POLLUX
PROPERTIES

Delivering
Our Shared Vision

ANNUAL REPORT **2022**

CONTENTS

This annual report has been prepared by Pollux Properties Ltd. (the "Company") and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist (the "Catalist Rules").

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

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer at 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

ABOUT THE COMPANY

POLLUX PROPERTIES

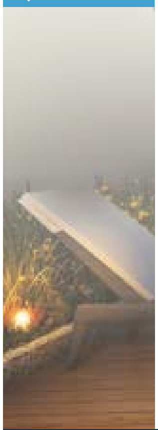
*Pollux Properties Ltd. (**"Pollux", together with its subsidiaries, the "Group"**) is a leading Singapore-based real estate company that owns, develops, invests, manages, and operates a diverse property portfolio as well as other real estate correlated businesses. Our well-diversified portfolio comprises apartment homes, offices, serviced apartments, retail spaces as well as an integrated hospitality management business and managed investment funds.*

As a forward-thinking organisation, we focus on delivering superior financial performance and sustained growth to our stakeholders through strategic income growth and value creation in our portfolio assets, products and services. Our strong management expertise and engaged employees provide the talent and precise execution needed to leverage on identified market opportunities.

With a proven track record of delivering quality properties and services that offer perennial value, the Group continues its journey in developing and evolving its people and businesses with a constant view to growth.

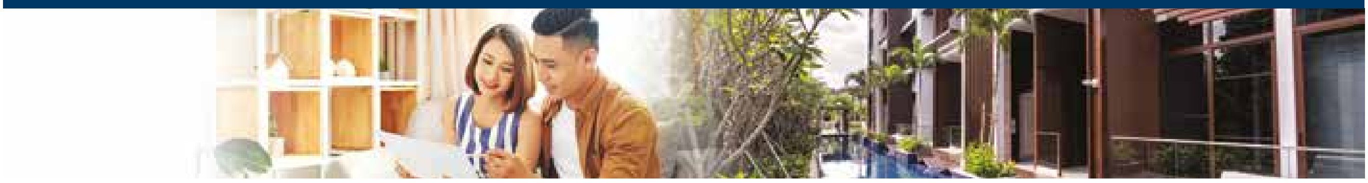
WHAT WE DO

What We Do 1



PROPERTY DEVELOPMENT

The Group brings together many years of industry and professional experience in tackling the complex processes in project analysis, feasibility studies, construction management and more throughout the entire development lifecycle to deliver successful projects.



What We Do 2

PROPERTY INVESTMENT

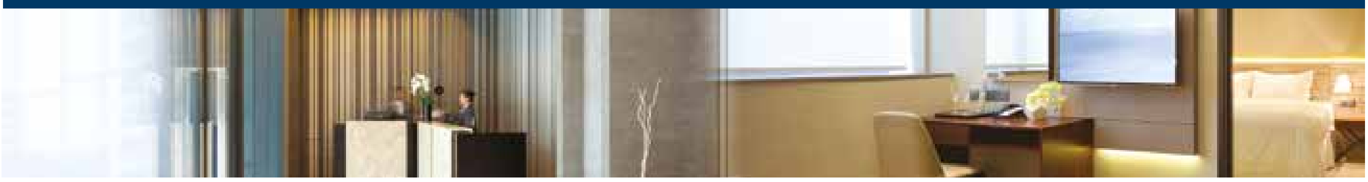
Our property investment business unit invests primarily in real estate used for office, retail and residential purposes, bringing a unique focus and depth of expertise to the sector. We are committed to delivering competitive investment performance through economic and property market cycles for long-term success.

WHAT WE DO

What We Do 3

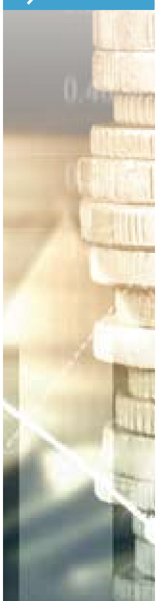
HOSPITALITY MANAGEMENT

Leveraging on the strength and experience of our human capital, the Group's hospitality business unit aims to build enhanced revenue and fee-based income streams as a hospitality management operations platform and services provider group.



What We Do 4

FUND MANAGEMENT



Our subsidiary provides investment fund management and discretionary investment mandates to institutional and private investors. Our long-standing track record across Asia Pacific are raised from a diverse pool of investors across our discretionary and private funds.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present to you our Annual Report for Pollux Properties Ltd for the financial year ended 31 December 2022 ("FY2022").

FY2022 was a year of adapting and reshaping as the world gradually learnt to live with the lingering effects and challenges brought about by the COVID-19 pandemic and slowly returned to normalcy in lifestyles and business operations.

Local borders were reopened and safety measures were gradually eased. Singapore maintained high vaccination rates and kept its healthcare system resilient. The real estate outlook in Singapore had improved in 2022, evidenced by the further surge in valuations and rents for residential properties. Despite the looming inflation and recession concerns, Singapore's real estate market is poised to remain resilient.

As we enter the post-pandemic era, the strong recovery of air travel has also brought about influx of tourists. Together with more businesses choosing Singapore as the destinations for their regional offices, these favourable factors bolstered our growth during the financial year under review.

> "DURING THE YEAR UNDER REVIEW, THE GROUP CONTINUED TO FOCUS ON ITS EXPANSION STRATEGY IN THE CORE BUSINESS SEGMENTS, SUCCESSFULLY ACQUIRING THREE FOUR-STAR HOTELS STRATEGICALLY LOCATED AT BEKASI, WEST JAVA, INDONESIA."

NET PROFIT

S$6.49
million

FAIR VALUATION

S$4.63
million

CHAIRMAN'S STATEMENT

EMERGING STRONGER

In FY2022, through building on our strengths and aligning our marketing strategies, the Group achieved full occupancies in our commercial office building, Macdonald House, as well as higher average daily rates for the rental of our serviced apartments. These enabled us to deliver a set of commendable financial performance, recording a 51.2% surge in revenue from S$9.13 million in FY2021 to approximately S$13.80 million in FY2022.

Coupled with our prudent cost strategy, the Group was able to improve its gross profit margin and incurred a lower cost of sales of S$1.42 million, mainly derived from the operating cost from the serviced apartments. These strategic moves boosted our gross profit margin from 84% in FY2021 to 90% in FY2022. As a result, we recorded a 62.6% jump in net profit after tax from S$3.99 million in FY2021 to S$6.49 million in FY2022.

EXPANDING BEYOND BORDERS

The headwinds faced in previous years validated key aspects of our business strategies. In FY2022, the impact of COVID-19 has moderately abated and the Group saw positive turnaround during the year.

During the year under review, the Group continued to focus on its expansion strategy in the core business segments, successfully acquiring three four-star hotels strategically located at Bekasi, West Java, Indonesia. These hotels, spanning 6,217 square metres, 3,200 square metres and 3,246 square metres are fully-furnished with 182 units, 74 units and 74 units respectively.

To maximise earnings, the Group plans to manage these hotels internally under the Louis Kienne brand name. These hotels will be full serviced hotels and we expect operations to commence by end of 2023. With these strategic acquisitions, we are able to build on the Group's hotel operations segment through diversification beyond Singapore, thereby also increasing our revenue streams.

We believe that this will expand the Group's hospitality footprint and brand presence in Indonesia, which will in turn enhance our investment profile overseas and improve the stability of our investment property income. This demonstrates our commitment to constantly elevate investors' interests, which will deliver greater value for our shareholders.

REALISING OUR SHARED VISION

Looking ahead, we foresee that the global economy will continue to face headwinds as new challenges such as inflationary pressures and interest rate hikes, together with geopolitical tensions, have aggravated the complexity and uncertainty of the economic landscape.

Based on advance estimates published by the Ministry of Trade and Industry, the Singapore's economic growth is expected to slow in 2023 to 0.5% to 2.5% amid the global uncertainties.

Notwithstanding the challenging operating environment, we believe that the strong recovery in air travel and international visitor arrivals will continue to benefit the aviation and tourism-related sectors. We are positioning the Group for greater growth opportunities presented by the industry's improved outlook.

On the other hand, the Indonesian economy remains resilient as Bank Indonesia projects a strong national economic growth, from 4.5% in 2022 to 5.3% in 2023. Furthermore, the Indonesian Government expects a robust tourism recovery in 2023 and aims to attract up to 7.4 million international arrivals. With the plans laid out to hold several prominent tourism events in the upcoming months, coupled with enhanced infrastructure, 2023 is expected to be an opportune time for expediting the growth of the country's tourism sector. We believe that our strategy to develop our hospitality segment there will reap long-term benefits.

CHAIRMAN'S STATEMENT

The road ahead is filled with challenges as well as opportunities. The Group will continue to exercise prudence in cash flow management and taking initiatives to defer non-essential capital expenditure. The Group will also constantly explore accretive land acquisitions and investments locally and abroad to further strengthen our portfolio and deliver sustainable growth.

A NOTE OF APPRECIATION

In closing, I would like to thank my fellow Board members and management colleagues for their commitment and support over the past year. I would also like to express my heartfelt appreciation for the staff for their unwavering dedication and hard work to the Group.

Lastly, to all our shareholders, tenants and business associates, I thank you for your trust and confidence in us. Though the road ahead may be winding with uncertainties, we will continue to build upon our strong fundamentals to deliver long-term value for our stakeholders.

PHUA CHER CHEW
Non-Executive and Independent Chairman

Together
We Build Excellence

Our Commitment

The pursuit of excellence and perfection are embedded into everything we do.

We build the future through confidence and trust.

We build lasting impressions, long-term value and peace of mind.

We build excellence and perfection through our people.

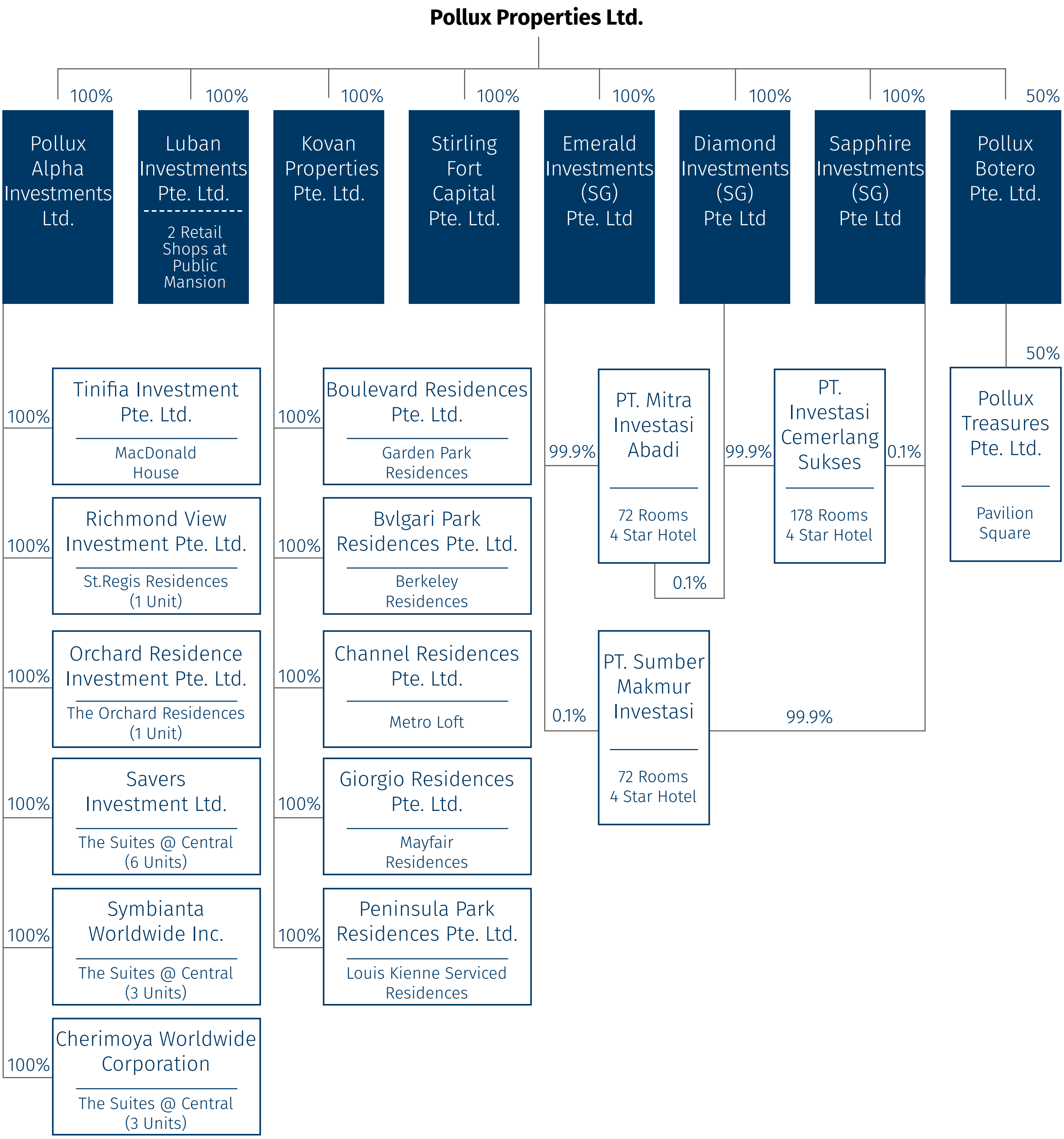
OUR VISION

To be the premier multi-national real estate group that shapes the future of real estate, fund management and hospitality in the region.

OUR MISSION

To create, invest in, manage, and operate innovative landmark developments and businesses that deliver perennial value to the community and achieve sustainable higher returns to our shareholders.

CORPORATE STRUCTURE



BOARD OF DIRECTORS

Mr. Phua Cher Chew
Non-Executive & Independent Chairman

Mr. Phua, 48, is the Chairman of the Board of Directors and has been an Independent Director of the Company since 26 July 2021 and 31 May 2021 respectively. He is a member of the Audit Committee and Remuneration and Nominating Committee. Mr. Phua is currently the Chief Executive Officer of Technopals Pte Ltd.

Mr. Phua's extensive leadership experience includes his appointment as the Executive Director and Chief Executive Officer of Amcorp Global Limited (formerly known as Tee Land Limited). He has over 10 years of experience in the real estate industry involving corporate strategy, real estate development, business development and portfolio acquisitions.

Mr. Phua holds a Bachelor of Business (Marketing) Degree from Central Queensland University and a Diploma in Accounting from Singapore Polytechnic. He is also a member of Singapore Institute of Directors.

Mr. Jacob Lee Yen Min
Chief Executive Officer & Executive Director

Mr. Lee, 56, joined the Company as the Chief Executive Officer and Executive Director of the Group since 31 May 2021. As Chief Executive Officer, he is responsible for the overall management and execution of the Group's strategies and policies. He continues to provide strong leadership and strategic vision for the Group's portfolio of businesses. Currently, he leads and oversees the Group's operations both locally and regionally.

With over 35 years of experience in the hospitality management and investment industry, Mr. Lee had held senior positions in various international hotel chains. His extensive management experience include hotel pre-opening, property turnaround and rebranding. Mr. Lee holds a Diploma in Hotel & Catering & Management from ICS Learning Centres.

Mr. Paul Tan Lye Heng
Independent Director

Mr. Tan, 57, joined the Board of Directors as an Independent Director of the Company on 9 December 2020. He is currently the Chairman of the Audit Committee and a member of the Remuneration and Nominating Committee. He has over 20 years of work and academia experience in areas of accounting, auditing, tax advisory, risk and corporate advisory and regulatory compliance. He is currently the Chairman of Nexia Singapore PAC (formerly known as Kreston ACA PAC), and the director of Nexia Solutions Pte. Ltd.

Mr. Tan holds a Master of Business Administration from University of Birmingham. He is a Fellow Chartered Accountant of Singapore of the Institute of Singapore Chartered Accountants and a fellow member of the Association of Chartered Certified Accountants, UK. He is also an Accredited Tax Adviser (Income Tax and GST) of Singapore Chartered Tax Professionals Limited and a member of Singapore Institute of Directors. He is also an associate of Institute of Chartered Accountants in England and Wales. He is also an Independent Director of Serial System Ltd and Second Chance Properties Ltd.

Mr. Brian Praneda
Independent Director

Mr. Praneda, 46, has been an Independent Director of the Company since 31 December 2021. He is the Chairman of the Remuneration and Nominating Committee and a member of the Audit Committee. He has over 10 years of work experience in legal advisory and litigation. His areas of expertise include corporate and commercial law and initial public offerings. Currently, he serves as the Managing Director of Praneda & Partners Law Firm.

Mr. Praneda received his Bachelor of Law degree from Sriwijaya University, South Sumatra and is a member of the Indonesia Bar Association. He is an Independent Commissioner of PT. Pollux Hotel Groups, PT. Pollux Properties Indonesia and PT. Aesler Grup Internasional Tbk.

KEY MANAGEMENT

Mr. Lau Wei Kian
Financial Controller

Mr. Lau, 41, has been the Financial Controller of the Company since 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 listed on the mainboard of the SGX-ST. 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 & OPERATIONS REVIEW

Revenue

The Group's revenue comprised income from serviced apartment, rental income under property investment segment and income from management and advisory services under fund management segment. The revenue stream and contributions to turnover and earnings by the three operating segments are consistent with that in the financial year ended 31 December 2021 ("FY2021"). The 51.2% increase in revenue from S$9.13 million in FY2021 to approximately S$13.80 million in the financial year ended 31 December 2022 ("FY2022") was mainly due to full occupancies in the commercial office building, Macdonald House and higher average daily rates achieved from the serviced apartment.

Cost of sales and Gross profit

The Group's cost of sales of S$1.42 million in FY2022 mainly pertained to the cost incurred to operate the serviced apartment. The decrease in cost of sales despite higher revenue incurred from the serviced apartment was due to greater cost control measures. Consequently, gross profit margin increased from 84% in FY2021 to 90% in FY2022.

Interest income

Interest income of S$0.08 million mainly pertains to interest received from fixed deposits placed in bank. There was a 14% decrease from S$0.10 million in FY2021 attributable to lower interest earned due to the release of a fixed deposit facility.

Other income

Other income of S$4.81 million mainly consists of fair valuation gain on investment properties of S$4.63 million and income obtained from government grants such as job support scheme, jobs growth incentive and wage credit scheme.

FINANCIAL & OPERATIONS REVIEW

OVERVIEW IN FY2022

REVENUE (S$'M)

S$13.80 million

GROSS PROFIT (S$'M)

S$12.37 million

NET PROFIT AFTER TAX (S$'M)

S$6.49 million

Marketing and distribution expenses

Marketing and distribution expenses of S$0.09 million included marketing efforts for rental leases and third-party commissions paid to property agents in FY2022. The decrease of S$0.26 million from S$0.35 million in FY2021 to S$0.09 million in FY2022 was mainly attributable to commission due to real estate agents for Macdonald House in FY2021.

General and administrative expenses

General and administrative expenses of S$5.34 million included foreign exchange differences, staff costs, depreciation expenses, professional fees, directors' fees and office expenses. The 46% increase from S$3.66 million in FY2021 to S$5.34 million in FY2022 was mainly attributable to foreign exchange losses with the Group's exposure to Indonesian Rupiah.

Finance costs

Finance costs has more than doubled from S$2.04 million in FY2021 to S$4.23 million in FY2022 due to the higher interest rates charged by banks during FY2022.

Share of results of a joint venture, net of tax

The share of loss of S$0.45 million in FY2022 via-à-vis the share of gain of S$0.29 million in FY2021 was mainly due to the impairment loss recognised from the market valuation of the four retail units held by its subsidiary.

FINANCIAL & OPERATIONS REVIEW

Income tax expense

The decline in income tax expenses of S$0.30 million from S$0.96 million in FY2021 to S$0.66 million in FY2022 despite the increase in profit before tax was mainly due to the increase of non-taxable income, mainly arising from fair valuation gain of investment properties in FY2022.

As a result of the above, the Group recorded a net profit of approximately S$6.49 million in FY2022 as compared to S$3.99 million in FY2021.

Balance sheet

The financial position of the Group remained strong with net assets of S$205.96 million as at 31 December 2022. The Group's cash and cash equivalents stood at S$9.59 million as at 31 December 2022 as compared to S$27.69 million as at 31 December 2021.

Assets

The Group's total assets stood at S$377.91 million as at 31 December 2022 as compared to S$373.28 million as at 31 December 2021. The increase of S$4.63 million was mainly due to (i) fair valuation gain of investment properties of S$4.63 million; (ii) the increase in property, plant and equipment of S$16.97 million due to the acquisition of properties; (iii) the increase in other receivables and deposits of S$1.88 million, partially offset by (iv) the decrease in investment in a joint venture of S$0.45 million due to share of loss; and (v) decrease in cash balances of S$18.10 million utilised by the Group for operational, investing and financing activities.

Liabilities

Total liabilities stood at S$171.95 million as at 31 December 2022 as compared to S$173.68 million as at 31 December 2021. The decrease of S$1.73 million was mainly due to (i) the repayment of the current portion of loans and borrowings of S$6.27 million; (ii) the partial repayment of the loan from joint venture of S$0.68 million; partially offset by (iii) increase in trade and other payables of S$4.12 million; and (iv) increase in unearned revenue under rental received in advance of S$0.70 million.

Consolidated cash flow statement

The Group's cash and cash equivalents decreased by S$18.10 million mainly due to the following:

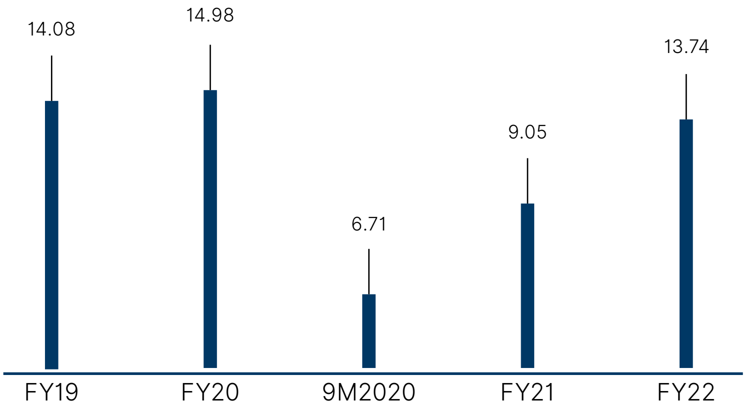
1) Net cash flows generated from operating activities of S$8.22 million was mainly due to (i) receipts from contract assets; (ii) increase in other payables; partially offset by (iii) payment of income tax and interest; and (iv) increase in other receivables and deposits;
2) Net cash flows used in investing activities of S$19.56 million was mainly due to (i) purchase of plant, property and equipment; and (ii) additions to investment properties; and
3) Net cash flows used in financing activities of S$6.95 million was mainly due to (i) repayment of loans and borrowings; and (ii) repayment of loan from joint venture.

FINANCIAL & OPERATIONS REVIEW

PROPERTY INVESTMENT IN FY2022

51.8%

increase from FY2021



5 Years Revenue By Business Segments (S$'m)

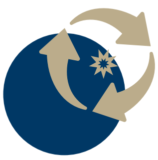
	FY19	FY20	9M2020	FY21	FY22
Property Investment	14.08	14.98	6.71	9.05	**13.74**
Property Development	-	-	-	-	**-**
Fund Management	-	-	0.07	0.08	**0.06**
Total	**14.08**	**14.98**	**6.78**	**9.13**	**13.80**

5 Years Gross Profit By Business Segments (S$'m)

	FY19	FY20	9M2020	FY21	FY22
Property Investment	11.79	12.68	5.64	7.59	**12.31**
Property Development	-	-	-	-	**-**
Fund Management	-	-	0.07	0.08	**0.06**
Total	**11.79**	**12.68**	**5.71**	**7.67**	**12.37**

CORPORATE SOCIAL RESPONSIBILITY

We are committed to engaging with our value chain to incorporate innovative practices to reduce our carbon footprint.



At Pollux, we minimise the environmental impact integral to our operations.

- Waste minimisation
- Efficient management and use of resources
- Maintaining energy efficiency correlated to business growth

ENVIRONMENT MANAGEMENT

At Pollux, we are committed to engaging with our value chain to incorporate innovative practices to reduce our carbon footprint. We aim to be a responsible partner in the communities we operate and are dedicated to mitigating our environmental impact. We monitor and track energy efficiency across our major operating assets and adopt energy reduction strategies and initiatives. The efficient use of environmental resources contributes to the functioning efficiency and long-term sustainability of the Group. We will continue to ensure that operations are conducted to comply with best practices, environmental standards and legislation.

By integrating environmental considerations in our business decisions, we minimise the environmental impact integral to our operations. Our environmental initiatives include maintaining energy efficiency correlated to business growth, waste minimisation and efficient management and use of resources. We maintain our properties in accordance to guidelines set by local building authorities and continue to uphold our environmental commitments. By actively seeking to minimise our carbon footprint, we focus on reducing waste at the source before considering repurposing or recycling.

Reducing the environmental impact of our operations plays an important role of becoming a more sustainable organisation. The Group continues to identify and review material environmental topics that are most relevant to its operations and industry. We will continue to stay updated with the developing sustainability reporting standards and regulatory compliance requirements.

ORGANISATIONAL AND RELATIONSHIP MANAGEMENT

Pollux recognises that fair, diversified and inclusive employment practices are crucial in ensuring a supportive workplace environment. At Pollux, we highly encourage a workplace culture that embraces diversity and merit-based employment. Fair employment, training and development, health and safety of our employees are core pillars and fundamental to the Group's sustainable growth.

With the Covid-19 endemic situation, Pollux continues to maintain safe and healthy working conditions for its employees. Pollux has complied with the Singapore Government's Safe Management Measures and timely communication of government advisories internally. We support the health and wellness of our employees and recognise that employees require varied types of support. We aim to provide a tailored work environment that contributes to the well-being of our staff. Our efforts include flexible working arrangements and a supportive non-discriminatory workplace

CORPORATE SOCIAL RESPONSIBILITY

environment. We are committed to maintaining a culture of inclusion, involvement and fairness as our employees continue with remote working arrangements and interactions.

The Group actively engages its staff through various channels for effective flow of key information. In addition to physical meetings, regular virtual communication sessions allow management to interact and engage with staff on a timely basis. The Group's code of conduct and established policies remain readily available to all employees. Our staff have signed employment contracts with transparent and clear employment terms. All employees are required to conduct themselves at the highest ethical level and the Group adopts a zero tolerance stance against corruption or fraudulent misconduct. We practice an open-door policy where staff may raise their concerns directly to management relating to any aspect of their employment. Whistle blowing policy and procedures are made accessible to all staff and external stakeholders. Pollux strives to fulfil the needs and rights of all employees in accordance to applicable laws and regulations.

Our people are the foundation to the Group's successes. Our recruitment practices adheres to the Group's guidelines of a diversified and inclusive workplace. As Pollux continues to grow, it is important that our functional competencies reflect current business needs. Sustainable human capital management is essential and we provide opportunities for employees to upgrade their competencies through training programmes and seminars.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

Pollux commits to promoting board diversity and acknowledges the benefits of a diverse boardroom. A diverse board allows the Group to benefit from all available perspectives while fostering innovation and creativity.

The integration of corporate governance and sustainability enables long-term value creation and sustainable growth. The Board and management remain steadfast in balancing the interests of our stakeholders, compliance with applicable laws and regulations and impact on the environment. We recognise that good corporate governance polices coupled with sound risk management practices are present in an effective and prudent Board. Our culture of compliance and ethical business conduct remain pillars of our sustainable business model. We seek to pursue a holistic approach that balances shareholder's returns and environment concerns.

We will continue to evaluate our current governance practices and risk management frameworks to ensure that emerging issues are addressed and managed adequately. We are fully committed to upholding the highest standards of corporate governance and business integrity in all our business activities.

CORPORATE INFORMATION

Board of Directors

Phua Cher Chew
Non-Executive &
Independent Chairman

Jacob Lee Yen Min
Executive Director &
Chief Executive Officer

Tan Lye Heng Paul
Independent Director

Brian Praneda
Independent Director

Audit Committee

Tan Lye Heng Paul (Chairman)
Phua Cher Chew
Brian Praneda

Remuneration and Nominating Committee

Brian Praneda (Chairman)
Tan Lye Heng Paul
Phua Cher Chew

Company Secretary

Chew Bee Leng

Registered Office

554 Havelock Road, Singapore 169639
Tel: +65 6922 0333 Fax: +65 6922 0338
Email: info@pollux.com.sg
www.pollux.com.sg

Bankers

United Overseas Bank Limited
Hong Leong Finance Limited
Oversea-Chinese Banking Corporation Limited
Maybank Singapore Limited
DBS Bank Ltd
Credit Suisse AG
SMBC Nikko Securities (Singapore) Pte Ltd
PT Bank Nationalnobu Tbk
PT Bank Central Asia Tbk

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:
Ang Chuen Beng

Date of appointment:
From financial year ended 31 March 2020

Sponsor

Novus Corporate Finance Pte. Ltd.
7 Temasek Boulevard
#18-03B Suntec Tower 1
Singapore 038987

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 December 2022 ("FY2022"), 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 FY2022, the Group has 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.

Where necessary, 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 December 2023.

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 approval of capital 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) overseeing the evaluation of the adequacy and effectiveness of financial reporting, internal controls and risk management frameworks;

(f) monitoring the financial performance of the business including approval of release of the annual and interim financial reports and interested person transactions;

CORPORATE GOVERNANCE REPORT

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

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

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

(j) 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

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

Each individual Director has objectively discharged his duties and responsibilities at all times as fiduciaries in the best 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 1967 (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 which 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;

(d) policies and procedures, delegation of authority matrix, code of conduct and business ethics;

(e) nomination of directors and appointment of key executives; and

(f) interested persons transactions.

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.

CORPORATE GOVERNANCE REPORT

The attendance of Directors who were in office during FY2022 at meetings of the Board and Board Committees held in FY2022 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
Tan Lye Heng Paul	2	2	2	2	1	1
Phua Cher Chew	2	2	2	2	1	1
Jacob Lee Yen Min	2	2	N.A.	N.A.	N.A.	N.A.
Brian Praneda	2	2	2	2	1	1

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 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, separately and independently, seek independent professional advice as and when necessary in furtherance of their duties. The appointment of such professional advisers 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 Singapore Exchange Securities Trading Limited ("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 their statutory 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 Catalist Rule 406(3)(a), the RNC will ensure that newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore attend the mandatory training in the roles and responsibilities of a director as prescribed by the SGX-ST within one year from the date of their appointment at the Company's expense. In FY2022, the CEO and Mr. Brian Praneda completed the mandated training as a first-time director organised by the Singapore Institute of Directors. In addition, all the Board members have completed the mandated sustainability training course as required by the enhanced SGX sustainability reporting rules announced in December 2021.

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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 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 a monthly basis and during the meetings of the Board and Board Committees.

The Board has 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 to abstain 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 four (4) Directors, three (3) of whom are Independent Directors. In accordance with Provision 2.3 of the Code, the Board comprises three (3) 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
Jacob Lee Yen Min	Director and Chief Executive Officer	Executive	31 May 2021	27 April 2022
Brian Praneda	Director, Chairman of RNC and member of AC	Non-Executive/ Independent	31 December 2021	27 April 2022
Phua Cher Chew	Chairman of the Board, member of AC and RNC	Non-Executive/ Independent	31 May 2021	27 April 2022
Tan Lye Heng Paul	Director, Chairman of AC and member of RNC	Non-Executive/ Independent	9 December 2020	27 April 2021

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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 Board and the RNC remain committed to continuously reviewing the adequacy of the composition of the Board and ensuring that at all times, the Board will be in compliance with 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. The RNC and the Board have reviewed and ascertained that all Independent Directors are independent according to the Code, its Practice Guidance and Catalist Rules 406(3)(d)(i) and 406(3)(d)(ii) and note that:

(a) the Independent Directors: (i) are not employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; (ii) do not have an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current or any of the past three (3) financial years, and whose remuneration is determined by the RNC; and (iii) has not been a director of the Company for an aggregate period of more than nine (9) years (whether before or after listing);

(b) none of the Independent Directors or their immediate family member had in the current or immediate past financial year (i) provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S$50,000 for services other than compensation for board service; or (ii) was a substantial shareholder, partner, executive officer or a director of any organisation which provided or received material services or significant payments to and/or from the Group when aggregated over any financial year in excess of S$200,000 for services rendered; and

(c) none of the Independent Directors are directly associated with a substantial shareholder of the Company.

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 confirmations received from the Independent Directors, the Board is of the view that Mr. Tan Lye Heng Paul, Mr. Phua Cher Chew, and Mr. Brian Praneda are independent.

The Company had endorsed a Board Diversity Policy. The Company recognises and embraces the importance of diversity towards a well-functioning and effective Board. The Company believes that having a diversity of skill-sets, knowledge, experience, nationalities, ethnicity, age, cultural background and educational background among other relevant qualities in the Board's composition is essential for the effective governance of the Company. Such diversity will ultimately benefit the Board's ability to make decisions in the best interests of the Company. Such diversity will also foster constructive debate and allow the Board to avoid groupthink.

The RNC is responsible for reviewing and assessing Board composition on behalf of the Board, and for recommending the appointment of new directors. In doing so, the RNC will consider all the previously mentioned qualities in identifying and nominating suitable candidates to the Board, having regard to the optimum composition of the Board and how the diversity of qualities can be balanced appropriately. Although all Board appointments will ultimately be made based on merit and objective criteria, the Board will have due regard to the benefits of diversity and how a diversity of skills, experience, knowledge and independence can be complementary.

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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, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position. The RNC will then nominate the most suitable candidate for appointment by the Board to the Company. The Board Diversity Policy also recognises gender as an important aspect of diversity. As such, if external search consultants are used to search for candidates for Board appointments, the brief will include a requirement to also present female candidates. When seeking to identify a new director for appointment to the Board, the RNC will request for female candidates to be fielded for consideration and the female representation on the Board be continually improved over time based on the set objectives of the Board. The Company does not have a timeline as to the appointment of a female director, and such an appointment will be dependent on when a vacancy arises. Nonetheless, the Company believes that the Board is sufficiently diverse, having considered, among others, the diversity of skills, experience, cultural background and nationalities of its current directors.

In addition to applying this Policy, the RNC will monitor its implementation and the Company's progress against the objectives set in the Board Diversity Policy. The RNC shall report to the Board on the progress made towards achieving board diversity on an annual basis.

The RNC will review the Board Diversity Policy periodically, where appropriate, in order to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval.

The Board and the RNC have considered and are satisfied that the current size of the Board of four (4) Directors is appropriate, taking into consideration the existing nature and scope of the operations of the Group.

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

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

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

Chairman and Chief Executive Officer

Principle 3: There 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. Phua Cher Chew is currently the Non-Executive and Independent Chairman of the Board while Mr. Jacob Lee Yen Min is the CEO. There is no familial relationship between the Chairman and the 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.

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The Chairman of the Board, is responsible for:

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

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

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

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

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

(f) ensuring effective communication with shareholders;

(g) facilitating the effective contribution of 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.

In view that the Chairman of the Board is independent, the Board has not appointed a lead independent Director. The Chairman of the Board encourages constructive relations within the Board and between the Board and the Management to facilitate effective contribution of all Directors. The Chairman of the Board is assisted by the Board Committees in ensuring compliance with the Company's standards of corporate governance. He is available to shareholders when they have concerns and for which contact through the normal channels of communication with 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. Brian Praneda – Chairman
Mr. Phua Cher Chew
Mr. Tan Lye Heng Paul

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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 recommendation to the Board on all Board appointments including appointment and/or replacement of the Chairman of the Board, CEO and key management personnel and re-appointments and on relevant matters relating to the succession plans of the Board;

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

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

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

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

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

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

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

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

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

The RNC's role in respect of remuneration matters is separately disclosed under Principle 6 (Procedures for Developing Remuneration Policies).

The RNC is charged with determining the independence of the Directors having regard to the circumstances set forth in Provision 2.1 of the Code, its Practice Guidance and Catalist Rules 406(3)(d)(i) and 406(3)(d)(ii). The RNC conducts an annual review of the Directors' independence and is of the view that Mr. Brian Praneda, Mr. Phua Cher Chew and Mr. Tan Lye Heng Paul are independent.

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Currently, none of the Directors hold an excessive number of board representations. Nonetheless, the Board has set the maximum number of listed company board representations each Director may hold to be five (5). When a Director has multiple board representations, the RNC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The RNC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

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

Name of Directors	Listed Company Directorships	Principal Commitments*
Executive Director		
Jacob Lee Yen Min	Pollux Properties Ltd	Executive Director, CEO
Independent Directors		
Tan Lye Heng Paul	Pollux Properties Ltd	Independent Director, AC Chairman, RNC member
	Serial System Ltd	Independent Director, AC Chairman
	Second Chance Properties Ltd	Independent Director, Chairman of RNC
	–	Chairman, Nexia Singapore PAC (formerly known as Kreston ACA PAC)
	–	Director, Nexia Solutions Pte Ltd
	–	Director, Nexia SG Pte. Ltd.
	–	Director, Salleh Marican Foundation Ltd.
Phua Cher Chew	Pollux Properties Ltd	Independent Director, Chairman of the Board of Directors, AC member, RNC member
	–	Director, Amcorp Forward Pte Ltd
	–	Director, Amcorp Development Pte Ltd
	–	Director, Amcorp Uptown Pte Ltd
		Consultant, Juoku Pte Ltd
		Chief Executive Officer, Technopals Pte Ltd
Brian Praneda	Pollux Properties Ltd	Independent Director, Chairman of RNC, AC member
	–	Independent Commissioner, PT Aesler Grup Internasional Tbk
		Independent Commissioner, PT Pollux Properties Indonesia Tbk
		Independent Commissioner, PT Pollux Hotel Groups Tbk
		Managing Partner, Praneda & Partners Law Firm

* 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.

CORPORATE GOVERNANCE REPORT

In the selection process for the appointment of new Directors, the RNC will review the composition of the Board and identify the skill sets which enhance the Board's overall effectiveness. Potential candidates are identified from various sources 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, a Director newly appointed by the Board shall hold office only until the next annual general meeting ("AGM") of the Company and shall then be eligible for re-election at the AGM. In addition, at least one-third of the Directors for the time being shall retire from office by rotation at each AGM of the Company, provided all Directors (including managing directors and executive directors) shall retire by rotation at least once every three (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 Mr. Tan Lye Heng Paul and Mr. Phua Cher Chew who will be retiring by rotation pursuant to Regulation 89 of the Company's Constitution be nominated for re-election as Directors at the forthcoming AGM of the Company.

Pursuant to Rule 720(5) of the Catalist Rules, the additional information set out in Appendix 7F of the Catalist Rules relating to Mr. Tan Lye Heng Paul and Mr. Phua Cher Chew, who are retiring by rotation at the forthcoming AGM of the Company and submitting themselves for re-appointment thereat, 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	Tan Lye Heng Paul	Phua Cher Chew
Date of Initial Appointment	9 December 2020	31 May 2021
Date of last re-appointment (if applicable)	27 April 2021	27 April 2022
Age	57	48
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr. Tan Lye Heng Paul as the Independent Director was recommended by the RNC and the Board has accepted the recommendation, after taking into consideration Mr. Tan Lye Heng Paul's qualifications, past experiences and overall contributions since he was appointed as a Director of the Company.	The re-election of Mr. Phua Cher Chew as the Independent Director was recommended by the RNC and the Board has accepted the recommendation, after taking into consideration Mr. Phua Cher Chew'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 the AC, member of the RNC	Independent Director, Chairman of the Board, member of the AC and of the RNC
Professional qualifications	Master of Business Administration degree, University of Birmingham in United Kingdom Fellow member of Institute of Singapore Chartered Accountants Fellow member of Association of Chartered Certified Accountants Accredited Tax Advisor (Income Tax and GST), Singapore Chartered Tax Professionals Member of Singapore Institute of Directors Member of the Institute of Chartered Accountants in England and Wales	Bachelor of Business (Marketing), Central Queensland University Diploma in Accountancy, Singapore Polytechnic Member, Singapore Institute of Directors

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Name of Director	**Tan Lye Heng Paul**	**Phua Cher Chew**
Working experience and occupation(s) during the past 10 years	January 2020 to Present: Chairman, Nexia Singapore PAC (formerly known as Kreston ACA PAC) January 2023 to Present: Director, Nexia Solutions Pte Ltd 2013 to Present: Managing Director, CA TRUST PAC June 2011 to Present: Independent Director, Serial System Ltd November 2022 to December 2012 and December 2015 to Present: Independent Director, Second Chance Properties Ltd November 2017 to April 2021: Co-Head Business Advisory, In.Corp Global Pte Ltd	2011 - Present: Director, Amcorp Development Pte Ltd 2013 - Present: Director, Amcorp Uptown Pte Ltd 2017 - Present: Director, Amcorp Forward Pte Ltd 2020 – Present: Consultant, Juoku Pte Ltd 2023 - Present: Chief Executive Officer, Technopals Pte Ltd 2012 - 2020: Executive Director and Chief Executive Officer, Amcorp Global Limited (formerly known as Tee Land Limited) 2020 - 2022: Director, Zakoo Capital Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries		
	No	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
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer		
	Yes	Yes

CORPORATE GOVERNANCE REPORT

Name of Director	Tan Lye Heng Paul	Phua Cher Chew
Other Principal Commitments Including Directorship	**Present Directorships** November 2002 to Present: Independent Director, Second Chance Properties Ltd 2008 to Present: Managing Director, CA TRUST PAC June 2011 to Present: Independent Director, Serial System Ltd January 2020 to Present: Chairman, Nexia Singapore PAC (formerly known as Kreston ACA PAC) January 2020 to Present: Director, Nexia SG Pte. Ltd. November 2021 to Present: Director, Salleh Marican Foundation Ltd. January 2023 to Present: Director, Nexia Solutions Pte Ltd **Past Directorships (in the last 5 years)** 2007 to 2018: Independent Director, Sin Ghee Huat Corporation Ltd 2007 to 2016 and 2017 to 2020: Independent Director, China Sunsine Chemical Holdings Ltd November 2017 to April 2019: Co-Head Business Advisory, In.Corp Global Pte Ltd	**Present Directorships** 2011 - Present: Director, Amcorp Development Pte Ltd 2013 - Present: Director, Amcorp Uptown Pte Ltd 2017 - Present: Director, Amcorp Forward Pte Ltd **Past Directorships (in the last 5 years)** 2012 - 2020: Executive Director, Chief Executive Officer, Amcorp Global Limited 2016 - 2020: Director, Amcorp Vista Pte Ltd 2020 - 2022: Director, Zakoo Capital Pte Ltd

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Name of Director		Tan Lye Heng Paul	Phua Cher Chew
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
(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
(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	Tan Lye Heng Paul	Phua Cher Chew
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?		
	No	No
Disclosure applicable to the appointment of Director Only		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please provide details of any training undertaken in the roles and responsibilities of a director of a listed Company. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not Applicable. This is in relation to the re-appointment of a Director.	Not Applicable. This is in relation to the re-appointment of a Director.

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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. Tan Lye Heng Paul and Mr. Phua Cher Chew, as members of the RNC, have abstained from voting on any resolutions in relation to the assessment of their respective performance as Directors of the Company.

The RNC recognises the importance of business continuity and the need for succession planning to attract and retain highly qualified individuals to serve on the Board. There is a structured process on reviewing the succession planning for Directors, including the Chairman, the CEO as well as other key management personnel. Board succession planning is evaluated and carried out through the annual review by the RNC. The outcome of that review is reported to the Board. The Board seeks to refresh its memberships progressively while ensuring continuity of corporate performance.

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 recommended to the Board and has implemented a formal review process to assess the effectiveness of the Board and of each Board Committee separately, as well as the contribution by the Chairman and each individual Director to the Board 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.

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 FY2022, 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.

CORPORATE GOVERNANCE REPORT

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. Brian Praneda – Chairman
Mr. Phua Cher Chew
Mr. Tan Lye Heng Paul

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, specific remuneration packages and benefits-in-kind;

(b) review and recommend to the Board the specific remuneration packages for each Director as well as for the key management personnel which take into account annual increments and bonuses;

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

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

(e) 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 and termination terms shall be covered by the RNC, to ensure they are fair. 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 FY2022.

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.

CORPORATE GOVERNANCE REPORT

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 for the long term. 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 and key management personnel, comprising of a basic salary component and a bonus component. The bonus component is performance-based and seeks to align the interests 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, excluding the Executive Director, are paid a basic Directors' fee. Currently, the basic fee is determined and considered by the Board based on the effort, time spent and responsibilities of the Directors. The RNC had assessed that the current remuneration of Non-Executive Directors to be appropriate to the level of contribution and commitment required from the Independent Directors. Based on the current operations and structure of the Group, the fixed basic fee is reasonable due to the non-complexity of the Group's business. The RNC is also mindful that the remuneration for Non-Executive Directors should not be excessive so as not to compromise reasonably be perceived to compromise their independence. 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 relationships between remuneration, performance and value creation.

The compensation package for employees including the Executive Director and CEO and key management personnel comprises 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

Save for the CEO and the Financial Controller, the Company does not have any other key management personnel. A breakdown of the remuneration of the Directors and key management personnel for FY2022 is set out below:

Remuneration and Name of Director or key management personnel	Base/Fixed Salary	Bonus	Directors' Fees[1]	Other Benefits	Total
Jacob Lee Yen Min	240,000	–	–	–	240,000
Tan Lye Heng Paul	–	–	18,000	–	18,000
Phua Cher Chew	–	–	18,000	–	18,000
Brian Praneda	–	–	18,000	–	18,000
Lau Wei Kian	165,000	18,750	–	–	183,750

(1) Directors' fees are subject to the approval of the Company's shareholders at the forthcoming AGM of the Company.

There were no termination, retirement and post-employment benefits granted to the Directors and key management personnel.

The Company does not have any employee who is a substantial shareholder of the Company, or an immediate family member of any Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S$100,000 during FY2022.

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

ACCOUNTABILITY AND AUDIT

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 endeavours 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. In FY2022, 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.

CORPORATE GOVERNANCE REPORT

Enterprise Risk Management Exercise

An Enterprise Risk Management (“ERM”) Committee which comprises senior personnel from the operational and financial functions of the Group 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 FY2022.

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 recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Apart from the above, the AC also commissions and reviews the findings of internal controls or infringement of any Singapore laws, rules or regulations which has or is likely to have a material impact on the Group’s operating results and/or financial position on annual basis. In FY2022, 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.

CORPORATE GOVERNANCE REPORT

For FY2022, 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. At least two members, including the Chairman of the AC, have recent and relevant accounting or related financial management expertise or experience. 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. Tan Lye Heng Paul – Chairman
Mr. Phua Cher Chew
Mr. Brian Praneda

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 FY2022, the AC held two (2) meetings.

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

(a) review the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

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

(c) 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;

(d) evaluate the adequacy, effectiveness, independence, scope and results of both the internal and external audit functions;

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

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

CORPORATE GOVERNANCE REPORT

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

(h) review the assurance from the CEO and the Financial Controller on the financial records and financial statements;

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

(j) review interested person transactions;

(k) 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;

(l) review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

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

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

(o) 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 FY2022.

The Company's external auditors are Ernst & Young LLP. During FY2022, the aggregate amount of fees paid and/or payable to the external auditors for audit services amounted to approximately S$147,000. During FY2022, 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. The AC noted that the Company has received a notice of nomination from Pollux Holdings Pte. Ltd., a substantial shareholder of the Company, nominating Foo Kon Tan LLP for appointment as the external auditors of the Company at the forthcoming AGM of the Company. The AC, having reviewed and considered the profile of and proposal from Foo Kon Tan LLP as well as the Audit Quality Indicators Disclosure Framework issued by Accounting and Corporate Regulatory Authority, has recommended to the Board that Foo Kon Tan LLP be appointed as auditors of the Company at the forthcoming AGM of the Company. Details of the proposed change of auditors are further set out in the appendix dated 4 April 2023 to the Annual Report.

The Company confirms its compliance with Rules 712 and 716 of the Catalist Rules in relation to the appointment of auditing firms for the Group. Certain Singapore-incorporated subsidiaries of the Company were audited by other auditors as disclosed in Note 14 to the financial statements in this Annual Report. The Board and AC have considered and are satisfied that the appointment of other auditors would not compromise the standard and effectiveness of the audit of the Group and accordingly, Rule 716 of the Catalist Rules has been complied with. No former partner or director of the Company's existing auditing firm or audit corporation is a member of the AC. With reference to the joint recommendations made by the Monetary Authority of Singapore, 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.

CORPORATE GOVERNANCE REPORT

Key Audit Matter	How the AC reviewed this matter and what decision was made
Valuation of investment Properties	As at 31 December 2022, the Group's investment properties amounted to $344,050,000 and accounted for 91% of the Group's total assets. 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. The AC has considered and is satisfied with the competency and capabilities of the independent external valuation specialist as well as the valuation methods. 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 December 2022. Please refer to pages 48 to 51 of this annual report.

Whistle-Blowing Policy

The Board undertakes to investigate complaints 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 the identity of the whistleblower is kept confidential and only made known to the members of the AC, which has oversight and monitors the whistle-blowing function, and employees making such reports in good faith will be treated fairly and 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 AC, which comprises independent directors, is responsible for the oversight and monitoring of the whistle-blowing policy, ensuring that any investigation and follow-up procedures are taken, if any. 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 FY2022.

Complaints, incidents or claims can be raised directly to the Chairman of the AC at ac@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 FY2022. Wensen has experience in providing risk advisory, internal audit and other consulting services. The team, comprising 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 FY2022 and the Management's responses thereto. There were no material internal control weaknesses identified by the internal auditors in their course of audit for FY2022.

The AC will assess and ensure the adequacy and effectiveness of the internal audit function annually. The AC is satisfied that the internal audit function is independent, effective and adequately staffed with suitably qualified and experienced professional members 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.

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 appoint up to two (2) proxies to 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 has to be deposited at the Company's registered office or such other place as may be specified for that purpose 72 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. Where the issues are interdependent and linked to form one significant proposal and the resolutions are bundled, the Company will explain the reasons and material implications in the notice of the general meeting. 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 and on the Company's corporate website. Shareholders can vote personally 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.

CORPORATE GOVERNANCE REPORT

In view of the COVID-19 situation, the AGM in respect of the financial year ended 31 December 2021, was convened and held on 27 April 2022 ("2021 General Meeting") by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meeting for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the "Order"). Shareholders could appoint the Chairman of the AGM as their proxy to vote on the resolutions at the AGM. All Directors who were in office had attended the 2021 General Meeting. Save for the 2021 General Meeting, there were no other general meetings held in FY2022.

The Company Secretary prepares minutes of general meetings, which incorporates substantial and relevant comments or queries from shareholders relating to the agenda of the general meeting, and responses from the Board and the Management (if any). The Minutes of the 2021 General Meeting was published on the SGX website within one month after the date of the 2021 General Meeting.

Except as disclosed in the preceding paragraph and 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.

The forthcoming AGM to be held in respect of FY2022 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 prior to and at the AGM, and "live" voting or 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 AGM on the SGX website and the Company's website at the URL: http://pollux.com.sg/ 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 FY2022.

Engagement with Shareholders

Principle 12: The Company communicates regularly with its shareholders and facilities 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. The Annual Report, the Appendix, 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 Notice of AGM is also advertised in a daily newspaper.

CORPORATE GOVERNANCE REPORT

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. General meetings offer opportunities for the 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. The Company does not have an investor relations team, however, the Company maintains a website at http://pollux.com.sg and updates it on a timely basis 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 telephone 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 include 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. The Company will be publishing its Sustainability Report for FY2022 by 30 April 2023 on SGXNET and the Company's corporate website.

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 and full-year financial results, and ending on the date of the announcement of the relevant results. The Company also does not deal in its shares during such period. In addition, the Company prohibits all Directors and officers (including 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 FY2022, 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)
Nil	Nil	Nil	Nil

MATERIAL CONTRACTS

As at the end of FY2022, there was an aggregate outstanding loan amount of S$4,805,220 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 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 FY2022, 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, Novus Corporate Finance Pte. Ltd., for FY2022.

FINANCIAL CONTENTS

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 December 2022.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 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:

Tan Lye Heng Paul
Phua Cher Chew
Jacob Lee Yen Min
Brian Praneda

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 in, or debentures of, the Company or any other body corporate.

Directors' interests in shares and debentures

There were no directors who held office at the end of the financial year, who had, according to the register of directors' shareholdings, required to be kept under section 164 of the Singapore Companies Act 1967, an interest in shares, share 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. There was no change between the end of the financial year and 21 January 2023.

DIRECTORS' STATEMENT

Share options

There were no share options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries.

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 the financial year.

Audit Committee

The audit committee ("AC") carried out its functions in accordance with section 201B(5) of the Singapore Companies Act 1967, 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 Catalist.

DIRECTORS' STATEMENT

Audit Committee (cont'd)

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

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

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

Auditor

Ernst & Young LLP have expressed that they will not seek re-appointment as auditor of the Company at the forthcoming Annual General Meeting of the Company.

On behalf of the Board of Directors,

Jacob Lee Yen Min
Director

Phua Cher Chew
Director

Singapore
29 March 2023

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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 consolidated balance sheet of the Group and the balance sheet of the Company as at 31 December 2022, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group, and the statement of changes in equity of the Company 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, 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

Key Audit Matters (cont'd)

Valuation of investment properties

The Group owns a portfolio of investment properties comprising a commercial building, several residential units, serviced apartment and shop units which are located in Singapore. As at 31 December 2022, the net carrying amount of investment properties amounted to $344.1 million, of which a fair value gain of $4.6 million was recorded during the financial year. The net carrying amount of the investment properties accounted for 91% of the Group's total assets.

The fair valuation of these properties is significant to our audit due to its materiality and use of significant judgement and estimates in the valuation process. The Group records its investment properties at their fair values based on independent external valuations. The valuation process is complex and is highly dependent on a range of 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 such as capitalization rates, discount rate, yield adjustments and price of comparable properties. As such, we identified this as a key audit matter.

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 management and independent external valuation specialists to obtain an understanding of the selection of valuation methodologies, basis for the key assumptions and inputs used in the valuation, and review the valuation reports issued by the independent external valuation specialists;

- Engaged our internal valuation specialists to review the appropriateness of methodologies adopted and the reasonableness of certain key assumptions and inputs used by the independent external valuation specialists by reference to historical rates and market data, including key valuation adjustments made in response to the changes in market and economic conditions;

- Assessed the overall reasonableness of the movements in the fair values of these properties in light of the prevailing market conditions;

- Assessed the reasonableness of estimates used in the determination of fair valuation, including property related data such as occupancy rates, forecasted income generated by properties, discount rates and yield adjustments for comparable transactions 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 *Key Sources of Estimation Uncertainty* to the financial statements relating to the assumptions used in the fair valuation process, given the estimation uncertainty and sensitivity of the valuations.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

Other Information

Management is responsible for the 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.

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.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2022

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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
29 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2022

	Note	2022 $	2021 $
Revenue	4	13,795,462	9,126,841
Cost of sales	5	(1,423,607)	(1,456,871)
Gross profit		12,371,855	7,669,970
Other items of income			
Interest income	6	82,603	96,349
Other income	7	4,807,349	2,944,007
Other items of expense			
Marketing and distribution		(89,697)	(348,547)
General and administrative		(5,343,232)	(3,657,010)
Finance costs	8	(4,227,494)	(2,041,607)
Share of results of a joint venture, net of tax		(451,516)	287,574
Profit before tax	9	7,149,868	4,950,736
Income tax expense	10	(661,758)	(957,634)
Profit for the financial year		6,488,110	3,993,102
Attributable to:			
Owners of the Company			
Profit for the financial year attributable to owners of the Company		6,488,110	3,993,102
Earnings per share attributable to owners of the Company (cents per share)			
- Basic	11	0.23	0.14
- Diluted	11	0.23	0.14
Earnings per share (cents per share)			
- Basic	11	0.23	0.14
- Diluted	11	0.23	0.14

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	2022 $	2021 $
Profit for the financial year	6,488,110	3,993,102
Other comprehensive income for the financial year, net of tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from consolidation of foreign operations	(126,981)	–
Total comprehensive income for the financial year	6,361,129	3,993,102
Attributable to:		
Owners of the Company		
Total comprehensive income for the financial year attributable to owners of the Company	6,361,129	3,993,102

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

BALANCE SHEETS

As at 31 December 2022

	Note	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
Non-current assets					
Property, plant and equipment	12	17,053,967	85,363	7,321	5,113
Investment properties	13	344,050,000	339,050,000	–	–
Investment in subsidiaries	14	–	–	142,058,299	142,058,293
Investment in a joint venture	15	2,625,154	3,076,670	1	1
Investment securities	16	502,881	502,881	502,881	502,881
		364,232,002	342,714,914	142,568,502	142,566,288
Current assets					
Trade receivables	17	792,211	631,635	–	–
Contract assets	4	–	1,628,192	–	–
Other receivables and deposits	18	2,135,659	257,878	791	792
Prepaid operating expenses	19	827,873	35,194	17,000	–
Due from subsidiaries	20	–	–	46,212,148	24,043,453
Due from related parties	21	15	15	–	–
Investment securities	16	333,816	323,465	–	–
Cash and cash equivalents	22	9,590,339	27,690,666	18,357	22,470,738
		13,679,913	30,567,045	46,248,296	46,514,983
Total assets		377,911,915	373,281,959	188,816,798	189,081,271
Equity and liabilities					
Current liabilities					
Trade payables	23	2,772,923	2,072,398	–	–
Rental received in advance	4	2,624,397	1,920,658	–	–
Other payables and accruals	24	7,231,521	3,808,207	359,341	390,270
Provision for taxation		809,915	421,736	–	–
Loans and borrowings	25	22,456,622	21,521,074	–	–
Due to subsidiaries	27	–	–	78,118,714	79,989,676
Due to related parties		51	51	–	–
		35,895,429	29,744,124	78,478,055	80,379,946
Net current (liabilities)/assets		(22,215,516)	822,921	(32,229,759)	(33,864,963)
Non-current liabilities					
Deferred tax liabilities	10	8,336	8,336	–	–
Loan from joint venture	26	2,288,147	2,963,477	2,288,147	2,963,477
Loans and borrowings	25	133,755,263	140,962,411	–	–
		136,051,746	143,934,224	2,288,147	2,963,477
Total liabilities		171,947,175	173,678,348	80,766,202	83,343,423
Net assets		205,964,740	199,603,611	108,050,596	105,737,848
Equity attributable to owners of the Company					
Share capital	28	140,099,994	140,099,994	140,099,994	140,099,994
Revenue reserve		65,991,727	59,503,617	(32,049,398)	(34,362,146)
Foreign currency translation reserve		(126,981)	–	–	–
Total equity		205,964,740	199,603,611	108,050,596	105,737,848
Total equity and liabilities		377,911,915	373,281,959	188,816,798	189,081,271

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Attributable to owners of the Company			
	Share capital $	Revenue reserve $	Foreign currency translation reserve $	Total equity $
Group				
As at 1 January 2022	140,099,994	59,503,617	–	199,603,611
Profit net of tax	–	6,488,110	–	6,488,110
Other comprehensive loss	–	–	(126,981)	(126,981)
At 31 December 2022	140,099,994	65,991,727	(126,981)	205,964,740

	Attributable to owners of the Company		
	Share capital $	Revenue reserve $	Total equity $
Group			
As at 1 January 2021	140,099,994	55,510,515	195,610,509
Profit net of tax, representing total comprehensive income for the financial year	–	3,993,102	3,993,102
At 31 December 2021	140,099,994	59,503,617	199,603,611

	Share capital $	Revenue reserve $	Total equity $
Company			
As at 1 January 2022	140,099,994	(34,362,146)	105,737,848
Profit net of tax, representing total comprehensive income for the financial year	–	2,312,748	2,312,748
At 31 December 2022	140,099,994	(32,049,398)	108,050,596
As at 1 January 2021	140,099,994	(31,195,990)	108,904,004
Loss net of tax, representing total comprehensive income for the financial year	–	(3,166,156)	(3,166,156)
At 31 December 2021	140,099,994	(34,362,146)	105,737,848

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2022

	Note	2022 $	2021 $
Cash flows from operating activities			
Profit before tax		7,149,868	4,950,736
Adjustments for:			
Impairment loss on trade receivables	9	9,750	–
Depreciation of property, plant and equipment	12	52,278	29,759
Interest income	6	(82,603)	(96,349)
Fair value gain on investment properties	13	(4,631,356)	(2,181,075)
Fair value (gain)/loss on quoted equity securities	9	(10,351)	31,716
Interest expense	8	4,214,894	2,001,165
Share of results of a joint venture	15	451,516	(287,574)
Currency realignment		1,214,756	–
Loss on disposal of items of property, plant and equipment	12	–	133
Operating cash flows before changes in working capital		8,368,752	4,448,511
Changes in working capital:			
Trade receivables and contract assets		1,457,866	(21,133)
Other receivables, deposits and prepayments		(647,846)	(53,812)
Trade payables		700,525	(222,476)
Rental received in advance		703,739	1,662,801
Other payables and accruals		2,044,259	108,030
Cash flows generated from operations		12,627,295	5,921,921
Interest received		82,603	96,349
Interest paid		(4,214,894)	(2,001,165)
Income taxes paid		(273,579)	(1,308,654)
Net cash generated from operating activities		8,221,425	2,708,451
Cash flows from investing activities			
Purchase of property, plant and equipment		(19,186,466)	(61,668)
Additions to investment properties	13	(368,644)	(468,925)
Net cash flows used in investing activities		(19,555,110)	(530,593)
Cash flows from financing activities			
Repayment of loan from joint venture		(675,330)	(783,596)
Repayment of loans and borrowings		(6,271,600)	(5,344,072)
Net cash flows used in financing activities		(6,946,930)	(6,127,668)
Net decrease in cash and cash equivalents		(18,280,615)	(3,949,810)
Net effect of exchange rate changes on the balance of cash held in foreign currencies		180,288	–
Cash and cash equivalents at beginning of financial year		27,690,666	31,640,476
Cash and cash equivalents at end of financial year	22	9,590,339	27,690,666

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

NOTES TO THE FINANCIAL STATEMENTS

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 immediate holding company of the Company is Pollux Holdings Pte. Ltd., a company incorporated in Singapore whereas the ultimate holding company is PT. Pollux Multi Artha, a company incorporated in Indonesia.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries and joint venture are disclosed in Notes 14 to 15 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 $).

The Group's current liabilities exceeded its current assets by $22,215,516 (31 December 2021: current assets exceeded its current liabilities by $822,921) as at 31 December 2022. These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The directors are of the view that the Group has the ability to continue as a going concern as the Group will be able to meet its short-term financial obligations as and when they fall due based on the following:

(i) Group's ability to generate sufficient cash flows from its operating and financing activities; and

(ii) $15.1 million of the Group's current loans and borrowings are on a monthly revolving basis and management expects them to be renewed as and when they are due.

2.2 New accounting standards effective on 1 January 2022

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 January 2022. 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
SFRS(I) 17 Insurance Contracts	1 January 2023
Amendments to SFRS(I) 17	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date 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 for the year ended 31 December 2022. 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 assets and liabilities, equity, 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

(A) Basis of consolidation (cont'd)

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

(B) Business combinations and goodwill (cont'd)

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 currencies

These financial statements are presented in Singapore Dollars, which is 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. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than the Singapore Dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Singapore Dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore Dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE FINANCIAL STATEMENTS

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

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, 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	–	3years
Office equipment	–	5years
Computers and software	–	3years
Furniture and fittings	–	5years
Operating equipment	–	5 to 10 years
Linen, glass/silverware and uniforms	–	4years

The carrying values of property, 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 property, 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.

Construction in progress represents hotel properties under renovation, which is stated at cost less any impairment losses, and is not depreciated. Costs comprise the purchase prices, purchase taxes and renovation costs. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.7 Investment properties

Investment properties are properties that are either owned by the Group or leased under a operating 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

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

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

The Group accounts for its investment in joint ventures using the equity method from the date on which it becomes a 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 joint venture's profit or loss in the period in which the investment is acquired.

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

NOTES TO THE FINANCIAL STATEMENTS

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

2.12 Joint ventures (cont'd)

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the 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 joint venture. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the 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 joint venture and its carrying value and recognises the amount in profit or loss.

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

<u>Investments in debt instruments</u>

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

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 instrument 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 de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

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

2.13 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.15 Cash and cash equivalents

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

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

2.16 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

<u>Short-term leases</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.19 Leases (cont'd)

(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.

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) Serviced apartment operation income

Income from serviced 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 serviced apartment.

(c) Management and advisory fees

Management and advisory fees from rendering of services that are of short duration are recognised when the significant acts have been completed.

Revenue is recognised when performance obligation is completed and customer is able to consume the benefit, i.e. decision in making investment portfolio.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.22 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint venture and associate, 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, joint venture and associate, 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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.22 Taxes (cont'd)

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

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 GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST 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 GST included.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

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

2.24 Contingencies (cont'd)

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 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 values as at 31 December 2022. 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 requires 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 amount of the investment properties carried at fair value as at 31 December 2022 is $344,050,000 (2021: $339,050,000).

NOTES TO THE FINANCIAL STATEMENTS

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

3.1 Key sources of estimation uncertainty (cont'd)

(b) *Impairment of non-financial assets*

The Group assesses 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.

(c) *Impairment of intercompany receivables*

Management provides for ECLs based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information. The amounts due from subsidiaries and related parties, including their carrying amount and their related impairment as at 31 December 2022 are disclosed in Notes 20 and 21, respectively.

4. Revenue

	Group	
	2022	**2021**
	$	**$**
Serviced apartment operation income	5,263,902	2,394,236
Rental income	8,474,726	6,649,990
Management and advisory fees	56,834	82,615
	13,795,462	9,126,841

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue (cont'd)

(a) *Disaggregation of revenue*

	Serviced apartment		Investment properties*		Fund management		Total revenue	
	2022	2021	2022	2021	2022	2021	2022	2021
	$	$	$	$	$	$	$	$
Primary geographical markets								
Singapore	5,263,902	2,394,236	8,474,726	6,649,990	56,834	82,615	13,795,462	9,126,841
Major product or service lines								
Residential properties	–	–	1,254,838	1,199,724	–	–	1,254,838	1,199,724
Commercial properties	–	–	7,219,888	5,450,266	–	–	7,219,888	5,450,266
Serviced apartment operation income	5,263,902	2,394,236	–	–	–	–	5,263,902	2,394,236
Management and advisory fees	–	–	–	–	56,834	82,615	56,834	82,615
	5,263,902	2,394,236	8,474,726	6,649,990	56,834	82,615	13,795,462	9,126,841
Timing of transfer of goods or services								
At a point in time	–	–	–	–	56,834	82,615	56,834	82,615
Over time	5,263,902	2,394,236	8,474,726	6,649,990	–	–	13,738,628	9,044,226
	5,263,902	2,394,236	8,474,726	6,649,990	56,834	82,615	13,795,462	9,126,841

* Investment properties exclude serviced apartment.

** There was no revenue derived from hotel operations segment for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

4. Revenue (cont'd)

(b) Contract balances from contracts with customers

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

	Group		
	31.12.2022	31.12.2021	1.1.2021
	$	$	$
Receivables from contracts with customers	238,790	254,229	527,169
Contract assets	–	1,628,192	1,628,192

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. In 2022, contract assets decreased mainly due to collection made during the financial year.

5. Cost of sales

	Group	
	2022	2021
	$	$
Cost of sales in relation to serviced apartment	1,423,607	1,456,871

6. Interest income

	Group	
	2022	2021
	$	$
Interest income from short term deposits	82,603	96,349

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

7. Other income

	Group 2022 $	Group 2021 $
Fair value gain on investment properties	4,631,356	2,181,075
Fair value gain on quoted equity securities	10,351	–
Government grants	50,258	584,476
Reversal of retention sum	–	178,119
Others	115,384	337
	4,807,349	2,944,007

Government grants mainly relate to cash grants received from the Inland Revenue Authority of Singapore.

8. Finance costs

	Group 2022 $	Group 2021 $
Interest expense on bank loans	4,214,894	2,001,165
Bank charges	12,600	40,442
	4,227,494	2,041,607

9. Profit before tax

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

	Note	Group 2022 $	Group 2021 $
Audit fees to:			
- Auditors of the Group		146,800	140,000
Impairment loss on trade receivables		9,750	–
Depreciation of property, plant and equipment	12	52,278	29,759
Rental expenses relating to short-term leases		12,972	12,564
Employee benefits expense	31	1,391,465	1,461,057
Fair value gain on investment properties	13	(4,631,356)	(2,181,075)
Fair value (gain)/loss on quoted equity securities		(10,351)	31,716
Foreign exchange differences, net		1,294,749	–

NOTES TO THE FINANCIAL STATEMENTS

10. Income tax expense

Major components of income tax expense

The major components of income tax expense recognised in profit or loss for the financial years ended 31 December 2022 and 2021 are:

	Group	
	2022	2021
	$	$
Current income tax		
- Current income taxation	806,931	414,157
- (Over)/under provision in respect of prior years	(145,173)	543,477
Income tax expense recognised in profit or loss	661,758	957,634

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 December 2022 and 2021 is as follows:

	Group	
	2022	2021
	$	$
Profit before tax	7,149,868	4,950,736
Tax at statutory tax rate of 17% (2021: 17%)	1,215,478	841,625
Adjustments:		
Non-deductible expenses	370,993	1,010,288
Income not subject to taxation	(800,235)	(1,326,935)
Effect of partial tax exemption and tax relief	(56,483)	(59,796)
Benefits from previously unutilised tax losses	(9,931)	(47,042)
(Over)/under provision of current income tax in respect of prior years	(145,173)	543,477
Adjustment for share of results of joint venture	76,758	(48,888)
Others	10,351	44,905
Income tax expense recognised in profit or loss	661,758	957,634

NOTES TO THE FINANCIAL STATEMENTS

10. Income tax expense (cont'd)

Deferred income tax as at 31 December 2022 and 2021 relates to the following:

	Group			
	Balance sheet		Profit or loss	
	2022	2021	2022	2021
	$	$	$	$
Difference in depreciation for tax purposes	(8,336)	(8,336)	–	–
	(8,336)	(8,336)		
Deferred income tax			–	–

Unrecognised tax losses

As at 31 December 2022, certain subsidiaries of the Group have tax losses of approximately $1,541,197 (2021: $1,599,618) 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.

NOTES TO THE FINANCIAL STATEMENTS

11. Earnings per share (cont'd)

The following table reflects the earnings used in the computation of basic and diluted earnings per share for the financial years ended 31 December 2022 and 2021.

	Group	
	2022	2021
	$	$
Profit for the financial year attributable to owners of the Company	6,488,110	3,993,102

	Group	
	2022	2021
	No of shares	No of shares
Weighted average number of ordinary shares for basic earnings per share computation	2,759,468,325	2,759,468,325
Weighted average number of ordinary shares for diluted earnings per share computation	2,759,468,325	2,759,468,325

NOTES TO THE FINANCIAL STATEMENTS

12. Property, plant and equipment

Group	Leasehold improvement $	Office equipment $	Computers and software $	Furniture and fittings $	Operating equipment $	Linen, glass/ silverware and uniforms $	Construction in progress	Total $
Cost								
At 1 January 2021	167,471	39,984	184,706	1,946,966	576,326	115,067	-	3,030,520
Additions	14,000	-	29,503	-	15,620	2,545	-	61,668
Disposal	-	-	-	-	(133)	-	-	(133)
At 31 December 2021	181,471	39,984	214,209	1,946,966	591,813	117,612	-	3,092,055
Additions	69,025	-	5,670	-	74,133	-	18,394,079	18,542,907
Currency realignment	-	-	-	-	-	-	(1,522,025)	(1,522,025)
At 31 December 2022	250,496	39,984	219,879	1,946,966	665,946	117,612	16,872,054	20,112,937
Accumulated depreciation								
At 1 January 2021	167,471	39,984	169,904	1,943,614	540,893	115,067	-	2,976,933
Charge for the financial year	1,928	-	10,197	1,812	15,769	53	-	29,759
At 31 December 2021	169,399	39,984	180,101	1,945,426	556,662	115,120	-	3,006,692
Charge for the financial year	18,299	-	16,600	712	14,175	2,492	-	52,278
At 31 December 2022	187,698	39,984	196,701	1,946,138	570,837	117,612	-	3,058,970
Net carrying amount								
At 31 December 2022	62,798	-	23,178	828	95,109	-	16,872,054	17,053,967
At 31 December 2021	12,072	-	34,108	1,540	35,151	2,492	-	85,363

NOTES TO THE FINANCIAL STATEMENTS

12. Property, plant and equipment (cont'd)

Company	Leasehold improvement $	Office equipment $	Computers and software $	Furniture and fittings $	Total $
Cost					
At 1 January 2021	27,919	12,364	51,931	69,948	162,162
Additions	–	–	6,136	–	6,136
At 31 December 2021	27,919	12,364	58,067	69,948	168,298
Additions	–	–	5,670	–	5,670
At 31 December 2022	27,919	12,364	63,737	69,948	173,968
Accumulated depreciation					
At 1 January 2021	27,919	12,364	51,931	69,948	162,162
Charge for the financial year	–	–	1,023	–	1,023
At 31 December 2021	27,919	12,364	52,954	69,948	163,185
Charge for the financial year	–	–	3,462	–	3,462
At 31 December 2022	27,919	12,364	56,416	69,948	166,647
Net carrying amount					
At 31 December 2022	–	–	7,321	–	7,321
At 31 December 2021	–	–	5,113	–	5,113

NOTES TO THE FINANCIAL STATEMENTS

13. Investment properties

	Group 2022 $	Group 2021 $
At 1 January	339,050,000	336,400,000
Additions	368,644	468,925
Net gain from fair value adjustments recognised in profit or loss (Note 9)	4,631,356	2,181,075
At 31 December	344,050,000	339,050,000
At valuation:		
Freehold properties	296,100,000	293,500,000
Leasehold properties	47,950,000	45,550,000

The following amounts are recognised in the income statement:

	2022 $	2021 $
Serviced apartment and rental income (Note 4)	13,738,628	9,044,226
Direct operating expenses arising from rental generating properties	6,978,009	4,578,475

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

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed at the end of the reporting period. The valuations were performed by Cushman & Wakefield VHS (2021: 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).

NOTES TO THE FINANCIAL STATEMENTS

13. Investment properties (cont'd)

Investment properties pledged as security

Investment properties amounting to $344,050,000 (2021: $339,050,000) are mortgaged to secure certain bank loans of the Group (Note 24).

The investment properties held by the Group as at 31 December 2022 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	12 years and 3 months
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	971 years
1 unit at 238 Orchard Boulevard, The Orchard Residences	Residential	99 years	82 years

14. Investments in subsidiaries

	Company	
	2022	2021
	$	$
At cost	142,058,299	142,058,293

NOTES TO THE FINANCIAL STATEMENTS

14. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2022 %	2021 %
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
Stirling Fort Capital Pte. Ltd ("SFCPL")[(2)]	Fund management	Singapore	100	100
Emerald Investments (SG) Pte. Ltd.[(3)]	Investment holding[(n)]	Singapore	100	–
Diamond Investments (SG) Pte. Ltd.[(3)]	Investment holding[(n)]	Singapore	100	–
Sapphire Investments (SG) Pte. Ltd.[(3)]	Investment holding[(n)]	Singapore	100	–
Held through subsidiaries				
Boulevard Residences Pte. Ltd.[(1)]	Property development	Singapore	100	100
Bvlgari Park Residences Pte. Ltd.[(1)]	Property development	Singapore	100	100
Channel Residences Pte. Ltd.[(1)]	Property development	Singapore	100	100
Giorgio Residences Pte. Ltd.[(1)]	Property development	Singapore	100	100
Peninsula Park Residences Pte. Ltd.[(1)]	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

NOTES TO THE FINANCIAL STATEMENTS

14. Investments in subsidiaries (cont'd)

Name	Principal activities	Country of incorporation	Proportion (%) of ownership interest 2022 %	2021 %
Held through subsidiaries (cont'd)				
Savers Investment Ltd[1]	Property investment holding	British Virgin Islands	100	100
Cherimoya Worldwide Corporation[1]	Property investment holding	British Virgin Islands	100	100
PT. Investasi Cemerlang Sukses[4]	Hotel operations[n]	Indonesia	100	–
PT. Mitra Investasi Abadi[4]	Hotel operations[n]	Indonesia	100	–
PT. Sumber Makmur Investasi[4]	Hotel operations[n]	Indonesia	100	–

Notes:

(i) The respective auditors of the companies as listed as below:

(1) Audited by Ernst & Young LLP, Singapore.
(2) Audited by JC Allianz & Co
(3) Audited by Foo Kon Tan LLP
(4) Audited by Effendy & Rekan Registered Public Accountants

(ii) (n) These companies were incorporated during the financial year.

15. Investment in a joint venture

The Group has 50% (2021: 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	
	2022 $	2021 $	2022 $	2021 $
Shares, at cost	1	1	1	1
Share of post-acquisition reserves	2,625,153	3,076,669	–	–
	2,625,154	3,076,670	1	1

Note:

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

NOTES TO THE FINANCIAL STATEMENTS

15. Investment in a joint venture (cont'd)

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

	Group	
	2022	2021
	$	$
Summarised balance sheet		
Completed development property held for sale	1,430,000	2,369,778
Due from shareholders (non-trade)	4,805,219	5,910,550
Cash and cash equivalents	6,905	14,631
Total assets	6,242,124	8,294,959
Current liabilities	991,816	2,141,619
Non-current liabilities	–	–
Total liabilities	991,816	2,141,619
Net assets	5,250,308	6,153,340
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	2,625,154	3,076,670
Summarised statement of comprehensive income		
Other operating income	73,226	955
Operating expenses	(967,003)	(44,921)
Finance costs	(755)	(780)
Loss before tax	(894,532)	(44,746)
Income tax (expense)/credit	(8,500)	619,894
(Loss)/profit after tax	(903,032)	575,148
Total comprehensive (loss)/income	(903,032)	575,148
Proportion of the Group's ownership	50%	50%
	(451,516)	287,574

NOTES TO THE FINANCIAL STATEMENTS

16. Investment securities

	Group 2022 $	Group 2021 $	Company 2022 $	Company 2021 $
At fair value through profit and loss				
Current:				
- Equity securities (quoted)	333,816	323,465	–	–
Non-current:				
- Equity securities (unquoted)	502,881	502,881	502,881	502,881

17. Trade receivables

	Group 2022 $	Group 2021 $
Trade receivables	933,067	772,491
Less: Allowance for expected credit losses	(140,856)	(140,856)
	792,211	631,635

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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

Expected credit losses

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

	Group 2022 $	Group 2021 $
At beginning of the financial year	140,856	140,856
Impairment loss (note 9)	9,750	–
Amount written off as uncollectible	(9,750)	–
At end of the financial year	140,856	140,856

NOTES TO THE FINANCIAL STATEMENTS

18. Other receivables and deposits

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Deposit receivables	108,667	84,690	791	792
Other receivables	3,287,036	3,255,800	–	–
Less: Allowance for expected credit losses	(3,118,357)	(3,118,357)	–	–
GST receivables	1,858,313	35,745	–	–
	2,135,659	257,878	791	792

Expected credit losses

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

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Beginning of the financial year	3,118,357	6,562,531	–	2,001,250
Written off for the financial year	–	(3,444,174)	–	(2,001,250)
End of the financial year	3,118,357	3,118,357	–	–

At the end of the financial year, the Group has provided an allowance of $3,118,357 (2021: $3,118,357) for impairment of payment of construction cost in advance to main contractor.

19. Prepaid operating expenses

The prepaid operating expense are primarily made for procurement of property agent commission service which have been paid in advance in order to obtain a lease contract that is to be commenced on 1 January 2023. It will be expensed off over the lease period upon lease commencement.

NOTES TO THE FINANCIAL STATEMENTS

20. Due from subsidiaries

	Company	
	2022	2021
	$	$
Due from subsidiaries	67,762,736	47,721,332
Less: Allowance for impairment	(21,550,588)	(23,677,879)
	46,212,148	24,043,453

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.

Expected credit losses

The movement in allowance for expected credit losses of amounts due from subsidiaries computed based on lifetime ECL is as follows:

	Company	
	2022	2021
	$	$
Beginning of the financial year	23,677,879	20,294,396
Provision for expected credit losses	1,933,369	3,383,483
Reversal of expected credit losses	(4,060,660)	–
End of the financial year	21,550,588	23,677,879

21. Due from related parties

	Group	
	2022	2021
	$	$
Due from related parties	15	15

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

NOTES TO THE FINANCIAL STATEMENTS

22. Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Cash at banks and in hand	7,060,339	3,572,096	18,357	882,168
Pledged bank deposits	2,530,000	2,530,000	–	–
Fixed deposits	–	21,588,570	–	21,588,570
	9,590,339	27,690,666	18,357	22,470,738

In the previous financial year, included in the Group's cash at banks were $153,569 held under the Project Account Rules (1997 Ed), withdrawals from which were restricted to payments for development expenditure incurred on development properties.

Pledged 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 0.38% (2021: 0.07%) per annum.

In the previous financial year, the weighted average effective interest rate per annum relating to fixed deposits for the Group and Company was 0.43%. Interest rates reprice upon maturity or rollover of the fixed deposits, at intervals of one month.

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	
	2022	2021	2022	2021
	$	$	$	$
Other payables	161,378	884,878	141,816	80,998
Payable for purchase of property, plant and equipment	1,264,903	–	–	–
Accrued directors' fees	151,393	152,286	151,393	152,286
Accrued operating expenses	668,966	464,654	66,132	156,986
Deposits received from customer	4,630,934	1,966,763	–	–
Provisions	150,792	152,326	–	–
GST payable	203,155	187,300	–	–
	7,231,521	3,808,207	359,341	390,270

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

NOTES TO THE FINANCIAL STATEMENTS

24. Other payables and accruals (cont'd)

Provisions

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

	Group	
	2022	2021
	$	$
Beginning of financial year	152,326	152,326
Utilised during the financial year	(1,534)	–
End of financial year	150,792	152,326

25. Loans and borrowings

	Maturity	Group	
		2022	2021
		$	$
Current:			
Short-term bank loans	2023	15,091,600	15,091,600
Current portion of long-term bank loans	2023	7,365,022	6,429,474
		22,456,622	21,521,074
Non-current:			
Long-term bank loans	2024-2037	133,755,263	140,962,411
Total		156,211,885	162,483,485

(a) The Group's loans are denominated in Singapore Dollars. During the financial year, the effective interest rates of the bank loans ranged from 1.05% to 4.78% (2021: 1.00% to 3.21%) per annum.

(b) There are no unsecured loans for the financial years ended 31 December 2022 and 2021. The Group's loans are generally secured by the following:

(i) First legal mortgage over the related investment properties

(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

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% (2021: 55% to 80%) of the market value of the properties.

NOTES TO THE FINANCIAL STATEMENTS

25. Loans and borrowings (cont'd)

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

	31.12.2021 $	Reclassification $	Cash flows used in financing activities $	31.12.2022 $
Loans and borrowings:				
Current	21,521,074	7,207,148	(6,271,600)	22,456,622
Non-current	140,962,411	(7,207,148)	–	133,755,263
Total	162,483,485	–	(6,271,600)	156,211,885

	31.12.2020 $	Reclassification $	Cash flows used in financing activities $	31.12.2021 $
Loans and borrowings:				
Current	30,882,320	(4,017,174)	(5,344,072)	21,521,074
Non-current	136,945,237	4,017,174	–	140,962,411
Total	167,827,557	–	(5,344,072)	162,483,485

26. Loan from joint venture

The loan from joint venture is denominated in Singapore Dollars, unsecured, non-interest bearing, to be settled in cash and not be recalled in the next 12 months.

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

	31.12.2021 $	Cash flows used in financing activities $	31.12.2022 $
Loan from joint venture	2,963,477	(675,330)	2,288,147

	31.12.2020 $	Cash flows used in financing activities $	31.12.2021 $
Loan from joint venture	3,747,073	(783,596)	2,963,477

NOTES TO THE FINANCIAL STATEMENTS

27. Due to subsidiaries

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

28. Share capital

	2022		2021	
	No. of shares	**$**	**No. of shares**	**$**
Issued and fully paid ordinary shares				
Beginning and end of financial year	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 6 years.

Rental income from investment properties is disclosed in Note 4.

The future minimum rental receivables under non-cancellable operating leases as at 31 December 2022 and 2021 are as follows:

	Group	
	2022	**2021**
	$	**$**
Not later than 1 year	9,092,557	8,593,162
Later than 1 year but not later than 5 years	7,014,068	12,688,380
Later than 5 years	407,665	–
	16,514,290	21,281,542

NOTES TO THE FINANCIAL STATEMENTS

30. Contingencies

Guarantees

As at 31 December 2022, corporate guarantees issued to banks by the Company in respect of banking facilities extended to subsidiaries amounted to $178,472,858 (31 December 2021: $175,001,291) of which the amounts utilised by the subsidiaries was $156,211,885 (31 December 2021: $145,317,181).

31. Employee benefits

Employee benefits expense (including executive directors):

	Group	
	2022	**2021**
	$	**$**
Salaries and bonuses	1,217,594	1,213,925
Contributions to Central Provident Fund	129,676	140,177
Other short-term benefits	44,195	106,955
	1,391,465	1,461,057

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

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 transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2022	**2021**
	$	**$**
Fees paid to a firm related to a former director	–	107,610

NOTES TO THE FINANCIAL STATEMENTS

32. Related party transactions (cont'd)

(b) Compensation of key management personnel

	Group	
	2022	2021
	$	$
Short-term employee benefits	459,000	430,315
Contributions to Central Provident Fund	18,750	12,240
Other short-term benefits	–	60,000
Total compensation paid to key management personnel	477,750	502,555
Comprised amounts paid to:		
Directors of the Company	294,000	356,835
Other key management personnel	183,750	145,720
	477,750	502,555

33. Segment information

For management purposes, the Group is organised into business units based on their products and services and has five 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

(d) The Fund Management segment is involved in providing management and advisory services

(e) The Hotel Operations segment is involved in the operation of hotels and provision of food and beverage services

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

33. Segment information (cont'd)

	Property investment		Property development		Corporate		Fund management		Hotel operations		Total	
	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2021
	$	$	$	$	$	$	$	$	$	$	$	$
Revenue:												
External customers	13,738,628	9,044,226	–	–	–	–	56,834	82,615	–	–	13,795,462	9,126,841
Inter-segment	–	–	–	–	–	–	–	–	–	–	–	–
Total revenue	13,738,628	9,044,226	–	–	–	–	56,834	82,615	–	–	13,795,462	9,126,841
Results:												
Interest income	13,191	5,950	–	–	54,416	90,399	–	–	14,996	–	82,603	96,349
Other income	4,672,898	2,697,849	–	178,452	134,416	66,302	35	1,404	–	–	4,807,349	2,944,007
Depreciation	48,815	28,736	–	–	3,463	1,023	–	–	–	–	52,278	29,759
Interest expense	4,214,894	2,001,165	–	–	–	–	–	–	–	–	4,214,894	2,001,165
Share of results of joint venture	–	–	(451,516)	287,574	–	–	–	–	–	–	(451,516)	287,574
Income tax expense	661,758	407,178	–	550,456	–	–	–	–	–	–	661,758	957,634
Segment profit/ (loss)	9,291,887	5,377,206	(468,024)	(105,966)	(993,660)	(1,227,649)	30,691	(50,489)	(1,372,784)	–	6,488,110	3,993,102
Assets												
Investment in a joint venture	–	–	2,625,154	3,076,670	–	–	–	–	–	–	2,625,154	3,076,670
Segment assets	354,168,904	344,268,562	32,180	1,827,637	771,967	23,587,583	530,825	521,507	19,782,885	–	375,286,761	370,205,289
Total assets	354,168,904	344,268,562	2,657,334	4,904,307	771,967	23,587,583	530,825	521,507	19,782,885	–	377,911,915	373,281,959
Liabilities												
Provision for taxation	809,915	421,736	–	–	–	–	–	–	–	–	809,915	421,736
Deferred tax liabilities	8,336	8,336	–	–	–	–	–	–	–	–	8,336	8,336
Segment liabilities	149,053,712	150,912,829	1,844,610	1,853,068	18,958,434	20,454,403	6,747	27,976	1,265,421	–	171,128,924	173,248,276
Total liabilities	149,871,963	151,342,901	1,844,610	1,853,068	18,958,434	20,454,403	6,747	27,976	1,265,421	–	171,947,175	173,678,348
Other segment information												
Impairment loss recognised in the statement of profit or loss	9,750	–	–	–	–	–	–	–	–	–	9,750	–

NOTES TO THE FINANCIAL STATEMENTS

33. Segment information (cont'd)

Geographical information

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

	Revenue from external customers		Non-current assets	
	2022	2021	2022	2021
	$	$	$	$
Singapore	13,795,462	9,126,841	347,359,948	342,714,914
Indonesia	–	–	16,872,054	–

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

Information about major customers

Customers who individually account for 10% or more of the Group's revenue is detailed below:

	Group	
	2022	2021
	$	$
Customer A	1,675,022	1,357,135
Customer B	1,474,286	–
Customer C	1,434,388	1,429,572
Customer D	*	1,044,390
	4,583,696	3,831,097

* less than 10% of the Group's revenue

These revenues were derived from the property investment segment for the financial years ended 31 December 2022 and 2021.

NOTES TO THE FINANCIAL STATEMENTS

34. Financial risk management objectives and policies

The Group and the Company are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency 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 speculative 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.

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

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Credit risk (cont'd)

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.

<u>Trade and other receivables at amortised cost</u>

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 17 and 18 is not significant.

<u>Intercompany receivables</u>

The Group provides for ECLs based on the general approach and the extent of loss allowance is dependent on consideration of many factors, amongst others, the extent of credit deterioration since initial recognition, information and data that indicate the credit quality of the subsidiaries/related parties and the probability of default, amounts that are expected to be recovered in a default and adjustment for forward-looking information. The Group had assessed that the expected credit loss of intercompany receivables as disclosed in Notes 20 and 21 is not significant.

<u>Exposure to credit risk</u>

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 $178,472,858 (2021: $175,001,291) relating to corporate guarantees provided by the Company for its subsidiaries

NOTES TO THE FINANCIAL STATEMENTS

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 parties 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			
	2022		2021	
	$	% of total	$	% of total
Trade receivables				
By Country:				
Singapore	792,211	100	631,635	100
By Industry:				
Property investment	553,420	70	377,405	60
Fund management	238,791	30	254,230	40
	792,211	100	631,635	100
Contract assets				
By Country:				
Singapore	–	–	1,628,192	100
By Industry:				
Property development	–	–	1,628,192	100
Other receivables				
By Country:				
Singapore	277,346	100	222,133	100
By Industry:				
Property investment	122,772	44	92,325	42
Fund management	153,783	56	129,016	58
Others	791	*	792	*
	277,346	100	222,133	100
Due from related parties				
By Country:				
Singapore	15	100	15	100
By Industry:				
Property investment	15	100	15	100

* Less than 1%

NOTES TO THE FINANCIAL STATEMENTS

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 financial instruments will fluctuate because of changes in market interest rates. The Group'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 the interest rates had been 50 (2021: 50) basis points lower/higher with all other variables held constant, the Group's profit before tax would have been $781,059 (2021: $812,417) higher/lower, arising mainly as a result of lower/higher interest expenses on floating rate loans from financial institutions.

(c) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its foreign currency denominated assets and liabilities. As of 31 December 2022, the Group has intra-group payables of $16,966,855 denominated in currencies other than functuonal currencies of the operating entities (2021: nil).

At present, the Group does not have any formal policy for hedging against currency risk. The Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, when necessary.

A 10% strengthening of Indonesia Rupiah against Singapore Dollar at the balance sheet date would increase the profit before tax of the Group by $1,696,686. A 10% weakening of Indonesia Rupiah against Singapore Dollar at the balance sheet date would have an equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

(d) *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 not exposed to significant equity price risk as its investment in quoted equity securities is immaterial.

(e) *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

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

(e) *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:

	2022				2021			
	1 year or less $	1 to 5 years $	Over 5 years $	Total $	1 year or less $	1 to 5 years $	Over 5 years $	Total $
Group								
Financial assets:								
Trade receivables	792,211	–	–	792,211	631,635	–	–	631,635
Other receivables and deposits	277,346	–	–	277,346	222,133	–	–	222,133
Due from related parties	15	–	–	15	15	–	–	15
Investment securities	333,816	502,881	–	836,697	323,465	502,881	–	826,346
Cash and cash equivalents	9,590,339	–	–	9,590,339	27,690,666	–	–	27,690,666
Total undiscounted financial assets	10,993,727	502,881	–	11,496,608	28,867,914	502,881	–	29,370,795
Financial liabilities:								
Trade payables	2,772,923	–	–	2,772,923	2,072,398	–	–	2,072,398
Other payables and accruals	6,877,574	–	–	6,877,574	3,468,581	–	–	3,468,581
Loans and borrowings	29,697,938	130,146,679	22,046,994	181,891,611	23,457,695	126,243,957	21,313,011	171,014,663
Due to related parties	51	–	–	51	51	–	–	51
Loan from joint venture	–	2,288,147	–	2,288,147	–	2,963,477	–	2,963,477
Total undiscounted financial liabilities	39,348,486	132,434,826	22,046,994	193,830,306	28,998,725	129,207,434	21,313,011	179,519,170
Total net undiscounted financial liabilities	(28,354,759)	(131,931,945)	(22,046,994)	(182,333,698)	(130,811)	(128,704,553)	(21,313,011)	(150,148,375)

NOTES TO THE FINANCIAL STATEMENTS

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

(e) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities (cont'd)

	2022			2021		
	1 year or less $	1 to 5 years $	Total $	1 year or less $	1 to 5 years $	Total $
Company						
Financial assets:						
Other receivables and deposits	791	–	791	792	–	792
Due from subsidiaries	46,212,148	–	46,212,148	24,043,453	–	24,043,453
Investment securities	–	502,881	502,881	–	502,881	502,881
Cash and cash equivalents	18,357	–	18,357	22,470,738	–	22,470,738
Total undiscounted financial assets	46,231,296	502,881	46,734,177	46,514,983	502,881	47,017,864
Financial liabilities:						
Other payables and accruals	359,341	–	359,341	390,270	–	390,270
Due to subsidiaries	78,118,714	–	78,118,714	79,989,676	–	79,989,676
Loan from joint venture	–	2,288,147	2,288,147	–	2,963,477	2,963,477
Total undiscounted financial liabilities	78,478,055	2,288,147	80,766,202	80,379,946	2,963,477	83,343,423
Total net undiscounted financial liabilities	(32,246,759)	(1,785,266)	(34,032,025)	(33,864,963)	(2,460,596)	(36,325,559)

NOTES TO THE FINANCIAL STATEMENTS

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

(e) Liquidity risk (cont'd)

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

	2022			
	One year or less	**One to five years**	**Over five years**	**Total**
Financial guarantees:				
- Banking facilities	22,456,622	131,965,628	24,050,608	178,472,858
	22,456,622	131,965,628	24,050,608	178,472,858

	2021			
	One year or less	**One to five years**	**Over five years**	**Total**
Financial guarantees:				
- Banking facilities	35,497,709	114,980,514	24,523,068	175,001,291
	35,497,709	114,980,514	24,523,068	175,001,291

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.

NOTES TO THE FINANCIAL STATEMENTS

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

(a) Fair value hierarchy (cont'd)

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 31.12.2022			
	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:				
Equity securities at fair value through profit or loss (Note 16)				
Quoted equity securities	333,816	–	–	333,816
Unquoted equity securities	–	–	502,881	502,881
Non-financial asset:				
Investment properties (Note 13)	–	65,600,000	278,450,000	344,050,000

	Group 31.12.2021			
	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:				
Equity securities at fair value through profit or loss (Note 16)				
Quoted equity securities	323,465	–	–	323,465
Unquoted equity securities	–	–	502,881	502,881
Non-financial asset:				
Investment properties (Note 13)	–	64,290,000	274,660,000	339,050,000

NOTES TO THE FINANCIAL STATEMENTS

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

(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 2022 $	Fair value at 2021 $	Valuation techniques	Unobservable inputs	Range
Investment properties	273,400,000	270,000,000	The fair value is determined using		
			(a) Comparable sales and/or	Adjusted price	$30,500,000 – $247,000,000 (2021: $30,200,000 – $245,000,000)
			(b) Discounted cash flow basis	Capitalisation rate	3.0% (2021: 3.0% - 6.5%)
	5,050,000	4,660,000	The fair value is determined using comparable sales	Adjusted price per square feet	$1,923-$2,016 (2021: $1,775-$1,859)
Investment in equity securities (unquoted)	502,881	502,881	Discounted cash flow basis	Capitalisation rate	0% (2021: 0%)

(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 parties, 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.

NOTES TO THE FINANCIAL STATEMENTS

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

(d) Classification of financial instruments

	Group		Company	
	2022	2021	2022	2021
	$	$	$	$
Financial assets at amortised cost				
Trade receivables	792,211	631,635	–	–
Other receivables and deposits	277,346	222,133	791	792
Due from subsidiaries	–	–	46,212,148	24,043,453
Due from related parties	15	15	–	–
Cash and cash equivalents	9,590,339	27,690,666	18,357	22,470,738
	10,659,911	28,544,449	46,231,296	46,514,983
Financial asset at fair value through profit or loss				
Investment securities				
- Quoted	333,816	323,465	–	–
- Unquoted	502,881	502,881	502,881	502,881
Liabilities measured at amortised cost				
Trade payables	2,772,923	2,072,398	–	–
Other payables and accruals	6,877,574	3,468,581	359,341	390,270
Loans and borrowings	156,211,885	162,483,485	–	–
Loan from joint venture	2,288,147	2,963,477	2,288,147	2,963,477
Due to subsidiaries	–	–	78,118,714	79,989,676
Due to related parties	51	51	–	–
	168,150,580	170,987,992	80,766,202	83,343,423

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 December 2022 and 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

36. Capital management (cont'd)

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, loan from joint venture and amount due to related parties less cash and cash equivalents. Capital comprises equity attributable to the owners of the Company.

	Group	
	2022	2021
	$	$
Trade payables	2,772,923	2,072,398
Other payables and accruals	7,231,521	3,808,207
Loans and borrowings	156,211,885	162,483,485
Loan from joint venture	2,288,147	2,963,477
Due to related parties	51	51
Total debt	168,504,527	171,327,618
Less: Cash and cash equivalents	(9,590,339)	(27,690,666)
Net debt	158,914,188	143,636,952
Equity attributable to the owners of the Company	205,964,740	199,603,611
Capital and net debt	364,878,928	343,240,563
Gearing ratio	44%	42%

37. Comparative information

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation. The effects are as follows:

	As restated	As previously reported
	$	$
Rental received in advance	1,920,658	
Contract liabilities		1,920,658

38. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 29 March 2023.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2023

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	-	1,272
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 14 March 2023, 89.99% 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	26.41	319,420	0.01
1,001 - 10,000	440	34.59	2,327,410	0.08
10,001 - 1,000,000	456	35.85	52,410,542	1.90
1,000,001 and above	38	2.99	2,704,410,940	98.01
	1,272	100.00	2,759,468,325	100.00

STATISTICS OF SHAREHOLDINGS

As at 14 March 2023

TOP 20 SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Raffles Nominees (Pte) Limited	1,243,980,163	45.08
2	Citibank Nominees Singapore Pte Ltd	750,658,616	27.20
3	HSBC (Singapore) Nominees Pte Ltd	300,010,700	10.87
4	BNP Paribas Nominees Singapore Pte Ltd	200,000,000	7.25
5	UOB Kay Hian Pte Ltd	84,394,400	3.06
6	CGS-CIMB Securities (S) Pte Ltd	34,185,100	1.24
7	OCBC Securities Private Ltd	11,354,581	0.41
8	Phillip Securities Pte Ltd	8,973,800	0.32
9	Tan Kay Kiang	6,365,000	0.23
10	Tan Siok Hwee	6,292,990	0.23
11	KGI Securities (Singapore) Pte. Ltd	5,421,700	0.20
12	Morph Investments Ltd	5,200,000	0.19
13	Tjioe A Lan @ Chew A Lan	4,000,000	0.14
14	Tan Kay Sing	3,313,950	0.12
15	Tan Li Yu	3,250,000	0.12
16	DBS Nominees Pte Ltd	3,223,600	0.12
17	Chin Kai Seng	2,433,500	0.09
18	Tay Swee Leng	1,950,000	0.07
19	Lim And Tan Securities Pte Ltd	1,942,200	0.07
20	Maybank Securities Pte. Ltd.	1,868,000	0.07
		2,678,818,300	**97.08**

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Pollux Holdings Pte. Ltd.	1,713,242,325	62.09	–	–
PT. Pollux Multi Artha[(1)]	–	–	1,713,242,325	62.09
Nico Purnomo Po[(2)]	–	–	1,713,242,325	62.09
Fortress Global Opportunistic Fund SPC	770,000,000	27.90	–	–

(1) PT. Pollux Multi Artha is the sole shareholder of Pollux Holdings Pte. Ltd. By virtue of section 7(4) of the Companies Act 1967 (the "Act"), PT. Pollux Multi Artha is deemed interested in the shares of the Company held by Pollux Holdings Pte. Ltd.

(2) PT. Pollux Multi Artha is 99.99% owned by Dr. Nico Purnomo Po. Dr. Nico Purnomo Po is deemed to be interested in the 1,713,242,325 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 Annual General Meeting of the Company will be held at 554 Havelock Road, Singapore 169639, by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS) on Thursday, 27 April 2023 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 December 2022 and the Directors' Statement and the Auditor's Report thereon. **Resolution 1**

2. To approve the payment of Directors' fees of S$54,000 for the financial year ended 31 December 2022. (Financial year ended 31 December 2021: S$69,626) **Resolution 2**

3. To re-elect Mr Tan Lye Heng Paul, a Director retiring pursuant to Regulation 89 of the Company's Constitution. *(See Explanatory Note)* **Resolution 3**

4. To re-elect Mr Phua Cher Chew, a Director retiring pursuant to Regulation 89 of the Company's Constitution. *(See Explanatory Note)* **Resolution 4**

5. To appoint Foo Kon Tan LLP as Auditors of the Company in place of the retiring Auditors, Ernst & Young LLP, to hold office until the conclusion of the next annual general meeting of the Company, and to authorise the Directors to fix their remuneration. *(See Explanatory Note)* **Resolution 5**

SPECIAL BUSINESS

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

6. THAT pursuant to Section 161 of the Companies Act 1967 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) allot and 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.

NOTICE OF ANNUAL GENERAL MEETING

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 (as calculated in accordance with sub-paragraph (2) below), 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 sub-paragraph (2) below);

(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 sub-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 the Instruments or any convertible securities,

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

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

and, in sub-paragraph (1) above and this sub-paragraph (2), "**subsidiary holdings**" has the meaning given to it in the Catalist Rules of the SGX-ST;

(3) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), the Companies Act 1967 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

JACOB LEE YEN MIN
Chief Executive Officer and Executive Director

Singapore
4 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 3

Mr Tan Lye Heng Paul ("**Mr Tan**") 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. Mr Tan is considered independent for the purpose of Rule 704(7) of Section B of the Listing Manual of the SGX-ST ("**Catalist Rules**").

The profile and key information of Mr Tan (including information as required under Appendix 7F of the Catalist Rules) can be found under the section entitled "Board of Directors" and the "Corporate Governance Report" of the Company's Annual Report 2023.

Resolution 4

Mr Phua Cher Chew ("**Mr Phua**") will, upon re-election as a Director of the Company, remain as Chairman of the board of Directors, and a member of the Audit Committee and of the Remuneration and Nominating Committee. Mr Phua is considered independent for the purpose of Rule 704(7) of the Catalist Rules.

The profile and key information of Mr Phua (including information as required under Appendix 7F of the Catalist Rules) can be found under the section entitled "Board of Directors" and the "Corporate Governance Report" of the Company's Annual Report 2023.

Resolution 5

Ordinary Resolution 5 is to approve the appointment of Foo Kon Tan LLP as the auditors of the Company, in place of the retiring auditors, Ernst & Young LLP (the "**Proposed Change of Auditors**"), and to hold office until the conclusion of the next annual general meeting of the Company and authorise the Directors to fix their remuneration. Please refer to the appendix to this notice of AGM dated 4 April 2023 on the Proposed Change of Auditors (the "**Appendix**") which sets out, among others, information on and the specific reasons for the Proposed Change of Auditors.

In accordance with the requirements of Rule 712(3) of the Catalist Rules:

(a) The retiring Auditors of the Company, Ernst & Young LLP, have confirmed to Foo Kon Tan LLP by way of a letter dated 3 April 2023 that they are not aware of any professional reasons why Foo Kon Tan LLP should not accept appointment as auditors of the Company;

(b) the Company confirms that there were no disagreements with Ernst & Young LLP on accounting treatments within the last 12 months;

(c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the shareholders of the Company;

(d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in paragraph 2.1 of the Appendix; and

(e) the Company confirms that it is in compliance with Rules 712 and 716 of the Catalist Rules in connection with the appointment of Foo Kon Tan LLP as auditors of the Company.

Resolution 6

Ordinary Resolution 6, if passed, will empower the Directors of the Company to issue shares in the capital of the Company and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, up to a number not exceeding in aggregate 100% of the total number of issued shares (excluding treasury shares 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 Ordinary Resolution 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 were issued and are outstanding or subsisting at the time Ordinary Resolution 6 is passed, and (b) any subsequent bonus issue or consolidation or subdivision of shares.

NOTICE OF ANNUAL GENERAL MEETING

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 December 2022 ("**Annual Report**"), the appendix to shareholders on the Proposed Change of Auditors (the "**Appendix**") and the proxy form will not be despatched to members. Instead, this Notice of AGM, Annual Report, Appendix 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 the URL https://www.sgx.com/securities/company-announcements, and (iii) the AGM website at the URL http://septusasia.com/pollux-fy2022agm.

(2) Alternative arrangements relating to:

(a) participation in the AGM via electronic means (including arrangements by which the meeting can be electronically access via "live" audio-visual webcast or "live" audio-only stream),

(b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, addressing of substantial and relevant questions prior to the AGM, and

(c) voting at the AGM (i) "live" by the members or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM,

are set out below. Any reference to a time of day is made by reference to Singapore time.

(3) **A member will <u>not</u> be able to attend the AGM in person. The AGM will be conducted virtually. A member who wishes to exercise his/her/its voting rights at the AGM may:**

(a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf, or

(b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

The accompanying proxy form for the AGM may be accessed at (i) the Company's website at the URL http://pollux.com.sg/annual-reports, (ii) the SGX website at the URL https://www.sgx.com/securities/company-announcements, and (iii) the AGM website at the URL http://septusasia.com/pollux-fy2022agm.

(4) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the AGM. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument.

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

"**Relevant intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act 1967.

(5) A 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 each case, by 2.00 p.m. on 24 April 2023, 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.

(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.

NOTICE OF ANNUAL GENERAL MEETING

(8) Members are strongly encouraged to submit completed proxy forms electronically via email.

(9) CPF and SRS investors:

(a) may vote "live" via electronic means at the Annual General Meeting if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

(b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 18 April 2023, being 7 working days before the date of the AGM.

(10) Members will be able to participate in the AGM via electronic means (including arrangements by which the meeting can be electronically access via "live" audio-visual webcast or "live" audio-only stream), submit "live" questions, and vote "live" via their mobile phones, tablets or computers. In order to do so, members (including CPF and SRS investors) must pre-register at the Company's pre-registration website at the URL http://septusasia.com/pollux-fy2022agm by 2.00 p.m. on 24 April 2023 to enable the Company to verify their status as members of the Company. Pre-registrations received after the deadline will not be processed. Following the verification, authenticated members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who have (or have been) pre-registered will receive an email confirming successful registration by 2.00 p.m. on 26 April 2023, which will contain unique user credentials and instructions on how to access the "live" audio-visual webcast and "live" audio-only stream of the AGM. Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who do not receive such email by 2.00 p.m. on 26 April 2023 but have pre-registered by the deadline of 2.00 p.m. on 24 April 2023 should contact the Company's Share Registrar, M & C Services Private Limited at telephone +65 6228 0530 or via email at gpb@mncsingapore.com.

(11) Members (including CPF and SRS investors) may submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM or "live" at the AGM. Members can submit substantial and relevant questions related to the resolutions to be tabled for approval at the AGM to the Chairman of the AGM, in advance of the AGM, in the following manner by 2.00 p.m. on 13 April 2023:

(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 http://septusasia.com/pollux-fy2022agm.

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).

Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) can also ask the Chairman of the Meeting questions "live" at the AGM by typing in and submitting their questions through the "live" chat function via the audio-visual webcast platform. Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who wish to ask questions "live" at the AGM must, in case of members (including CPF and SRS investors), first pre-register themselves at the pre-registration website at the URL http://septusasia.com/pollux-fy2022agm and, in case of validly appointed third party proxy(ies), members to first pre-register on their behalf. Members (including CPF and SRS investors) or, where applicable, their appointed proxy(ies) who wish to be pre-registered to submit questions "live" at the AGM must access the AGM proceedings via the "live" audio-visual webcast in order to ask questions "live" at the AGM, and will not be able to do so via the "live" audio-only stream of the AGM proceedings.

The Company will endeavour to address all substantial and relevant questions submitted by 13 April 2023 via SGXNET and at the Company's website no later than 48 hours prior to the deadline for the submission of the proxy forms. Substantive and relevant questions submitted after 13 April 2023 will be consolidated and addressed at the AGM. The Company will publish the minutes of the AGM on its website and on SGXNET.

(12) Members or, where applicable, their appointed proxy(ies) may vote "live" via electronic means at the AGM. Alternatively, members may also wish to appoint the Chairman to act as their proxy to vote on behalf at the AGM.

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.

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, take-over 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.

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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 this proxy form will not be despatched to members. Instead, the Notice of AGM, the Annual Report of the Company for the financial year ended 31 December 2022 ("**Annual Report**"), the appendix to shareholders on the Proposed Change of Auditors (the "**Appendix**") 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 the URL https://www.sgx.com/securities/company-announcements, and (iii) the AGM website at the URL http://septusasia.com/pollux-fy2022agm.
2. Alternative arrangements relating to:
   (a) participation in the AGM via electronic means (including arrangements by which the meeting can be electronically access via "live" audio-visual webcast or "live" audio-only stream),
   (b) submission of questions to the Chairman of the Meeting in advance of, or "live" at, the AGM, addressing of substantial and relevant questions prior to the AGM, and
   (c) voting at the AGM (i) "live" by the members or his/her/its duly appointed proxy(ies) (other than the Chairman of the Meeting) via electronic means; or (ii) by appointing the Chairman of the Meeting as proxy to vote on the member's behalf at the AGM,

   are set out in the Notice of AGM.
3. **A member will not be able to attend the AGM in person. The AGM will be conducted virtually. A member who wishes to exercise his/her/its voting rights at the AGM may:**
   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf, or
   (b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.
4. **Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).**
5. This Proxy Form is not valid for use by CPF and SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them. 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 April 2023, being 7 working days before the date of the AGM.
6. By submitting an instrument appointing a proxy(ies), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2023.

I/We, ______________________________ NRIC/ Passport/ Co. Reg. No. ____________________

of ____ (Address)

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

Name	Email Address	NRIC/Passport No.	Proportion of Shareholdings (%)
and/or (delete as appropriate)			

or if no proxy is named, the Chairman of the AGM as my/our proxy to attend and vote for me/us on my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and AUDIO ONLY MEANS), on Thursday, 27 April 2023 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.**).

	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 2022 and the Directors' Statement and the Auditor's Report thereon.			
2.	To approve Directors' fees of S$54,000 for the financial year ended 31 December 2022. (Financial year ended 31 December 2021: S$69,626)			
3.	To re-elect Mr Tan Lye Heng Paul, a Director retiring by rotation in accordance with Regulation 89 of the Company's Constitution.			
4.	To re-elect Mr Phua Cher Chew, a Director retiring by rotation in accordance with Regulation 89 of the Company's Constitution.			
5.	To appoint Foo Kon Tan LLP as Auditors of the Company in place of the retiring Auditors, Ernst & Young LLP, to hold office until the conclusion of the next annual general meeting of the Company and to authorise the Directors to fix their remuneration.			
	Special Business			
6.	To authorise the Directors to allot and issue new shares into shares, and to make or grant instruments convertible into shares in the capital of the Company, pursuant to Section 161 of the Companies Act 1967.			

Dated this ____________ day of ____________________ 2023

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 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), 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. **A member will not be able to attend the AGM in person. A member who wishes to exercise his/her/its voting rights at the AGM may:**

   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the Annual General Meeting on his/her/its behalf, or

   (b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf 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 the URL https://www.sgx.com/securities/company-announcements, and (iii) the AGM website at the URL http://septusasia.com/pollux-fy2022agm. Printed copies of the proxy form will not be despatched 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. 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 each case, by 2.00 p.m. on 24 April 2023, 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.

5. 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.

6. 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 1967), 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.

8. CPF and SRS investors:

   (a) may vote "live" via electronic means at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach CPF Agent Banks or SRS Operators to submit their votes by 2.00 p.m. on 24 April 2023, being 7 working days before the date of the AGM.

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

10. Any alteration made to the instrument appointing the Chairman of the AGM should be initialed 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 4 April 2023.






CONTACT

Address

554 Havelock Road
Singapore 169639

Telephone / Fax

T: +65 6922 0333
F: +65 6922 0338

Online

info@pollux.com.sg
www.pollux.com.sg

POLLUX
PROPERTIES