in compliance with the intent of Principle 2 of 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:

- (i) is not employed by the Company or any of its related corporations for the current or any of the past three financial years.
- (ii) does not have immediate family members who is employed or has been employed by the Company or any of its related corporations for the current or any of the past three financial years and whose remuneration is determined by the RC.
- (iii) has not been a directors for an aggregate period of more than 9 years (whether before or after listing) and whose continued appointment as an independent director has not been sought and approved in separate resolutions by (A) all shareholders; and (B) all shareholders, excluding shareholders who also serve as the director or the chief executive officer of the company, and associates of such director and chief executive officer.

The aforesaid circumstance, i.e Rule 406(3)(d)(iii) of the Catalist Rules will come into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.4 in the 2012 Code of Corporate Governance will continue to apply. 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 substantial shareholders, 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.

The independence of any director who has served on the Board beyond nine years from the date of his appointment would be subject to particularly rigorous review. In respect of Mr. Low Chai Chong who has served the Board for more than nine (9) years, the Board has considered especially his length of service and his continued independence. The Board has determined that Mr. Low Chai Chong remained independent of character and judgement and there were no relationship or circumstances which were likely to affect, or could appear to affect, the Directors' judgement. The independence of character and judgement of Director concerned was not in any way affected or impaired by the length of service. Therefore, the Board is satisfied as to the performance and continued independence of judgement of Mr. Low Chai Chong.

Nonetheless, in view of the amendments to the Catalist Rules, which will come into effect from 1 January 2022, requires the re-appointment of directors who have served the Board beyond nine years from the date of their first appointment to be subjected to a two-tier shareholders voting, the Company has its Board's renewal process underway.

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Currently, the Company does not have a Board diversity policy as provided by Provision 2.4 of the Code but 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.

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.

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 is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

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.

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;

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- (f) ensuring effective communication with shareholders;
- (g) facilitating the effective contribution of all directors, the 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 and for which contact through the normal channels of communication with the Chairman, the CEO or the Financial Controller has failed to resolve, or for which such contact is inappropriate.

Board Membership

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

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;

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- (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 6 (Procedures for Developing Remuneration Policies).

The RNC is charged with determining the independence of the Directors as set out under Provision 2.1 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 aggregate payments to Dentons Rodyk for the services rendered during FY2020 were not significant. Furthermore, Mr. Low Chai Chong does not hold more than 5% 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.

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The listed company directorships and principal commitments* of the Directors are set out in the table below:

Name of Directors	Listed Company Directorships	Principal Commitments*
<u>Executive Director</u>		
Nico Purnomo Po	Pollux Properties Ltd	Executive Director, CEO
	–	Director of Pollux Holdings Pte Ltd
	–	Director of Pollux Alpha Investment Ltd
	–	Director of Tinifia Investment Pte Ltd
	–	Director of Pollux Hospitality Pte Ltd
	–	Director of Goldman Morgan Holding Pte Ltd
	–	Director of Richmond View Investments Pte Ltd
	–	Director of Orchard Residences Investment Pte Ltd
	–	Director of Cherimoya Worldwide Corporation
	–	Director of Savers Investment Limited
	–	Director of Symbianta Worldwide Inc
	–	Director of Ariva Hospitality Premier Pte Ltd
	–	Director of Bvlgari Park Residences Pte Ltd
	–	Director of Boulevard Residences Pte Ltd
	–	Director of Giorgio Residences Pte Ltd
	–	Director of Channel Residences Pte Ltd
	–	Director of Pollux Treasures Pte Ltd
	–	Director of Stirling Fort Capital Pte Ltd
	–	Director of Pollux (SF1) Pte Ltd
	–	Director of Pollux (CCK) Pte Ltd
	–	Director of PT. Mega Kuningan Pinnacle
	–	Director of PT. Mega Dutga Megah Laksana
	–	Director of PT. Mega Daya Prima
	–	Director of PT. Raffles Investasi Indonesia
	–	Director of PT. Adiperdana Sejahtera
	–	Director of PT. Pollux Properti Indonesia TBK
	–	Director of PT. Pollux Investasi International TBK
	–	Director of PT. Multi Artha

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Name of Directors	Listed Company Directorships	Principal Commitments*
<u>Independent Directors</u>		
Low Chai Chong	Pollux Properties Ltd	Independent Director, Chairman of RNC, member of AC
	Moya Holdings Asia Limited	Non-Executive Director and Lead Independent Director, Chairman of AC, Chairman of Remuneration Committee, member of Nominating Committee
	Eneco Energy Limited	Independent Director, Non-Executive Chairman, Chairman of AC
	Capital World Limited	Non-Executive Director, Non-Executive Chairman
	–	Senior Partner of Dentons Rodyk & Davidson LLP
	Rodyk Services Private Limited	Director
	Rodyk IP Services Sdn Bhd	Director
	Moya Indonesia Holdings Pte Ltd	Director
Timur Pradopo	Pollux Properties Ltd	Independent Director, AC member, RNC member
James Kho Chung Wah	Pollux Properties Ltd	Independent Director, AC Chairman, RNC member
	Rich Capital Holdings Limited	Independent Director, Chairman of Nominating Committee, Chairman of Remuneration Committee, member of AC
	SBI Offshore Limited	Independent Director, Chairman of Audit and Risk Management Committee, member of Remuneration Committee and member of Nominating Committee
	–	Co-founder and CEO of Willan Capital Pte. Ltd
<u>Non-executive, non-independent Directors</u>		
Po Sun Kok	Pollux Properties Ltd	Non-Executive Director
	–	PT. Artha Mas Investama
	–	PT. Bawen Investama Perdana
	–	PT. Besen Citra Permata
	–	PT. Bumi Pasifik Kencana
	–	PT. Cakrawala Sakti Kencana
	–	PT. Graha Masindo Pratama
	–	PT. Graha Satu Tiga Tujuh
	–	PT. Graha Metta Arya
	–	PT. Golden Flower Group
	–	PT. Pollux Properti Indonesia TBK

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Name of Directors	Listed Company Directorships	Principal Commitments*
<i>Non-executive, non-independent Directors</i>		
Luciana	Pollux Properties Ltd	Non-Executive Director
	–	PT. Artha Mas Investama
	–	PT. Arthavitta
	–	PT. Bawen Investama Perdana
	–	PT. Besen Citra Permata
	–	PT. Bumi Pasifik Kencana
	–	PT. Cakrawala Sakti Kencana
	–	PT. Graha Masindo Pratama
	–	PT. Graha Satu Tiga Tujuh
	–	PT. Graha Metta Arya
	–	PT. Golden Flower Group
	–	PT. Pollux Properti Indonesia TBK

* The term “principal commitments” includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

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 including personal networks. 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 Mr. Low Chai Chong and Mr. James Kho Chung Wah 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, Mr. Low Chai Chong and Mr. James Kho Chung Wah, 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.

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Name of Director	Low Chai Chong	James Kho Chung Wah
Date of Initial Appointment	1 September 2010	29 May 2014
Date of last re-appointment (if applicable)	27 July 2017	26 July 2018
Age	58	44
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Low Chai Chong as the Independent Director was recommended by the RNC and the Board has accepted the recommendation, after taking into consideration Mr. Low Chai Chong's qualifications, past experiences and overall contributions since he was appointed as a Director of the Company.	The re-election of Mr. James Kho Chung Wah as the Independent Director was recommended by the RNC and the Board has accepted the recommendation, after taking into consideration Mr. James Kho Chung Wah's qualifications, past experiences and overall contributions since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title	Independent Director, Chairman of RNC and a member of the AC	Independent Director, Chairman of AC and a member of the RNC
Professional qualifications	Bachelor of Laws (Honors) degree	Bachelor of Business (Financial Analysis) (Hons.) Chartered Financial Analyst charter holder Member of Chartered Financial Analyst Institute
Working experience and occupation(s) during the past 10 years	1986 - Present: Senior Partner, Dentons Rodyk & Davidson LLP March 2013 - Present: Non-Executive Director, Moya Holdings Asia Limited December 2018 - Present: Independent Director, Eneco Energy Limited September 2019 - Present: Non-Executive Director, Capital World Limited	2013 - Present: Co-founder and Chief Executive Officer, Willan Capital Pte. Ltd April 2017 - February 2018: Executive Director, Taiyo Asset Management Pte. Ltd February 2014 - January 2016: Executive Director, Pacific Star (Greater China) Pte Ltd April 2010 - March 2013: Senior Vice President, Maybank Kim Eng Corporate Finance Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest in 200,000 shares of the Company	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	No	No
Conflict of interest (including any competing business)	No	No

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Name of Director	Low Chai Chong	James Kho Chung Wah
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorship	<u>Present Directorships</u> Moya Holdings Asia Limited Eneco Energy Limited Capital World Limited Rodyk Services Private Limited Rodyk IP Services Sdn Bhd Moya Indonesia Holdings Private Limited <u>Past Directorships (in the last 5 years)</u> DLF Holdings Limited China Gaoxian Fibre Fabric Holdings Ltd	<u>Present Directorships</u> SBI Offshore Limited Rich Capital Holdings Limited Willan Capital Pte. Ltd Century Strategic Management Pte. Ltd MIB Investments Private Limited Platinum Project Consultancy Pte. Ltd Sunshine Investments Pte Ltd Willan (Tianjin) Asset Management Ltd Willan (Tianjin) Business Advisory Ltd Willan Consultants Pte. Ltd <u>Past Directorships (in the last 5 years)</u> Serrano Ltd China Environment Ltd Ariva Investment Management Pte. Ltd D&R International Capital Limited Eminence Investment Pte. Ltd Fifth Avenue Group Pte. Ltd Fu Er Teng Shanxi Business Advisory Ltd Intuition Solutions Pte. Ltd Taiyo Asset Management Pte. Ltd Pacific Star (Greater China) Pte Ltd
Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.		
(a) Whether at any time during the last 10 years, an application or 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?	No	No

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Name of Director	Low Chai Chong	James Kho Chung Wah
(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?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(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

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Name of Director	Low Chai Chong	James Kho Chung Wah
(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

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Name of Director	Low Chai Chong	James Kho Chung Wah
(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	No	Yes. Mr. Kho previously served as an independent director of Serrano Limited ("Serrano") (now known as Winmark Investments Holding). An independent reviewer was appointed in November 2019 to review and identify, amongst others, any potential breaches of listing rules and relevant laws and regulations in connection to the allegations of improprieties and concerns relating to transactions, business and/or conduct of management that were relevant to the Serrano's old business prior to the implementation of the schemes of arrangement. Based on publicly available information, the said independent review is still on going.
(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	No	No
(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	No	No

CORPORATE GOVERNANCE REPORT

Name of Director	Low Chai Chong	James Kho Chung Wah
<p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	No	Yes. Refer to the disclosure above.
<p>(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?</p>	No	<p>Yes</p> <p>China Environment Limited There is a letter of advisory sent by ACRA to Mr. Kho in relation to China Environment Limited, wherein ACRA's investigations has found that although the breaches were committed by China Environment Limited during the period of his directorship, there were strong mitigating factors in his favour. In view of the strong mitigating factors, ACRA has advised Mr. Kho to exercise due diligence when carrying out his duty as a director.</p> <p>Rich Capital Holdings Limited He is an independent director of Rich Capital Holdings Limited since January 2018. An independent reviewer was appointed in August 2019 to carry out an independent review based on the approved scope of work by SGX RegCo. The said independent review is still ongoing as at the date of the annual report.</p>

CORPORATE GOVERNANCE REPORT

Name of Director	Low Chai Chong	James Kho Chung Wah
		<p data-bbox="1010 353 1278 383"><u>SBI Offshore Limited</u></p> <p data-bbox="1010 385 1474 797">On 21 March 2019, SBI Offshore Limited announced that, in consultation with its sponsor and the SGX RegCo, the Board has appointed RSM Corporate Advisory Pte. Ltd. ("RSM") as the special auditor to investigate into, among others, the background and circumstances which led to the acquisition and the subsequent disposal a vacant factory in China and whether there is any potential breach of listing rules, laws or regulations governing the company and its personnel.</p> <p data-bbox="1010 824 1474 1160">The special audit has been completed and based on the various facts and circumstances considered by RSM including the consultation with Savills Real Estate Valuation (Guangzhou) Ltd, RSM's report concluded that the company had undertaken an adequate and reasonable process to market and sell the factory, and the sale price of RMB 18 million represented the best offer they received during the period.</p> <p data-bbox="1010 1187 1474 1794">Notwithstanding the RSM's report did not point to concerns on the disposal of the factory, SGX RegCo in its regulatory announcement released on 12 June 2020, SGX RegCo highlighted that the RSM's report noted certain concerns surrounding the acquisition of the factory and related disclosure matters, and accordingly RSM flagged out potential listing rule breaches and potential contravention of directors' fiduciary duties under Section 157 of the Companies Act. And in the same announcement, SGX RegCo stated that they will look into any potential listing rule breaches and refer the potential contravention of the Companies Act to the relevant authorities. Mr. Kho is not the director of the company during the acquisition of the factory.</p>

CORPORATE GOVERNANCE REPORT

Name of Director	Low Chai Chong	James Kho Chung Wah
Disclosure applicable to the appointment of Director Only		
Any prior experience as a director of a listed company?	Not Applicable. This is in relation to the re-appointment of a Director.	Not Applicable. This is in relation to the re-appointment of a Director.
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.		
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).		

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. Low Chai Chong and Mr. James Kho Chung Wah, as members of the RNC, have abstained from voting on any resolutions in relation to the assessment of their performance as a Director.

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

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 return 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.

CORPORATE GOVERNANCE REPORT

The RNC, having reviewed the overall performance of the Board in terms of its role and responsibilities as well as the conduct of its affairs as a whole for FY2020, and the peer assessment of each Director, is of the view that the performance of the Board as a whole, and the contribution of each Director to the effectiveness of the Board has been satisfactory. No external facilitator had been engaged by the Board for this purpose.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RNC comprises three (3) members, all of whom, including the Chairman, are Independent Directors.

The members of the RNC are as follows:

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

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 FY2020.

CORPORATE GOVERNANCE REPORT

The RNC is of the view that it is currently not necessary to 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 RNC will review the compensation commitments of the Directors' or key management personnel's contracts of service, as and when necessary to ensure that such contracts of service contain fair and reasonable termination clauses.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

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 the 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 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationship between remuneration, performance and value creation.

The compensation package for employees including the executive directors and key management personnel comprise a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account factors such as the individual's performance, the performance of the Group and industry practices.

CORPORATE GOVERNANCE REPORT

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors or the CEO) for FY2020 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	28%	–	–	72%	100%
S\$250,000 and below					
Po Sun Kok	–	–	100%	–	100%
Luciana	–	–	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 FY2020.

Remuneration Band and Name of Key Management Personnel ⁽¹⁾	Base/Fixed Salary	Bonus	Other Benefits	Total
S\$250,000 and below				
Lau Wei Kian	100%	–	–	100%

Note (a) The Company has only one (1) key management personnel (who is not a Director nor the CEO) in FY2020.

Note (b) Lau Wei Kian was appointed on 28 June 2019. Hence the remuneration was calculated on a pro-rata basis.

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, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during FY2020.

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.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

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 takes adequate steps to ensure compliance with the relevant legislative and regulatory requirements and observes obligations of continuing disclosure under the Catalist Rules. During FY2020, 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.

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 FY2020.

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.

CORPORATE GOVERNANCE REPORT

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 FY2020, 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 FY2020, 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 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

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 FY2020, the AC held three (3) meetings.

CORPORATE GOVERNANCE REPORT

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

- (a) recommend to the Board the appointment or re-appointment and approving the remuneration and terms of engagement of the external auditors and internal auditors;
- (b) review the audit plans of the internal and external auditors of the Company, and review the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Management to the internal and external auditors;
- (c) evaluate the effectiveness of both the internal and external audit efforts through regular meetings;
- (d) determine that no unwarranted management restrictions are being placed upon the external and internal auditors;
- (e) review the financial statements with the Management and external auditors (where applicable) for submission to the Board;
- (f) review the half yearly and full year announcements of the results of the Group before submission to the Board for approval;
- (g) report to the Board summarising the work performed by the AC in carrying out its functions;
- (h) review interested person transactions;
- (i) have explicit authority to investigate any matter within its terms of reference, 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 FY2020.

The Company's external auditors are Ernst & Young LLP. During FY2020, the aggregate amount of fees paid and/ or payable to the external auditors for audit services amounted to approximately S\$150,000. During FY2020, 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.

CORPORATE GOVERNANCE REPORT

With reference to the joint recommendations made by the Monetary Authority of Singapore, ACRA and SGX-ST, 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 2020, the Group's investment properties amounted to \$338,535,000 and accounted for 87% of the Group's total assets.</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 2020. Please refer to page 52 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 FY2020.

Complaints, incidents or claims can be raised at info@pollux.com.sg.

Internal Audit

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. ("Wensen"), to perform the review and test of controls of the Group's processes in FY2020. Wensen has experience in providing risk advisory, internal audit and other consulting services. The team, comprising of a manager and senior associate is led by an engagement partner who has more than 20 years of experience. 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 FY2020 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 ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

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.

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.

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.

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. In the last financial year ended 31 March 2019 ("FY2019"), all Directors except Timur Pradopo attended the AGM of the Company held on 26 July 2019 ("2019 General Meeting"). Save for the 2019 General Meeting, there were no other general meetings held in FY2020.

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.

CORPORATE GOVERNANCE REPORT

Except as disclosed in the next paragraph, the Company does not publish minutes of general meetings of shareholders on its corporate website as the Company is of the view that there are potential adverse implications, including commercial and legal implications. All shareholders, including those who did not attend the relevant general meeting, have a statutory right to request and would be furnished copies of minutes of general meetings in accordance with Section 189 of the Companies Act. The Company is therefore of the view that its practices are consistent with the intent of Principle 11 of the Code.

In view of the current COVID-19 situation, the forthcoming AGM to be held in respect of FY2020 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the AGM. As required by the Order, the Company will publish the minutes of the 20th AGM on the Company's website as well as on the SGX website within one month after the date of the AGM.

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 FY2020.

Engagement with Shareholders

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

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, financial results and annual reports of the Company are released via SGXNET on a timely basis. A copy of the annual report, together with the notice of AGM, is usually sent to every shareholder. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Annual General Meeting in person. Printed copies of this Annual Report, the Notice of AGM and the accompanying proxy form will not be despatched to members. Instead, the Annual Report, the Notice of AGM and the accompanying proxy form will be published on the Company's website at <http://pollux.com.sg/annual-reports> and on the SGX website at <https://www.sgx.com/securities/company-announcements>.

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.

CORPORATE GOVERNANCE REPORT

The Company does not have an investor relations team, however, the Company maintains a website at <http://pollux.com.sg> to bring public awareness of the Group's latest development and businesses. To enable shareholders to contact the Company easily, the contact details are set out in the Company's website. Shareholders can provide feedback to the Company via the electronic mail address, the registered office address or calls. Calls and emails requesting for information are attended to promptly.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

The Company has regularly engaged its stakeholders mainly through its company website and emails to ensure that its interests are aligned with those of its stakeholders. The Company has identified stakeholders groups which have a significant influence and interest in the Group's business and operations. The key stakeholders includes investors, tenants, employees, government and regulators and business partners.

The Company adopts an inclusive approach by considering and balancing the needs of material stakeholders and embeds environmental, social and governance considerations into its risk assessment, financing policies and business operations. Please refer to the Company's Sustainability Report for further details.

The Company maintains a corporate website at <http://pollux.com.sg> to communicate and engage with stakeholders.

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.

During FY2020, the aggregate value of all interested person transactions are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under the review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Goldman Morgan Holdings Pte Ltd	Goldman Morgan is an associate of Nico Purnomo Po, an Executive Director and CEO of the Group	S\$4,933,056 (FY2019: S\$3,268,645)	Nil

The above transactions bear an average interest rate of 3.32% (FY2019: 2.81%) per annum, unsecured and is repayable on demand by Goldman Morgan Holdings. Pte Ltd. The amount due from Goldman Morgan Holdings Pte Ltd has been fully paid subsequent to FY2020.

MATERIAL CONTRACTS

As at the end of FY2020, there was an aggregate 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.), from the Company and Goldman Morgan Holdings Pte. Ltd.. This loan is unsecured and interest-free, and is repayable on demand.

Save as disclosed in this annual report, there were no other 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 FY2020, or if not then subsisting, entered into since the end of the previous financial year.

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 FY2020.

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NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Pollux Properties Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 March 2020.

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 2020 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
Luciana

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' STATEMENT

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

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
<u>The Company</u>				
<u>Pollux Properties Ltd.</u>				
<i>(Ordinary shares)</i>				
Nico Purnomo Po	–	–	2,483,242,325	2,483,242,325
Low Chai Chong	–	–	200,000	200,000
<u>Immediate Holding Company</u>				
<u>Pollux Holdings Pte Ltd</u>				
<i>(Ordinary shares)</i>				
Nico Purnomo Po	–	–	131,000,000	131,000,000
<u>Ultimate Holding Company</u>				
<u>PT. Pollux Multi Artha</u>				
<i>(Ordinary shares)</i>				
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.

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

Share options

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

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

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

DIRECTORS' STATEMENT

Audit Committee

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Company's system of internal accounting controls and the assistance given by the Group and the Company's management to the internal and external auditors;
- Reviewed the half yearly 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;
- 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 Catalyst.

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 three meetings during the financial year with majority 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.

DIRECTORS' STATEMENT

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

14 August 2020

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2020

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 2020, 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 2020 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 2020, the Group's investment properties amounted to \$338.5 million and accounted for 87% of the Group's total assets. The Group records its investment properties at their fair values.

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 2020

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

Key Audit Matters (cont'd)

Valuation of investment properties

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 in light of the prevailing conditions;
- 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*, Note 35 *Fair Value of Assets and Liabilities* and Note 3.2 *Key Sources of Estimation Uncertainty* 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 2020

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2020

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Chuen Beng Ang.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore

14 August 2020

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Revenue	4	14,977,356	14,076,321
Cost of sales	5	(2,294,814)	(2,286,999)
Gross profit		12,682,542	11,789,322
Other items of income			
Interest income	6	43,302	40,096
Other income	7	17,986	4,272,977
Other items of expense			
Marketing and distribution		(52,134)	(633,892)
General and administrative		(5,206,546)	(5,880,952)
Finance costs	8	(4,564,379)	(4,253,626)
Share of results of an associate, net of tax		(42,863)	49,776
Share of results of a joint venture, net of tax		(80,238)	46,431
Profit before tax	9	2,797,670	5,430,132
Income tax expense	10	(544,401)	(599,659)
Profit for the financial year		2,253,269	4,830,473
Attributable to:			
Owners of the Company			
Profit for the financial year attributable to owners of the Company		2,253,269	4,830,473
Earnings per share attributable to owners of the Company (cents per share)			
- Basic	11	0.082	0.175
- Diluted	11	0.082	0.175
Earnings per share (cents per share)			
- Basic	11	0.082	0.175
- Diluted	11	0.082	0.175

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 2020

	2020 \$	2019 \$
Profit for the financial year	2,253,269	4,830,473
Other comprehensive income for the financial year, net of tax	–	–
Total comprehensive income for the financial year	<u>2,253,269</u>	<u>4,830,473</u>
Attributable to:		
Owners of the Company		
Total comprehensive income for the financial year attributable to owners of the Company	<u>2,253,269</u>	<u>4,830,473</u>

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

BALANCE SHEETS

As at 31 March 2020

	Note	Group		Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
Non-current assets					
Plant and equipment	12	62,347	415,276	–	3,050
Investment properties	13	338,535,000	340,170,000	–	–
Investment in subsidiaries	14	–	–	141,232,487	141,232,487
Investment in a joint venture	15	2,905,453	2,985,691	1	1
Investment in an associate	16	862,534	905,397	847,000	847,000
Investment securities	17	1,219,025	2,616,665	1,219,025	2,616,665
		343,584,359	347,093,029	143,298,513	144,699,203
Current assets					
Trade receivables	18	109,540	71,016	–	–
Contract assets	4	1,706,465	4,475,830	–	–
Other receivables and deposits	19	129,096	116,101	43,903	35,381
Prepaid operating expenses		35,378	36,095	–	–
Due from subsidiaries	20	–	–	28,725,090	31,852,893
Due from related companies	21	30,225,829	21,022,826	27,155,814	17,952,212
Investment securities	17	144,000	293,400	–	–
Cash and cash equivalents	22	11,497,922	9,081,257	1,846,615	94,328
		43,848,230	35,096,525	57,771,422	49,934,814
Total assets		387,432,589	382,189,554	201,069,935	194,634,017
Equity and liabilities					
Current liabilities					
Trade payables	23	2,312,984	2,823,380	–	–
Contract liabilities	4	510,055	728,225	–	–
Other payables and accruals	24	4,516,109	4,242,667	427,350	527,616
Provision for taxation		1,148,775	758,256	–	–
Loans and borrowings	25	22,264,531	22,171,608	–	–
Due to subsidiaries	27	–	–	74,084,861	65,767,474
Due to related parties		10,536	10,536	–	–
		30,762,990	30,734,672	74,512,211	66,295,090
Net current assets/(liabilities)		13,085,240	4,361,853	(16,740,789)	(16,360,276)
Non-current liabilities					
Deferred tax liabilities	10	8,336	112,916	–	–
Loan from joint venture	26	14,490,601	14,490,601	14,490,601	14,490,601
Loans and borrowings	25	146,747,538	143,681,510	–	–
		161,246,475	158,285,027	14,490,601	14,490,601
Total liabilities		192,009,465	189,019,699	89,002,812	80,785,691
Net assets		195,423,124	193,169,855	112,067,123	113,848,326
Equity attributable to owners of the Company					
Share capital	28	140,099,994	140,099,994	140,099,994	140,099,994
Revenue reserve		55,323,130	53,069,861	(28,032,871)	(26,251,668)
Total equity		195,423,124	193,169,855	112,067,123	113,848,326
Total equity and liabilities		387,432,589	382,189,554	201,069,935	194,634,017

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 2020

	Attributable to owners of the Company		Total equity \$
	Share capital \$	Revenue reserve \$	
Group			
At 1 April 2018	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
At 1 April 2019	140,099,994	53,069,861	193,169,855
Profit net of tax, representing total comprehensive income for the financial year	–	2,253,269	2,253,269
At 31 March 2020	140,099,994	55,323,130	195,423,124
Company			
At 1 April 2018	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 and 1 April 2019	140,099,994	(26,251,668)	113,848,326
Loss net of tax, representing total comprehensive income for the financial year	–	(1,781,203)	(1,781,203)
At 31 March 2020	140,099,994	(28,032,871)	112,067,123

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 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Profit before tax		2,797,670	5,430,132
Adjustments for:			
Depreciation of plant and equipment	12	369,544	695,376
Interest income	6	(43,302)	(40,096)
Fair value loss/(gain) on investment properties		1,635,000	(2,597,600)
Fair value loss on quoted equity securities		149,400	10,800
Fair value loss/(gain) on unquoted equity securities		18,627	(547,010)
Interest expense	8	4,546,981	4,245,708
Gain on disposal of plant and equipment	9	–	(18,515)
Share of results of a joint venture		80,238	(46,431)
Share of results of an associate		42,863	(49,776)
Operating cash flows before changes in working capital		9,597,021	7,082,588
Changes in working capital:			
Trade receivables and contract assets		2,730,841	2,347,094
Other receivables, deposits and prepayments		(12,278)	4,242
Trade payables		(510,396)	(1,332,997)
Contract liabilities		(218,170)	397,135
Other payables and accruals		273,442	(58,886)
Cash flows from operations		11,860,460	8,439,176
Interest received		43,302	40,096
Interest paid		(4,546,981)	(4,245,708)
Income taxes paid		(258,462)	(616,267)
Net cash flows from operating activities		7,098,319	3,617,297
Cash flows from investing activities			
Purchase of plant and equipment	12	(16,615)	(13,998)
Proceeds from disposal of plant and equipment		–	857,000
Additions of investment properties	13	–	(660,000)
Return of capital from investment in unquoted equity securities		1,379,013	–
Increase in amount due from related companies		(9,203,003)	(7,023,314)
Net cash flows used in investing activities		(7,840,605)	(6,840,312)
Cash flows from financing activities			
Proceeds from credit loan facility		10,000,000	–
Repayment of loans and borrowings		(6,841,049)	(6,861,814)
Net cash flows generated from/(used in) financing activities		3,158,951	(6,861,814)
Net increase/(decrease) in cash and cash equivalents		2,416,665	(10,084,829)
Cash and cash equivalents at beginning of financial year		9,081,257	19,166,086
Cash and cash equivalents at end of financial year	22	11,497,922	9,081,257

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 2020

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)).

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 New accounting standards effective on 1 April 2019

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group adopted all the new and revised standards which are effective for annual periods beginning on or after 1 April 2019. The adoption of all the new and revised standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 16 Leases

On 1 April 2019, the Group adopted SFRS(I) 16 Leases, which is effective for annual periods beginning on or after 1 April 2019. The change in definition of a lease mainly relates to the concept of control. SFRS(I) 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

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. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (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.

In addition, the Group has elected 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; and
- 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.

As at 1 April 2019, the adoption of SFRS(I) 16 did not result in recognition of right-of-use assets and lease liabilities on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

2. Summary of significant accounting policies

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:

<i>Description</i>	<i>Effective for annual periods beginning on or after</i>
Amendments to SFRS(I) 3 <i>Definition of a Business</i>	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 <i>Definition of Material</i>	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
Amendments to SFRS(I) 10 & SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

The directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

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 control 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

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

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

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

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 2020

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

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 balance sheets, investments in subsidiaries are accounted for at cost less impairment losses.

2.11 Joint arrangements

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

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

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

Joint ventures

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

2.12 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.12 Joint ventures and associates (cont'd)

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 on 28 August 2020. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Investments in debt instruments (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.13 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.16 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.

2.17 Borrowing costs

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

2.18 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.

2.19 Leases

(a) As lessee

Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office properties (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.20 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) 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.

(b) 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.

2.21 Government grants

Government grants are recognised when there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is deducted from the asset's carrying amount and amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Government grants related to income

Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

2.22 Taxes (cont'd)

(b) Deferred tax (cont'd)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

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.

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 2020

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 2020. 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 35(b).

The carrying amounts of the investment properties carried at fair value as at 31 March 2020 are \$338,535,000 (2019: \$340,170,000), 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 2020 was \$1,148,775 (2019: \$758,256) and \$8,336 (2019: \$112,916), respectively.

(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 and contract assets

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

3.2 Key sources of estimation uncertainty (cont'd)

(d) *Provision for expected credit losses of trade receivables and contract assets (cont'd)*

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 34.

The carrying amount of trade receivables and contract assets as at 31 March 2020 are \$109,540 and \$1,706,465 (2019: \$71,016 and \$4,475,830), respectively.

4. Revenue

	Group	
	2020	2019
	\$	\$
Serviced apartment operating income	5,052,389	4,796,056
Rental income	9,924,967	9,280,265
	<u>14,977,356</u>	<u>14,076,321</u>

(a) Disaggregation of revenue

	Serviced Apartment		Investment properties*		Total revenue	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Primary geographical markets						
Singapore	5,052,389	4,796,056	9,924,967	9,280,265	14,977,356	14,076,321
Major product or service lines						
Residential properties	–	–	1,197,145	1,199,637	1,197,145	1,199,637
Commercial properties	–	–	8,727,822	8,080,628	8,727,822	8,080,628
Serviced apartment operation income	5,052,389	4,796,056	–	–	5,052,389	4,796,056
	<u>5,052,389</u>	<u>4,796,056</u>	<u>9,924,967</u>	<u>9,280,265</u>	<u>14,977,356</u>	<u>14,076,321</u>
Timing of transfer of goods or services						
Over time	5,052,389	4,796,056	9,924,967	9,280,265	14,977,356	14,076,321

* Excluding serviced apartment

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

4. Revenue (cont'd)

(b) Contract assets and contract liabilities

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

	Group	
	2020	2019
	\$	\$
Receivables from contracts with customers (Note 18)	109,540	71,016
Contract assets	1,706,465	4,475,830
Contract liabilities	510,055	728,225

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

	Group	
	2020	2019
	\$	\$
Cost of sales in relation to serviced apartment	2,294,814	2,286,999

6. Interest income

	Group	
	2020	2019
	\$	\$
Interest income from short term deposits	43,302	40,096

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

7. Other income

	Group	
	2020	2019
	\$	\$
Dividend income from quoted equity securities	7,009	15,186
Management fee income from a joint venture	–	185,000
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	10,977	105,167
	<u>17,986</u>	<u>4,272,977</u>

8. Finance costs

	Group	
	2020	2019
	\$	\$
Interest expense on bank loans	4,546,981	4,245,708
Bank charges	17,398	7,918
	<u>4,564,379</u>	<u>4,253,626</u>

9. Profit before tax

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

		Group	
	Note	2020	2019
		\$	\$
Audit fees to:			
- Auditors of the Group		150,000	150,400
Depreciation of plant and equipment	12	369,544	695,376
Gain on disposal of plant and equipment		–	18,515
Rental expenses relating to leases of low-value assets and short-term leases		80,992	138,449
Employee benefits expense	31	1,509,196	1,666,536
Fair value loss/(gain) on unquoted equity securities		18,627	(547,010)
Fair value loss on quoted equity securities		149,400	10,800
Fair value loss/(gain) from investment properties	13	<u>1,635,000</u>	<u>(2,597,600)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

10. Income tax expense

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 March 2020 and 2019 are:

	Group	
	2020	2019
	\$	\$
Current income tax		
- Current income taxation	1,161,925	706,779
- Over provision in respect of prior years	(512,944)	(17,120)
	<u>648,981</u>	<u>689,659</u>
Deferred income tax		
- Origination and reversal of temporary differences	(57,000)	-
- Over provision in respect of prior years	(47,580)	(90,000)
	<u>(104,580)</u>	<u>(90,000)</u>
Income tax expense recognised in profit or loss	<u>544,401</u>	<u>599,659</u>

Relationship between tax expense and profit before tax

A reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the financial years ended 31 March 2020 and 2019 is as follows:

	Group	
	2020	2019
	\$	\$
Profit before tax	2,797,670	5,430,132
Tax at statutory tax rate of 17% (2019: 17%)	475,604	923,122
Adjustments:		
Non-deductible expenses	1,833,500	902,249
Income not subject to taxation	(1,192,272)	(997,916)
Effect of partial tax exemption and tax relief	(49,235)	(148,768)
Deferred tax assets not recognised	-	86,787
Benefits from previously unutilised tax losses	(1,313)	-
Over provision of current income tax in respect of prior years	(512,944)	(17,120)
Over provision of deferred tax in respect of prior years	(47,580)	(90,000)
Adjustment for share of results of joint venture	13,640	(7,983)
Adjustment for share of results of associate	7,287	(8,462)
Others	17,714	(42,340)
Income tax expense recognised in profit or loss	<u>544,401</u>	<u>599,659</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

10. Income tax expense (cont'd)

Relationship between tax expense and profit before tax (cont'd)

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

	Group		Group	
	Balance sheet		Profit or loss	
	2020	2019	2020	2019
	\$	\$	\$	\$
Difference in depreciation for tax purposes	(8,336)	(112,916)	(104,580)	(90,000)
	<u>(8,336)</u>	<u>(112,916)</u>		
Deferred income tax			<u>(104,580)</u>	<u>(90,000)</u>

Unrecognised tax losses

As at 31 March 2020, certain subsidiaries of the Group has tax losses of approximately \$5,191,944 (2019: \$5,199,669) that are available for offset against future taxable profits of the companies in which the losses arose, net of amounts transferred under the group relief transfer system, 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 2020 and 31 March 2019:

	Group	
	2020	2019
	\$	\$
Profit for the financial year attributable to owners of the Company	<u>2,253,269</u>	<u>4,830,473</u>
	Group	
	2020	2019
	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>2,759,468,325</u>
Weighted average number of ordinary shares for diluted earnings per share computation	<u>2,759,468,325</u>	<u>2,759,468,325</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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 31 March 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 and 1 April 2019	167,471	39,984	168,091	1,946,966	559,183	115,067	-	2,996,762
Additions	-	-	16,615	-	-	-	-	16,615
At 31 March 2020	167,471	39,984	184,706	1,946,966	559,183	115,067	-	3,013,377
Accumulated depreciation								
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
Charge for the financial year	-	3,933	7,191	254,705	94,180	9,535	-	369,544
At 31 March 2020	167,471	39,984	164,672	1,941,485	522,351	115,067	-	2,951,030
Net carrying amount								
At 31 March 2020	-	-	20,034	5,481	36,832	-	-	62,347
At 31 March 2019	-	3,933	10,610	260,186	131,012	9,535	-	415,276

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

12. Plant and equipment (cont'd)

Company	Leasehold improvement \$	Office equipment \$	Computers and software \$	Furniture and fittings \$	Total \$
Cost					
At 31 March 2018, 31 March 2019 and 31 March 2020	27,919	12,364	51,931	69,948	162,162
Accumulated depreciation					
At 1 April 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
Charge for the financial year	–	–	782	2,268	3,050
At 31 March 2020	27,919	12,364	51,931	69,948	162,162
Net carrying amount					
At 31 March 2020	–	–	–	–	–
At 31 March 2019	–	–	782	2,268	3,050

13. Investment properties

	Group	
	2020 \$	2019 \$
Beginning of the financial year	340,170,000	336,090,000
Net (loss)/gain from fair value adjustments recognised in profit or loss (Note 9)	(1,635,000)	2,597,600
Additions	–	660,000
Transfer from plant and equipment (Note 12)	–	822,400
At 31 March	338,535,000	340,170,000

The following amounts are recognised in the income statement:

Serviced apartment and rental income (Note 4)	14,977,356	14,076,321
Direct operating expenses arising from rental generating properties	7,702,940	5,467,433

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

13. Investment properties (cont'd)

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 CKS Property Consultants Pte. Ltd. (2019: Cushman & Wakefield VHS), an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties valued. Details of the valuation techniques and inputs are disclosed in Note 35(b).

Investment properties pledged as security

Investment properties amounting to \$338,535,000 (2019: \$340,170,000) are mortgaged to secure certain bank loans of the Group (Note 25).

The investment properties held by the Group as at 31 March 2020 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	15 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	974 years
1 unit at 238 Orchard Boulevard, The Orchard Residences	Residential	99 years	85 years

14. Investments in subsidiaries

	Company	
	2020	2019
	\$	\$
At 31 March, at cost	141,232,487	141,232,487

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

14. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			2020 %	2019 %
Held by the Company				
Luban Investments Pte. Ltd. ⁽¹⁾	Property investment holding	Singapore	100	100
Kovan Properties Pte. Ltd. ⁽¹⁾	Investment holding	Singapore	100	100
Pollux Alpha Investments Ltd. ⁽¹⁾	Investment holding	British Virgin Islands	100	100
Held through subsidiaries				
Boulevard Residences Pte. Ltd. ⁽¹⁾	Property development	Singapore	100	100
Bulgari Park Residences Pte. Ltd. ⁽¹⁾	Property development	Singapore	100	100
Channel Residences Pte. Ltd. ⁽¹⁾	Property development	Singapore	100	100
Giorgio Residences Pte. Ltd. ⁽¹⁾	Property development	Singapore	100	100
Peninsula Park Residences Pte. Ltd. ⁽¹⁾	Property investment holding	Singapore	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 2020

15. Investment in a joint venture

The Group has 50% (2019: 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.

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Shares, at cost	1	1	1	1
Share of post-acquisition reserves	2,905,452	2,985,690	–	–
	2,905,453	2,985,691	1	1

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:

	Group	
	2020	2019
	\$	\$
Summarised balance sheet		
Trade debtors	10,913,058	14,510,595
Other debtors and deposits	78,605	7,905
Due from shareholders (non-trade)	28,981,202	28,981,202
Cash and cash equivalents	2,227,326	1,080,408
Total assets	42,220,191	44,580,110
Current liabilities	33,625,569	35,845,012
Non-current liabilities	2,763,716	2,763,716
Total liabilities	36,389,285	38,608,728
Net assets	5,810,906	5,971,382
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	2,905,453	2,985,691

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

15. Investment in joint venture (cont'd)

	2020 \$	2019 \$
Summarised statement of comprehensive income		
Operating results	10,124	2,088,892
Other operating income	(120,311)	171,463
Operating expenses	(49,644)	(474,330)
Interest expense	(645)	(1,065,884)
(Loss)/profit before tax	(160,476)	720,141
Income tax expense	–	(997,280)
Loss after tax	(160,476)	(277,139)
Total comprehensive loss	(160,476)	(277,139)

Management fee of Nil (2019: \$370,000) 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.

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Shares, at cost	847,000	847,000	847,000	847,000
Share of post-acquisition reserves	15,534	58,397	–	–
	862,534	905,397	847,000	847,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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:

	2020 \$	2019 \$
Summarised balance sheet		
Current assets	855,288	924,020
Total assets	855,288	924,020
Current liabilities	20,887	3,910
Total liabilities	20,887	3,910
Net assets	834,401	920,110
Proportion of the Group's ownership	50.01%	50.01%
Group's share of net assets	417,284	460,147
Goodwill on acquisition	445,250	445,250
Carrying amount of the investment	862,534	905,397
Summarised statement of comprehensive income		
Revenue	549,441	563,599
Other operating income	6,292	–
Operating expenses	(641,265)	(463,880)
Finance expense	(177)	(189)
Profit/(loss) before tax	(85,709)	99,530
Income tax expense	–	–
Profit/(loss) after tax	(85,709)	99,530
Other comprehensive income	–	–
Total comprehensive income	(85,709)	99,530

Note:

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

17. Investment securities

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
At fair value through profit and loss				
Current:				
- Equity securities (quoted)	144,000	293,400	–	–
Non-current:				
- Equity securities (unquoted)	1,219,025	2,616,665	1,219,025	2,616,665

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

18. Trade receivables

	Group	
	2020	2019
	\$	\$
Trade receivables	250,396	211,872
Less: Allowance for expected credit loss	(140,856)	(140,856)
	<u>109,540</u>	<u>71,016</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	
	2020	2019
	\$	\$
Movement in allowance accounts		
At 1 April	140,856	140,856
Charge for the financial year	–	–
At 31 March	<u>140,856</u>	<u>140,856</u>

19. Other receivables and deposits

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deposit receivable	1,712,030	1,779,159	1,677,040	1,707,410
Other receivables	4,979,597	4,879,920	368,113	329,221
Less: Allowance for estimated credit loss	(6,562,531)	(6,542,978)	(2,001,250)	(2,001,250)
	<u>129,096</u>	<u>116,101</u>	<u>43,903</u>	<u>35,381</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

19. Other receivables and deposits (cont'd)

Expected credit losses

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

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Movement in allowance accounts				
At 1 April	6,542,978	6,542,978	2,001,250	2,001,250
Charge for the financial year	19,533	–	–	–
At 31 March	6,562,531	6,542,978	2,001,250	2,001,250

At the end of the financial year, the Group and the Company have provided an allowance of \$6,562,531 (31 March 2019: \$6,542,978) and \$2,001,250 (31 March 2019: \$2,001,250) for impairment of payment of construction cost in advance to main contractor and rental deposit due from tenant.

20. 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.

21. 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.

22. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Cash at banks and in hand	6,467,922	4,051,257	1,846,615	94,328
Pledged bank deposits	5,030,000	5,030,000	–	–
	11,497,922	9,081,257	1,846,615	94,328

Included in the Group's cash at banks are \$153,569 (2019: \$519,470) 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 collateral for banking facilities at the end of the financial year. The effective interest rate of the deposits was 0.80% (2019: 0.61%) per annum.

Cash and cash equivalents are denominated in Singapore Dollars.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

23. Trade payables

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

24. Other payables and accruals

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Other payables	163,947	150,846	–	–
Accrued directors' fees	215,000	300,746	215,000	300,746
Accrued operating expenses	1,293,488	776,274	208,454	226,870
Deposits received from customer	2,429,233	2,425,433	–	–
Provisions	185,679	557,740	–	–
GST payable	228,762	31,628	3,896	–
	4,516,109	4,242,667	427,350	527,616

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	
	2020	2019	2020	2019
	\$	\$	\$	\$
At 1 April	557,740	97,699	–	–
Provision made during the financial year	–	599,804	–	–
Utilised during the financial year	(372,061)	(139,763)	–	–
At 31 March	185,679	557,740	–	–

25. Loans and borrowings

		Group	
	Maturity	2020	2019
		\$	\$
Current:			
Short-term bank loans	2021	15,091,600	15,091,600
Current portion of long-term bank loans	2021	7,172,931	7,080,008
		22,264,531	22,171,608
Non-current:			
Long-term bank loans	2022-2037	146,747,538	143,681,510
Total		169,012,069	165,853,118

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

25. Loans and borrowings (cont'd)

- (a) The Group's loans are dominated mainly in Singapore Dollars. During the financial year, the effective interest rates of the bank loans ranged from 1.95% to 4.68% (2019: 1.95% to 3.67%) per annum.
- (b) There are no unsecured loans for the financial years ended 31 March 2020 and 2019. The Group's loans are generally secured by the following:
- (i) First legal mortgage over the related investment properties or the related properties under development
 - (ii) Corporate guarantee by the Company
 - (iii) 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
 - (iv) 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% (2019: 55% to 80%) of the market value of the properties.

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

	2019 \$	Reclassification \$	Cash flows generated from financing activities \$	2020 \$
Loans and borrowings:				
Current	22,171,608	(3,066,028)	3,158,951	22,264,531
Non-current	143,681,510	3,066,028	–	146,747,538
Total	165,853,118	–	3,158,951	169,012,069

	2018 \$	Reclassification \$	Cash flows used in financing activities \$	2019 \$
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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

26. 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.

27. 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.

28. Share capital

	2020		2019	
	No. of shares	\$	No. of shares	\$
Issued and fully paid ordinary shares				
At 31 March	2,759,468,325	140,099,994	2,759,468,325	140,099,994

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.

29. Commitments

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:

	Group	
	2020	2019
	\$	\$
Not later than 1 year	9,382,960	9,171,389
Later than 1 year but not later than 5 years	11,288,757	11,169,986
Later than 5 years	–	456,669
	<u>20,671,717</u>	<u>20,798,044</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

30. 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.

As at 31 March 2020, the Company did not make any provision for damages on the ongoing litigation relating to BSPL's construction project as they believe that the claim against the Company cannot be substantiated. The case is currently still ongoing as at the date of the 2020 financial statements.

Guarantees

As at 31 March 2020, corporate guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries amounted to \$175,001,291 (2019: \$174,001,291) of which the amounts utilised by the subsidiaries was \$150,088,393 (2019: \$144,924,913).

31. Employee benefits

Employee benefits expense (including executive directors):

	Group	
	2020	2019
	\$	\$
Salaries and bonuses	1,194,813	1,479,918
Central Provident Fund contributions	152,270	161,823
Other short-term benefits	162,113	24,795
	1,509,196	1,666,536

The above includes directors' and key management's remuneration shown in Note 32(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

32. 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	
	2020	2019
	\$	\$
Management fees from a joint venture	–	(370,000)
Legal fees paid to a firm related to a director	94,719	182,489

(b) Compensation of key management personnel

	Group	
	2020	2019
	\$	\$
Short-term employee benefits	138,240	500,000
Central Provident Fund contributions	–	12,240
Other short-term benefits	142,680	30,000
Total compensation paid to key management personnel	280,920	542,240
Comprised amounts paid to:		
Directors of the Company	192,000	300,000
Other key management personnel	88,920	242,240
	280,920	542,240

33. 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 2020

33. Segment Information (cont'd)

	Property investment		Property development		Corporate		Total
	2020	2019	2020	2019	2020	2019	
	\$	\$	\$	\$	\$	\$	\$
Revenue:							
External customers	14,977,356	14,076,321	-	-	-	-	14,977,356
Inter-segment	-	-	-	-	-	-	-
Total revenue	14,977,356	14,076,321	-	-	-	-	14,977,356
Results:							
Interest income	43,302	40,096	-	-	-	-	43,302
Other income	16,325	2,639,871	-	836,102	1,661	797,004	17,986
Depreciation	366,045	691,979	-	-	3,050	3,397	369,095
Allowance for doubtful debts	-	-	-	-	-	-	-
Interest expense	4,562,736	4,251,940	587	675	1,056	1,011	4,564,379
Share of results of joint venture	-	-	(80,238)	46,431	-	-	(80,238)
Share of results of associate	-	-	-	-	(42,863)	49,776	(42,863)
Income tax expense	489,200	594,257	55,201	5,402	-	-	544,401
Segment profit/(loss)	3,583,173	5,674,556	(120,516)	(577,702)	(1,209,388)	(266,381)	2,253,269
Assets							
Investment in a joint venture	-	-	2,905,453	2,985,691	-	-	2,905,453
Additions to non-current assets	-	-	-	-	862,535	905,397	862,535
Segment assets	350,610,726	316,994,346	2,161,036	2,281,448	30,892,839	59,022,672	383,664,601
Total assets	350,610,726	316,994,346	5,066,489	5,267,139	31,755,374	59,928,069	387,432,589
Liabilities							
Provision for taxation	1,148,775	737,608	-	20,648	-	-	1,148,775
Deferred tax liabilities	8,336	112,916	-	-	-	-	8,336
Segment liabilities	154,840,382	75,062,950	4,040,812	4,814,162	31,971,160	108,271,415	190,852,354
Total liabilities	155,997,493	75,913,474	4,040,812	4,834,810	31,971,160	108,271,415	192,009,465
							382,189,554
							758,256
							112,916
							188,148,527
							189,019,699

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

33. Segment information (cont'd)

Geographical information

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

	Revenue		Non-current assets	
	2020	2019	2020	2019
	\$	\$	\$	\$
Singapore	14,977,356	14,076,321	343,584,359	347,093,029

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.

34. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

(a) Credit risk (cont'd)

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 forwarding-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 Notes 18 and 19 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 \$175,001,291 (2019: \$174,001,291) 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 2020

34. 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, other receivables and due from related companies on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the balance sheet date is as follows:

	Group		Group	
	2020		2019	
	\$	% of total	\$	% of total
Trade receivables				
By Country:				
Singapore	109,540	100	71,016	100
By Industry:				
Property investment	109,540	100	71,016	100
Contract assets				
By Country:				
Singapore	1,706,465	100	4,475,830	100
By Industry:				
Property development	1,706,465	100	4,475,830	100
Other receivables				
By Country:				
Singapore	129,096	100	116,101	100
By Industry:				
Property Development	–	–	9,530	8
Property investment	85,193	66	71,189	61
Others	43,903	34	35,382	31
	129,096	100	116,101	100
Due from related companies				
By Country:				
Singapore	30,225,829	100	21,022,826	100
By Industry:				
Property Development	27,155,814	89	17,779,214	84
Property investment	3,070,000	11	3,070,000	14
Others	–	–	173,612	2
	30,225,829	100	21,022,826	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

34. 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 (2019: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been \$845,060 (2019: \$829,266) 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 29% (2019: 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 loss on quoted shares and net profit for the year would have been approximately \$41,400 and \$2,294,669 (2019: fair value gain of \$12,600 and net profit of \$4,843,073) 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 2020

34. 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	2020				2019			
	1 year	1 to	Over	Total	1 year	1 to	Over	Total
	or less	5 years	5 years		or less	5 years	5 years	
	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets:								
Trade receivables	109,540	-	-	109,540	71,016	-	-	71,016
Other receivables and deposits	129,096	-	-	129,096	116,101	-	-	116,101
Due from related companies	30,225,829	-	-	30,225,829	21,022,826	-	-	21,022,826
Cash and cash equivalents	11,497,922	-	-	11,497,922	9,081,257	-	-	9,081,257
Total undiscounted financial assets	41,962,387	-	-	41,962,387	30,291,200	-	-	30,291,200
Financial liabilities:								
Trade payables	2,312,984	-	-	2,312,984	2,823,380	-	-	2,823,380
Other payables and accruals	4,287,347	-	-	4,287,347	4,211,038	-	-	4,211,038
Loans and borrowings	25,211,282	157,817,624	24,416,331	207,445,237	22,860,130	30,469,338	110,302,192	163,631,660
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
Total undiscounted financial liabilities	31,822,149	172,308,225	24,416,331	228,546,705	29,905,084	44,959,939	110,302,192	185,167,215
Total net undiscounted financial assets/(liabilities)	10,140,238	(172,308,225)	(24,416,331)	(186,584,318)	386,116	(44,959,939)	(110,302,192)	(154,876,015)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

(d) Liquidity risk (cont'd)

	1 year or less \$	2020 1 to 5 years \$	Total \$	1 year or less \$	2019 1 to 5 years \$	Total \$
Company						
Financial assets:						
Other receivables and deposits	43,903	–	43,903	35,381	–	35,381
Due from subsidiaries	28,725,090	–	28,725,090	31,852,893	–	31,852,893
Due from related companies	27,155,814	–	27,155,814	17,952,212	–	17,952,212
Cash and cash equivalents	1,846,615	–	1,846,615	94,328	–	94,328
Total undiscounted financial assets	57,771,422	–	57,771,422	49,934,814	–	49,934,814
Financial liabilities:						
Other payables and accruals	427,350	–	427,350	527,616	–	527,616
Loan from joint venture	–	14,490,601	14,490,601	–	14,490,601	14,490,601
Due to subsidiaries	74,084,861	–	74,084,861	65,767,474	–	65,767,474
Total undiscounted financial liabilities	74,512,211	14,490,601	89,002,812	66,295,090	14,490,601	80,785,691
Total net undiscounted financial liabilities	(16,740,789)	(14,490,601)	(31,231,390)	(16,630,276)	(14,490,601)	(30,850,877)

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.

	2020			
	One year or less	One to five years	Over five years	Total
Financial guarantees:				
- Banking facilities	22,264,531	129,879,855	22,856,905	175,001,291
	22,264,531	129,879,855	22,856,905	175,001,291
	2019			
	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
	22,171,625	40,056,898	111,772,768	174,001,291

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

35. 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.

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

	Group 2020			
	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</u>				
<u>through profit or loss (Note 17)</u>				
Quoted equity securities	144,000	–	–	144,000
Unquoted equity securities	–	–	1,219,025	1,219,025
Non-financial asset:				
Investment properties (Note 13)	–	302,035,000	36,500,000	338,535,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

(a) Fair value hierarchy (cont'd)

	Group 2019			
	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</u> <u>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

(b) Assets measured at fair value

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
	2020	2019			
	\$	\$			
Investment properties	36,500,000	46,770,000	The fair value is determined using		
			(a) Comparable sales and/or	Yield adjustments	(54%) - (15%) (2019: 0.5% - 16%)
			(b) Discounted cash flow basis	Capitalisation rate	2.5% - 4.5% (2019: 5.75% - 9.00%)
Investment in equity securities (unquoted)	1,219,025	2,616,665	Discounted cash flow basis	Capitalisation rate	0% (2019: 5%)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

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

(c) *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/(to) subsidiaries, due from/(to) related companies, cash and cash equivalents, trade payables, other payables and accruals and loans and borrowings 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.

The fair value of loan from joint venture is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. As at the end of the reporting period, the carrying amounts of such items are not materially different from their calculated fair values.

(d) *Classification of financial instruments*

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Financial assets at amortised cost				
Trade receivables	109,540	71,016	–	–
Other receivables and deposits	129,096	116,101	43,903	35,381
Due from subsidiaries	–	–	28,725,090	31,852,893
Due from related companies	30,225,829	21,022,826	27,155,814	17,952,212
Cash and cash equivalents	11,497,922	9,081,257	1,846,615	94,328
	<u>41,962,387</u>	<u>30,291,200</u>	<u>57,771,422</u>	<u>49,934,814</u>
Financial asset at fair value through profit or loss				
Investment securities				
- Quoted	144,000	293,400	–	–
- Unquoted	1,219,025	2,616,665	1,219,025	2,616,665
	<u>1,219,025</u>	<u>2,616,665</u>	<u>1,219,025</u>	<u>2,616,665</u>
Liabilities measured at amortised cost				
Trade payables	2,312,984	2,823,380	–	–
Other payables and accruals	4,287,347	4,211,038	427,350	527,616
Loans and borrowings	169,012,069	165,853,118	–	–
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	–	–	74,084,861	65,767,474
	<u>190,113,537</u>	<u>187,388,673</u>	<u>89,002,812</u>	<u>80,785,691</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2020

36. 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 2020 and 31 March 2019.

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	
	2020	2019
	\$	\$
Trade payables	2,312,984	2,823,380
Other payables and accruals	4,516,109	4,242,667
Loan from joint venture	14,490,601	14,490,601
Due to related parties	10,536	10,536
Loans and borrowings	169,012,069	165,853,118
Total debt	190,342,299	187,420,302
Less: Cash and cash equivalents	(11,497,922)	(9,081,257)
Net debt	178,844,377	178,339,045
Equity attributable to the owner of the Company	195,423,124	193,169,855
Capital and net debt	374,267,501	371,508,900
Gearing ratio	48%	48%

37. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the directors on 14 August 2020.

STATISTICS OF SHAREHOLDINGS

As at 17 August 2020

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	-	1,230
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 17 August 2020, 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	336	27.32	322,020	0.01
1,001 - 10,000	462	37.56	2,472,210	0.09
10,001 - 1,000,000	395	32.11	41,966,732	1.52
1,000,001 and above	35	2.85	2,714,707,350	98.38
	1,230	100.00	2,759,468,325	100.00

STATISTICS OF SHAREHOLDINGS

As at 17 August 2020

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Pollux Holdings Pte Ltd	2,483,242,325	89.99
2	UOB Kay Hian Pte Ltd	82,163,200	2.98
3	CGS-CIMB Securities (S) Pte Ltd	32,400,000	1.17
4	Citibank Nominees Singapore Pte Ltd	16,259,354	0.59
5	OCBC Securities Private Ltd	11,885,581	0.43
6	Tan Kay Kiang	6,865,000	0.25
7	Tan Kay Sing	6,690,350	0.24
8	Morph Investments Ltd	6,511,600	0.24
9	Tan Siok Hwee	6,292,990	0.23
10	Rice Fields Pte Ltd	4,313,000	0.16
11	Goh Wan Peng	4,043,000	0.15
12	Tjioe A Lan @ Chew A Lan	4,000,000	0.14
13	Tan Kay Tho	3,950,750	0.14
14	Chin Kai Seng	3,431,300	0.12
15	Koh Wee Meng	3,393,000	0.12
16	Tan Li Yu	3,250,000	0.12
17	Tay Swee Leng	3,000,000	0.11
18	Phillip Securities Pte Ltd	2,991,500	0.11
19	DBS Nominees Pte Ltd	2,891,900	0.10
20	Raffles Nominees (Pte) Limited	2,734,900	0.10
		2,690,309,750	97.49

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 Twentieth Annual General Meeting of the Company will be held at 554 Havelock Road, Singapore 169639 by way of electronic means on Tuesday, 29 September 2020 at 2.00 p.m. (Singapore time), 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 2020 and the Directors' Statement and the Auditors' Report thereon. | Resolution 1 |
| 2. | To approve the payment of Directors' fees of S\$150,000 for the financial year ended 31 March 2020. (2019: S\$141,000.00) | Resolution 2 |
| 3. | To re-elect Mr Low Chai Chong, a Director retiring pursuant to Regulation 89 of the Company's Constitution.
<i>(See Explanatory Note)</i> | Resolution 3 |
| 4. | To re-elect Mr James Kho Chung Wah (Gu Songhua), a Director retiring pursuant to Regulation 89 of the Company's Constitution.
<i>(See Explanatory Note)</i> | 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 resolutions as ordinary resolutions:-

- | | | |
|-----|--|---------------------|
| 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 ALWAYS 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 provided that the share options or awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (ii) any subsequent bonus issue or consolidation or subdivision of shares;

Adjustments in accordance with the above Paragraph 2(i) and 2(ii) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

- (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

14 September 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolutions 3 and 4

Mr Low Chai Chong will, upon re-election as a Director of the Company, remain as Chairman of the Remuneration and Nominating Committee and a member of the Audit Committee, and he will be considered independent for the purpose of Rule 704(7) of Section B of the Listing Manual of the SGX-ST.

Mr James Kho Chung Wah (Gu Songhua) will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and a member of the Remuneration and Nominating Committee, and he will be considered independent for the purpose of Rule 704(7) of Section B of the Listing Manual of the SGX-ST.

The profile and key information of Mr Low Chai Chong and Mr James Kho Chung Wah (Gu Songhua) can be found under the section entitled "Board of Directors" of the Company's Annual Report 2020.

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.

Notes:

- (1) The Annual General Meeting ("**AGM**") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM, the Annual Report of the Company for the financial year ended 31 March 2020 ("**Annual Report**") and the proxy form will not be dispatched to members. Instead, this Notice of AGM, Annual Report and the proxy form will be published on (i) the Company's website at the URL <http://pollux.com.sg/annual-reports>, (ii) the SGX website at URL <https://www.sgx.com/securities/company-announcements> and (iii) <https://sg.conveneagm.com/pollux>.
- (2) Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions prior to the AGM and/or during the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out below. Any reference to a time of day is made by reference to Singapore time.
- (3) Members will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers. In order to do so, members must pre-register at the Company's pre-registration website at the URL <https://sg.conveneagm.com/pollux> from now till 2.00 p.m. on 19 September 2020 ("Registration Deadline") to enable the Company to verify their status as members of the Company.

Following the verification, authenticated members will receive an email confirming successful registration, shareholders will use the same credentials created during the registration process to access the live audio-visual webcast and live audio-only stream of the AGM proceedings. Members who do not receive such email by 2.00 p.m. on 19 September 2020 but have registered by the registration deadline should contact the Company's Share Registrar, M & C Services Private Limited at telephone +65 6228 0530 or via email at gpb@mncsingapore.com.

- (4) Members may also submit questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM. In order to do so, their questions must be submitted in the following manner by 2.00 p.m. on 21 September 2020:
 - (a) if submitted by post, be lodged at the registered office of the Company at 554 Havelock Road, Singapore 169639 or the office of the Company's Share Registrar at 112 Robinson Road, #05-01, Singapore 068902;
 - (b) if submitted electronically, be submitted via email to info@pollux.com.sg; or
 - (c) via the pre-registration website at URL <https://sg.conveneagm.com/pollux>

NOTICE OF ANNUAL GENERAL MEETING

Members who submit questions must provide the following information:

- (i) the member's full name;
- (ii) the member's address; and
- (iii) the manner in which the member holds shares in the Company (e.g., via CDP, scrip, CPF or SRS).

The Company will endeavor to address all substantial and relevant questions submitted in advance of the AGM prior to or during the AGM. The Company will publish the responses to the substantial and relevant questions which the Company is unable to address during the AGM, in its website and on SGXNet prior to the AGM. The Company will publish the minutes of the AGM on its website and on SGXNet.

(5) **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM.**

A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The proxy form for the AGM is available on (i) the Company's website at the URL <http://pollux.com.sg/annual-reports>, (ii) the SGX website at URL <https://www.sgx.com/securities/company-announcements> and (iii) <https://sg.conveneagm.com/pollux>. Printed copies of the proxy form will not be dispatched to members.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

(6) The instrument appointing the Chairman of the AGM as proxy 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 submitted to the Company in the following manner:

- (a) if submitted by post, by lodged at the registered office of the Company at 554 Havelock Road, Singapore 169639; or
- (b) if submitted electronically, by submitted via email to the Company's Share Registrar at gpb@mncsingapore.com,

in either case, by 2.00 p.m. on 26 September 2020, being seventy-two (72) hours before the time set for holding the AGM or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

(7) Persons who hold shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), other than CPF and SRS investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or live audio-only stream; (b) submitting questions in advance of the AGM; and/or (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

In addition, CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 18 September 2020, being 7 working days before the date of the AGM.

- (8) The Chairman of the AGM, as proxy, need not be a member of the Company.
- (9) The Annual Report for the financial year ended 31 March 2020 may be accessed on (i) the Company's website at the URL <http://pollux.com.sg/annual-reports>, (ii) the SGX website at URL <https://www.sgx.com/securities/company-announcements> and (iii) <https://sg.conveneagm.com/pollux>.
- (10) Due to the constantly evolving Covid-19 situation in Singapore, the Company may be required to change to arrangements for the AGM at short notice. Members should check the Company's website at the URL <http://pollux.com.sg/annual-reports> for the latest updates on the status of the AGM.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy

By (a) pre-registering for the webcast and/or the audio-only tele-conferencing, (b) submitting an instrument appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, and/or submitting ANY questions relating to the resolutions to be tabled for approval at the AGM or the Company's businesses and operations, a member of the Company consent to the collection, use and disclosure of your personal data by the Company (or its agents or service providers) for the purpose of

- (i) administering the webcast and/or the audio-only tele-conferencing (including, but not limited to, verifying your identity and shareholding status, registering an account for you to access the webcast and/or the audio-only tele-conferencing, facilitating and administering the webcast and audio-only tele-conferencing and disclosing your personal data to the Company's agents or third party service provider for any such purposes),
- (ii) the processing of any questions submitted to the Company,
- (iii) the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Annual General Meeting as proxy 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
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

*This Notice has been reviewed by the Company's Sponsor, SAC Capital Private Limited. It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**Exchange**") and the Exchange 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 details of the contact person for the Sponsor is:- Ms Tay Sim Yee (Registered Professional, SAC Capital Private Limited), Address: 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, Tel: 6232 3210.

POLLUX PROPERTIES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration number: 199904729G)

PROXY FORM – ANNUAL GENERAL MEETING

IMPORTANT

1. The Annual General Meeting (“AGM”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will not be dispatched to members. Instead, the Notice of AGM, the Annual Report of the Company for the financial year ended 31 March 2020 (“Annual Report”) and this proxy form will be sent to members by electronic means via publication on (i) the Company’s website at the URL <http://pollux.com.sg/annual-reports>, (ii) the SGX website at URL <https://www.sgx.com/securities/company-announcements> and (iii) <https://sg.conveneagm.com/pollux>.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM.
3. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.
4. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 18 September 2020, being 7 working days before the date of the AGM.

I/We, _____ NRIC/ Passport/ Co. Reg. No. _____

of _____ (Address)

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

the Chairman of the Annual General Meeting (“AGM”) of the Company as my/our proxy to attend and vote for me/us on my/our behalf at the AGM of the Company to be held at 554 Havelock Road, Singapore 169639 by way of electronic means, on Tuesday, 29 September 2020 at 2.00 p.m., and at any adjournment thereof.

I/We direct the Chairman of the AGM as my/our proxy to vote for or against, or to abstain from voting on, the resolutions to be proposed at the AGM as indicated hereunder.

(Voting will be conducted by poll. Please indicate with an “X” in the relevant spaces provided if you wish to cast all your shares “For” or “Against” or “Abstain” from voting on the resolutions as set out in the Notice of the AGM. Alternatively, please indicate the number of votes “For” or “Against” in the “For” or “Against” box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to Abstain from voting on a resolution, please indicate with an “X” in the Abstain box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the Meeting as your proxy is directed to Abstain from voting in the Abstain box provided in respect of that resolution. **In the absence of specific directions, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.**)

No.	Ordinary Resolutions	No. of votes For	No. of votes Against	No. of votes Abstain
Ordinary Business				
1.	To receive, consider and adopt the Audited Financial Statements for the financial year ended 31 December 2020 and the Directors’ Statement and the Auditors’ Report thereon.			
2.	To approve the payment of Directors’ fees of S\$150,000 for the financial year ended 31 December 2020. (2019: S\$141,000)			
3.	To re-elect Mr Low Chai Chong retiring pursuant to Regulation 89 of the Company’s Constitution.			
4.	To re-elect Mr James Kho Chung Wah (Gu Songhua) retiring 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 _____ 2020

Total number of Shares

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

IMPORTANT: PLEASE READ THE NOTES OVERLEAF



Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and 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. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The proxy form for the AGM is available at the URL <https://sg.conveneagm.com/pollux>, and will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of the proxy form will not be dispatched to members.
3. Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.
4. CPF and SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 18 September 2020, being 7 working days before the date of the AGM.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the AGM as proxy 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 submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged at the registered office of the Company at 554 Havelock Road, Singapore 169639; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at gpb@mncsingapore.com,in either case, by 2.00 p.m. on 26 September 2020, being 72 hours before the time set for holding the AGM or at any adjournment thereof and in default the instrument of proxy shall not be treated as valid.
7. A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
8. In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.
9. Any alteration made to the instrument appointing the Chairman of the AGM should be initialled by the person who signs it.

General:

The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified on the instrument. In addition, in the case of Shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointer, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the AGM as proxy, the Member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 September 2020.



POLLUX PROPERTIES LTD.

554 Havelock Road Singapore 169639

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