Securities Investors Association (Singapore)
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

Issuer: Pollux Properties Ltd.

Stock code: 5AE

Meeting details:
Date: 29 September 2020
Time: 2.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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Q1. Would the board/management provide shareholders with greater clarity on the following financial and operational matters? Specifically:

(i) **Leases:** The group's focus in recent years has been to build up its investment property portfolio to provide recurring revenue stream with greater income stability and visibility for shareholders in the long term. As at 31 March 2020, the group has over $338 million in the investment properties, out of total assets of $387 million. **Would management be disclosing the operational and financial metrics of its leasing activities? Pertinent information for shareholders would include weighted average lease expiry, rental reversion, lease expiry profile, major customers, sector exposure on top of the occupancy rate which is shown on page 11 of the annual report.**

(ii) **Louis Kienne Serviced Residences:** The 96 units of service apartments, operating as Louis Kienne Serviced Residences, sit on 554 Havelock Road which has a remaining lease of 15 years. **What are the long-term plans for the asset? Has management evaluated the group's options for the leasehold property?**

(iii) **Pavilion Square: What is the current status of the group's joint venture development, Pavilion Square?**

(iv) **Fund management: Can the board elaborate further on the operational and financial achievements (such as the number of funds, assets under management etc) by Stirling Fort Capital Pte. Ltd since the company acquired the 50.01% interest in September 2015?** As at 31 March 2016, the net asset of Stirling Fort was $809,026 when the company acquired a 50.01% stake for $847,000. Stirling Fort made $99,530 in FY2019 but recognised a loss of $(85,709) in FY2020. The net assets of Stirling Fort as at 31 March 2020 was $834,401, an increase of 3.1% over 4 years.

(v) **Dividend:** Since the company changed its corporate strategy to investments in the property segment in June 2010, the company has not declared a dividend in the past 10 years. **Would the board consider a review of how the group could balance the need to provide returns to its capital providers (dividends to shareholders) and the need to support its growth?**

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Q2. From the statement of financial position (page 58) and the consolidated cash flow statement (page 60), the following entries were observed:

Party	Amount	Comments
Related companies	$30,225,829 (FY2019: $21,022,826)	Amount due from related companies (current asset)
	$(9,203,003) (FY2019: $(7,023,314))	Increase in amount due from related companies (cash flow from investing activities)

In the financial and operations review, it was stated that the increase in total assets was partly due to the increase in amount due from related companies of $9.20 million, arising from advances extended by the company to a related company.

In Note 21 (page 88 – Due from related companies), it was stated that the amounts due from related companies are denominated in Singapore Dollars, non-trade in nature, unsecured, non-interest bearing, repayable on demand and to be settled in cash.

(i) **Can management elaborate further on the amounts due from related companies? Please identify the related companies.**

(ii) **Why is the group extending increasing amounts of money which are non-trade in nature, unsecured and non-interest bearing, to related companies?**

(iii) **Would the board, especially the independent directors, help shareholders understand the rationale of the advances extended to related companies and if this would be considered as an interested person transaction?**

(iv) **Given that the group has loans of over $169 million as at 31 March 2020, and paying interest rates on the bank loans ranging from 1.95% to 4.68% per annum, would it be in the interest of shareholders to collect the outstanding amounts from related parties and to reduce its interest-bearing borrowings with the financial institutions?**

Q3. The remuneration of directors is shown on page 38 of the annual report and reproduced below. The executive director and CEO, Dr. Nico Purnomo Po, received a remuneration of between $250,001 and $500,000, of which "Other benefits" accounted for 72% in FY2020.

In other words, Dr. Po received between $180,000 and $360,000 in "Other benefits". As disclosed in the notes, other benefits include transport allowance paid during FY2020.

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The company has further stated that the executive director has a service contract with the company.

A breakdown of the remuneration of the Directors and key management personnel (who are not Directors or the CEO) for FY2020 is set out below:

Remuneration Band and Name of Director	Base/Fixed Salary	Bonus	Directors' Fees[1]	Other Benefits[2]	Total
Between S$250,001 and S$500,000					
Nico Purnomo Po	28%	-	-	72%	100%
S$250,000 and below					
Po Sun Kok	-	-	100%	-	100%
Luciana	-	-	100%	-	100%
James Kho Chung Wah	-	-	100%	-	100%
Low Chai Chong	-	-	100%	-	100%
Timur Pradopo	-	-	100%	-	100%

(1) Directors' fees are subject to the approval of the Company's shareholders at the forthcoming AGM of the Company.
(2) Other benefits include transport allowance paid during FY2020.

(Source: company annual report; emphasis added)

(i) **Did the company revise the term of the service contract with the executive director in FY2020? If so, how was the review of the service contract carried out?**

In FY2018 and in FY2019, Dr. Po received $250,001 to $500,000 each year as his remuneration, with 85% due to base/fixed salary, 6% in director's fees and 9% in other benefits in FY2018 and 90% in base/fixed salary and 10% in other benefits in FY2019.

(ii) **Can the board help shareholders understand the reasons for the significant increase in other benefits paid to Dr. Po in FY2020? What is the justification for the significant increase in other benefits? Is the quantum of "Other benefits" linked to the financial performance of the group and of Dr. Po?**

(iii) **In addition, can the board confirm if the base salary of Dr. Po has been revised downwards?**

Provision 7.1 of 2018 Code of Corporate Governance calls for a significant and appropriate proportion of executive directors' and key management personnel's remuneration to be linked to the corporate and individual performance.

(iv) **Can the board, especially the remuneration committee, help shareholders understand if the current remuneration practices meet the intent of Principle 7 of the CG code?**

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^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

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^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)