



Securities Investors Association (Singapore)
7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111
Tel: (65) 6227 2683 Fax: (65) 6220 6614
Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Pollux Properties Ltd.

Security: Pollux Properties Ltd.

Meeting details:

Date: 26 July 2018

Time: 2.00 p.m.

Venue: Mandarin Meeting Suite 801, Level 8 Main Tower, Mandarin Orchard Singapore, 333 Orchard Road Singapore 238867

Company Description

Pollux Properties Ltd., an investment holding company, operates as a property developer in Singapore. The company operates through Property Development and Property Investment segments. The Property Development segment acquires and develops residential and commercial properties for sale. The Property Investment segment rents properties, as well as operates serviced apartments. The company was formerly known as Shining Corporation Ltd. and changed its name to Pollux Properties Ltd. in June 2010. Pollux Properties Ltd. was incorporated in 1999 and is based in Singapore. Pollux Properties Ltd. is a subsidiary of Pollux Holdings Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5AE)

1. As noted on page 1 of the annual report, the group's vision is "to be a premier multi-national corporation creating iconic luxury property development in the region". In the financial year ended 31 March 2018, the group acquired a commercial property (10-storey MacDonald House) and 14 residential units with a combined market valuation of \$284.2 million.

In addition, Mr. Timur Pradopo relinquished his appointment as non-executive chairman on 1 July 2018. The company has announced the appointments of Mr. Po Sun Kok as non-executive chairman of the company with effect from 1 July 2018 and Mdm. Luciana as non-executive deputy chairman with effect from 1 July 2018. As noted in the company's announcements dated 1 July 2018, Mr. Po and Mdm. Luciana are the father and mother of Mr Nico Pumono Po, Chief Executive Officer[r] respectively.

Given that the group made a substantial investment into investment properties that is outside of its stated vision of being a luxury property developer, and that the chairmanship and composition of the board have changed, will the group be carrying out a strategic review and update shareholders on the long term plans of the group?

2. Can the board/management provide shareholders with better clarity on the following items in the financial statements? Specifically:

- (i) **Investment securities (quoted equity securities):** In Note 17 (page 79 – Investment securities), it is shown that the group has \$304,200 in quoted equity securities as at 31 March 2018 (2017: 0). **What are these quoted equity securities? Were these acquired during the acquisition of Pollux Alpha Investments Ltd?**
- (ii) **Investment securities (unquoted equity securities):** Similarly, in Note 17, the company recognised \$1.512 million in unquoted equity securities as available-for-sale financial assets as at 31 March 2018. **What are these investments?**
- (iii) **Doubtful debt:** The property development segment recognised a segment loss of \$(7.1) million (page 89) due to a \$(4.5) million allowance of doubtful debt. In Note 20 (page 82 – Other receivables and deposit), the company disclosed that it recognised an allowance of \$(4.5) million in FY2018 as impairment payment of construction cost in advance to the main contractor, further to a \$(2.0) million that has been recognised up to FY2017 for impairment of rental deposit due from tenant. **What recourse is available to the group against the main contractor? Can management elaborate further how it allowed \$(2.0) million in rental backlog that it eventually had to write-off? What improvements have been made to the group's credit risk assessment?**

3. With the acquisition of PAI Properties, the group has increased its investment portfolio to \$331.9 million and expects to benefit from the recurring rental income from the newly acquired assets. While the company does not have a fixed dividend policy, the board has disclosed that it would "consider establishing a dividend policy when appropriate" (page 34).



- (i) What are the recent deliberations by the board on establishing a dividend policy?**

- (ii) With the newly acquired assets contributing to a stable and recurring revenue stream, would it be opportune for the board to consider formalising a dividend policy?**

A copy of the questions for the Annual Report for the financial year ended 31 March 2017 could be found here:

https://sias.org.sg/index.php?option=com_qaannualreports&view=qareports&filter_company=236

The company's response could be found here: -----