

**ADAPTING** TO THE



OF A **NEW WORLD**

# First Lady





# COMPANY PROFILE

Second Chance Properties Ltd was listed on SESDAQ on 24th January 1997. On 2nd March 2004, it was transferred to the Mainboard of Singapore Stock Exchange. Second Chance Properties Ltd is involved in 4 core businesses:

- **Property Investment**
- **Retailing of Apparel**
- **Retailing of Gold Jewellery**
- **Investing and Trading in Financial Instruments**

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# FOUNDER AND CEO STATEMENT



Dear Shareholders,

I am pleased to present our FY 2020 Annual Report for the financial year ended 31 August 2020.

It has been a very challenging year for the Group due to the Covid-19 pandemic that has caused the Singapore economy into a recession.

In spite of these difficulties, we managed to remain profitable with an after tax profit of S\$4.45 million.

Our apparel business both in Singapore and Malaysia were badly affected by the loss of sales during the lockdown periods which coincided with the Hari Raya Festive period and the lower customer traffic thereafter.

Rental income has been negatively affected due to the Rental Relief Framework whereby retail landlords had to waive two months rental to their eligible tenants. Furthermore we continue to provide rental rebates to many of our tenants who are struggling to survive and we had to accept lower rentals on renewal of leases.

Although the gold business had no sales during the Circuit Breaker period, the rise in gold prices greatly increased our gross margin resulting in higher profits compared to the previous year.

## DIVIDEND POLICY & DIVIDENDS

A dividend of **0.45 cents** per ordinary share (one-tier tax exempt) for the financial year ended 31 August 2020 was paid out during the year. The dividend amount distributed was **S\$3.40 million** which is **76.40%** of our net profit after tax. We intend to continue with our dividend policy of distributing not less than 25% of net profits after tax.

## CORPORATE GOVERNANCE

To further maintain our high standards of corporate governance, I have stepped down as Chairman of the Group on 31 August 2020 and on the same day, **Dr. Ahmad Magad** was appointed as Independent Non-Executive Chairman.

This separation of the Chairman and CEO roles increases the Board's independence from management which will lead to better monitoring and oversight including controlling risk.



Placing a high value on Corporate Governance, we have put in place the following safeguards since 2010:

- a) Compulsory Casino Self-exclusion of the executive directors and key management personnel
- b) A whistleblower policy with monetary reward
- c) Claw-back clause in service contracts of executive directors and key management personnel. Please refer to page 44 of this Annual Report for more details

### CSR-CORPORATE SOCIAL RESPONSIBILITY

For our CSR programme this year apart from sponsoring and donating to various social and community events, we have continued to grant a Bursary Fund to assist and support deserving students pursuing their undergraduate studies. Please refer to pages 20 – 21 of this Annual Report to view some of the highlights of our CSR programmes done in the past year.

### LOOKING FORWARD

Our strategy in the last few years in streamlining and consolidating our businesses and greatly reducing our debts has put us in a strong position to weather this economic downturn. An extremely strong balance

sheet, very low gearing and good cash flow will give us much leeway to invest for income and capital gains.

### INVESTOR RELATIONS

The Company engages its shareholders from time to time with information of our performance and future plans. Shareholders interested to be on our mailing list can email us at [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg)

### ACKNOWLEDGEMENT

I would like to thank my fellow Board members for their counsel and commitment during the year and all key personnel and staff members for their dedication to the Group.

On behalf of our Board of Directors, I would like to sincerely thank our shareholders, customers, tenants and business associates for their continued confidence and support.

**Mohamed Salleh Marican**  
**Founder & CEO**

**27 November 2020**

# BOARD OF DIRECTORS



**MOHAMED SALLEH MARICAN, 71**  
**FOUNDER & CEO**

Attended Victoria School Singapore 1962-1967

1968 - 1971: Served 3 years National Service and left with rank of Lieutenant.

Sole Proprietor from 15 June 1974 to 04 August 1986

Date of first appointment as a Director:  
02 June 1986

Date of last re-election as a Director:  
26 December 2019

Length of service as a Director (as at 31 August 2020):  
34 years

Board Committee(s) served on:  
Nominating Committee (Member)  
(Stepped down on 12 November 2015)

Present Directorships (as at 31 August 2020):  
Listed Companies: Nil

Other Principal Directorships:  
17 Wholly Owned Subsidiaries of the Group

Major Appointments (Other than Directorship): Nil

Past Directorships held over the preceding 5 years:  
(01 September 2015 to 31 August 2020)  
Temasek Foundation Cares CLG Limited

#### Others

1988 - Inaugural Malay Businessman of the Year Award, jointly organised by the Singapore Malay Chamber of Commerce and Berita Harian

1996 - Entrepreneurship Excellence Award Conferred by Lianhe Zaobao and the Entrepreneurship Development Centre of the Nanyang Technological University

2011 - Berita Harian Achiever of the Year 2011 Award

2012 - Ernst & Young Entrepreneur of the Year

2013 - Best CEO Singapore Corporate Award

2014 - Life Member of Fellow Singapore Institute of Directors since 27 August 2014



**HASAN MARICAN, 66**  
**DEPUTY CEO**

Attended Victoria School 1967-1970  
GCE 'O' Level

Date of first appointment as a Director:  
02 March 1987

Date of last re-election as a Director:  
26 December 2019

Length of service as a Director (as at 31 August 2020):  
33 years 6 months

Board Committee(s) served on: Nil

Present Directorships (as at 31 August 2020):  
Listed Companies: Nil

Other Principal Directorships:  
17 Wholly Owned Subsidiaries of the Group

Major Appointments (Other than Directorship): Nil

Past Directorships held over the preceding 5 years  
(from 01 September 2014 to 31 August 2020): Nil



**DEV PISHARODY, 63**  
**EXECUTIVE DIRECTOR**

Attended St. Patricks Secondary School 1970-1972  
Bartley Secondary School 1973-1974  
GCE 'O' Level

April 1975 - October 1978: Served 3 1/2 years  
National Service  
Last rank attained - Sergeant

Date of first appointment as a Director:  
02 March 1987

Date of re-election as a Director:  
27 December 2018

Length of service as a Director (as at 31 August 2020):  
33 years 6 months

Board Committee(s) served on: Nil

Present Directorships (as at 31 August 2020):  
Listed Companies: Nil

Other Principal Directorships:  
Second Chance Investments Pte Ltd  
First Lady Apparels (Malaysia) Sdn Bhd

Major Appointments (Other than Directorship):  
City Plaza Management Corporation Strata  
Title No.669 - Chairman

Sim Lim Management Corporation Strata Title No.1440  
- Member

Past Directorships held over the preceding 5 years  
(01 September 2015 to 31 August 2020): Nil



**DR. AHMAD MAGAD JP, 67**  
**INDEPENDENT NON-EXECUTIVE CHAIRMAN**

Education & Qualifications:  
Doctor of Business Administration (Henley Business School-UK)  
Master of Business Administration (Henley Business School-UK)  
Advanced Post Graduate Diploma in Management Consultancy (UK)  
Ingenieur Grad (Germany)  
Fellow Member of CPA Australia  
Fellow Member of Chartered Institute of Marketing, UK  
Fellow Member Singapore Institute of Directors

Date of first appointment as a Director: 20 December 1996  
Date of last re-election as a Director: 27 December 2017

Length of service as a Director (as at 31 August 2020):  
16 years 11 months 11 days  
(from 20 December 1996 to 30 November 2013)  
4 years 8 months  
(As At 31 August 2020 Reappointed On 30 December 2015)

Board Committee(s) served on:  
Nominating Committee (Chairman)  
Audit Committee (Member)  
Remuneration Committee (Member)

Listed Companies:  
Propnex Limited (Lead Independent Director)

Other Principal Directorships:  
Singapore Environment Council  
Stroke Support Station Limited

Major Appointments (Other than Directorship):  
Management Development Institute of Singapore (Chairman,  
Senate; Chairman, Academic Advisory Committee)  
Singapore Productivity Association (Honorary President)  
Manufacturing Sub-Committee of Future Economy Council (Member)

Past Directorships held over the preceding 5 years:  
(01 September 2015 to 31 August 2020)  
Former Group Managing Director of II-VI Singapore Pte Ltd  
II-VI Optics Suzhou Co Ltd and II-VI Vietnam Pte Ltd  
Workforce Development Agency (Board Member)  
National Productivity Council (Council Member)  
Singapore Innovation and Productivity Institute Pte. Ltd.,  
Singapore PMC Certification Pte. Ltd.,  
SME Centre @ SMF Pte. Ltd  
SMF Centre for Corporate Learning Pte. Ltd.,  
SMF Institute of Higher Learning Pte. Ltd.,  
SMF Biz Search Pte. Ltd.

Others:  
Former Member of Parliament for Pasir Ris-Punggol GRC - (1997 to 2011)  
Former Chairman of Pasir Ris-Punggol Town Council - (2006 to 2011)  
Former Chairman, Estimates Committee of Singapore Parliament  
Former Chairman, Government Parliamentary Committee for Finance and Trade & Industry  
Former Chairman, Government Parliamentary Committee for Manpower  
Former Chairman, Regional Parliamentary Group-Middle East  
Former Dy Chairman, Institute of Technical Education  
Former Dy Chairman, Malay Heritage Centre  
Former Board Member, SPRING Singapore  
Former Board Member, Accounting and Corporate Regulatory Authority  
Former Board Member, Public Utilities Board  
Former Board Member, Energy Market Authority  
Former Board Member, Workforce Singapore  
Former Secretary General, Singapore Manufacturing Federation

# BOARD OF DIRECTORS



**GEETHA PADMANABHAN, 47**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Education & Qualifications:**

Bachelor of Science from Bangalore University, India  
Chartered Accountant from Institute of Chartered Accountants of India

Mrs. Geetha has been with the Group since April 2003. She worked with the Group as Finance Manager from April 2003 to 30 June 2006 and then from April 2007 to Jan 2012. Prior to joining the Group, she had 3 years of accounting and auditing experience with a firm of Chartered Accountants affiliated to Deloitte & Touche Tohmatsu. She also worked as a part-time lecturer in a private Business School and as a systems consultant for ERP software of Microsoft for a brief period of time.

**Date of first appointment as a Director:**

01 March 2012

**Date of re-election as a Director:**

27 December 2018

**Date of redesignation as an Independent**

**Non-Executive Director: 30 November 2013**

**Length of service as a Director (as at 31 August 2020):**

8 years 6 months

**Board Committee(s) served on:**

Audit Committee (Chairman)  
Nominating Committee (Member)  
Remuneration Committee (Member)

**Present Directorships (as at 31 August 2020):**

Listed Companies: Nil

**Other Principal Directorships:**

Ikigai Enablers Pte Ltd

**Major Appointments (Other than Directorship): Nil**

**Past Directorships held over the preceding 5 years:**

(01 September 2015 to 31 August 2020) Nil

**Others:**

July 2013 to present: Managing Director in self-owned firm, SVP Consultants & Advisors  
April 2003 - January 2012: Group Finance Manager at Second Chance Properties Ltd Articleship Training for Chartered Accountancy course with C.C. Chokshi, Mumbai; a firm affiliated to Deloitte & Touche Tohmatsu.



**TAN LYE HENG PAUL, 55**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**

**Education & Qualifications:**

Fellow Of Institute Of Singapore Chartered Accountants  
Fellow Of Association Of Chartered Certified Accountants, Uk  
Master Of Business Administration, University Of Birmingham

**Date Of First Appointment As A Director:**

29 November 2002

**Date Of Last Re-Election As A Director:**

27 December 2017

**Length Of Service As A Director:**

10 Years 19 Days

(From 29 November 2002 To 17 December 2012)

Reappointed On 30 December 2015

4 Years 8 Months

(As At 31 August 2020 Reappointed On 30 December 2015)

**Board Committee(S) Served On:**

Remuneration Committee (Chairman)  
Audit Committee (Member)  
Nominating Committee (Member)

**Present Directorships (As At 31 August 2020):**

Listed Companies:  
Serial System Ltd

**Other Principal Directorships:**

CA Trust Pac  
Kreston Ardent CA Trust PAC

**Past Directorships Held Over The Preceding 5 Years:**

(01 September 2015 to 31 August 2020)

Sin Ghee Huat Corporation Ltd

China Sunsine Chemical Holdings Ltd

**Others:**

Accredited Mediator Of The Consumer Association Of Singapore (Case) Mediation Panel





# MANAGEMENT TEAM



**REEMA GUPTA, 38**  
**FINANCE ADVISOR**

**Ms. Reema Gupta** is a qualified Chartered Accountant (CA) and has worked with Chaturvedi & Shah, a leading audit and tax firm based in India, as an Assistant Tax Manager. She has also worked with different private firms in Singapore as a Finance Manager, managing their accounts and financial matters. She was part of the Group from 2012-2014 as our Finance Manager. In early 2015, she left the Group to set-up her own Consultancy & Accountancy Firm. She re-joined the group in August 2015 as Finance Advisor and currently is responsible for the financial accounting, management reporting, statutory audit, tax related matters and secretarial work of the Group.



**J RAJ MOHAMED, 55**  
**ACCOUNTS MANAGER**

**Mr. Raj Mohamed** has been with the Group since 01 October 1995. Prior to joining the Group, he had 10 years of experience in accounts and auditing with an Audit Firm and Taj Group of Hotels (TATA Group). He is responsible for managing the Group's full sets of accounts in Microsoft Dynamic Navision (ERP), day to day accounting and finance operations, accounts receivable & payables for Singapore & Malaysia. He also oversees the Group's bank loans and also responsible to maintain the Group's Investment in Bonds and Equities portfolio as well as liaising with Bankers and Securities Remisiers.

He also assists in the general administration of the Group. He graduated with a Master Degree of Commerce (Accounting and Finance).



**AMAL MARICAN, 33**  
**EXECUTIVE DIRECTOR**  
**FIRST LADY APPARELS**  
**(MALAYSIA) SDN BHD**

**Mr. Amal Marican** joined the Group on 15 September 2008. Prior to that, he has been continually exposed to the retail trade within the Group for 8 years. He is assisting the CEO in the general management and operations of First Lady Malaysia. His other responsibilities include Purchasing and Advertisements and Promotions.

# MANAGEMENT TEAM



**SAFIE BIN HUSSAIN, 61**  
**FIELD MANAGER**

**Mr. Safie Hussain** has been with the Group since 1980. He started out in the Group as a sales staff. Between 1984 and 1989, he was one of the franchisee of 2nd Chance Men's Store. He is now responsible for ensuring that the stores are run in accordance with the Group's operational procedures and computerisation system.



**AZLAN BIN MOHD SHAFIE, 44**  
**MANAGEMENT EXECUTIVE**

**Mr. Azlan Shafie** joined the Group since 2000. He started out in the Group as Assistant Manager in Golden Chance. From September 2002 to July 2010, he joined First Lady Apparels (M) Sdn Bhd in Malaysia as the Executive Director. He assisted the CEO in the general management of the First Lady operations of the Group. His other responsibilities include Purchasing, Advertising and Promotions. Due to personal reasons, he left the company in August 2010 but re-joined the Group in October 2011. He is now a Management Executive in Singapore and his responsibilities include the general Purchasing, Advertising and Promotions for the Group and also assisting the CEO in the general management of the business.

# FINANCIAL INDICATORS AND HIGHLIGHTS

in S\$'000

**Revenue**  
**\$ 23,953**

**EBITDA**  
**\$ 4,972**

**NTA**  
**\$ 248,934**

**Profit Before Tax**  
**\$ 3,727**

**Profit After Tax**  
**\$ 4,445**

	2016	2017	2018	2019	2020
Revenue	39,122	34,812	31,614	30,764	23,953
Profit Before Tax	7,588	9,979	8,818	5,456	3,727
Profit After Tax	6,972	9,477	7,909	4,745	4,445
Dividend (Net)	0.2cps	0.3cps	0.3cps	0.4cps	0.45cps
Properties & Fixed Assets	208,220	192,638	192,219	180,999	176,928
Total Assets	320,232	312,804	305,376	288,276	283,440
Net Current Assets	(2,497)	15,271	14,113	25,190	10,115
Net Tangible Assets	256,254	259,355	262,260	262,127	248,934
Capital Employed	259,486	262,231	262,260	262,127	248,934
Share Capital	138,319	137,107	138,248	138,248	138,308
Current Ratio	0.96	1.30	1.33	1.99	1.29
Debt to Equity Ratio	0.25	0.21	0.16	0.10	0.14
Capital Gearing Ratio	0.21	0.15	0.11	0.04	0.09
Earnings Per Share (cents)	0.96	1.26	1.05	0.63	0.59
Price/Earning ratio	27.08	20.63	22.86	33.33	30.17
NTA Per Share (cents)	33.92	34.56	34.73	34.72	32.96
Interest Coverage Ratio	8.75	15.03	14.72	8.14	14.55



# FINANCIALS AT A GLANCE

Profit & Loss account	2020 (\$'000)	2019 (\$'000)	Variance (%)	
Revenue	23,953	30,764	(22.14)	1
Adjusted EBITDA *	4,972	8,186	(39.26)	2
Interest	275	764	(64.01)	3
Profit before tax	3,727	5,456	(31.69)	4
Profit after tax	4,445	4,745	(6.32)	4

## Balance Sheet

Total assets	283,440	288,276	(1.68)	5
Investment properties	156,665	159,545	(1.81)	
Bank balances and cash	8,891	11,117	(20.02)	
Short term loans	31,100	21,200	46.70	6
Shareholders' funds	248,934	262,127	(5.03)	

## Financial ratios

Return on equity (%)	1.74	1.81	(3.87)	
Current ratio	1.29	1.99	(35.18)	
Gearing ratio	0.09	0.04	125.00	
Interest coverage (times)	14.55	8.14	78.75	
Dividend payout ratio	76.27	63.49	20.13	

## Per Share data

Earnings (cents)	0.59	0.63	(6.35)	
Net asset value (cents)	32.96	34.72	(5.07)	
Dividend (cents)	0.45	0.40	12.50	
Dividend yield (%)#	2.53	1.90	33.16	

**1** Revenue from all business segments decreased

**2** Decrease in operating profits due to decreased revenue and unrealised loss on quoted securities

**3** Decrease due to lower interest rates

**4** Decrease in revenue, unrealised loss on revaluation of investment properties as well as unrealised loss on quoted securities resulting in lower profits

**5** Decreased mainly due to disposal of investment property and redemption of bonds

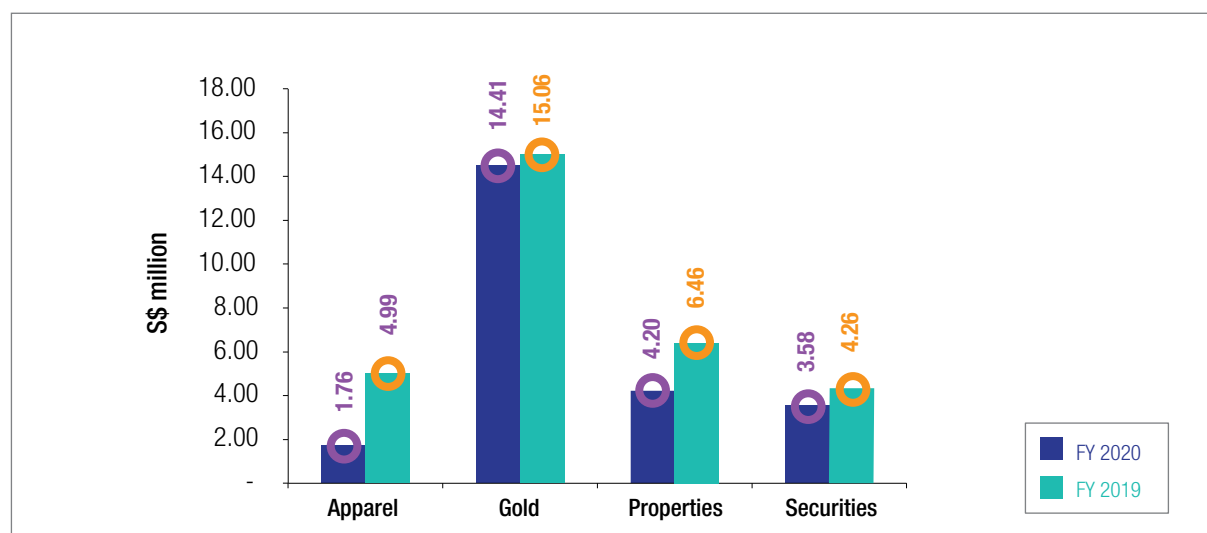
**6** Increase in borrowings mainly to purchase financial assets, at fair value through other comprehensive income

\* Adjusted earnings before Interest, tax, depreciation, exchange gains/loss, revaluation deficit, divestment profit/loss.

# Based on the last traded price of 17.8 cents and 21 cents as at 31 August 2020 and 31 August 2019 respectively

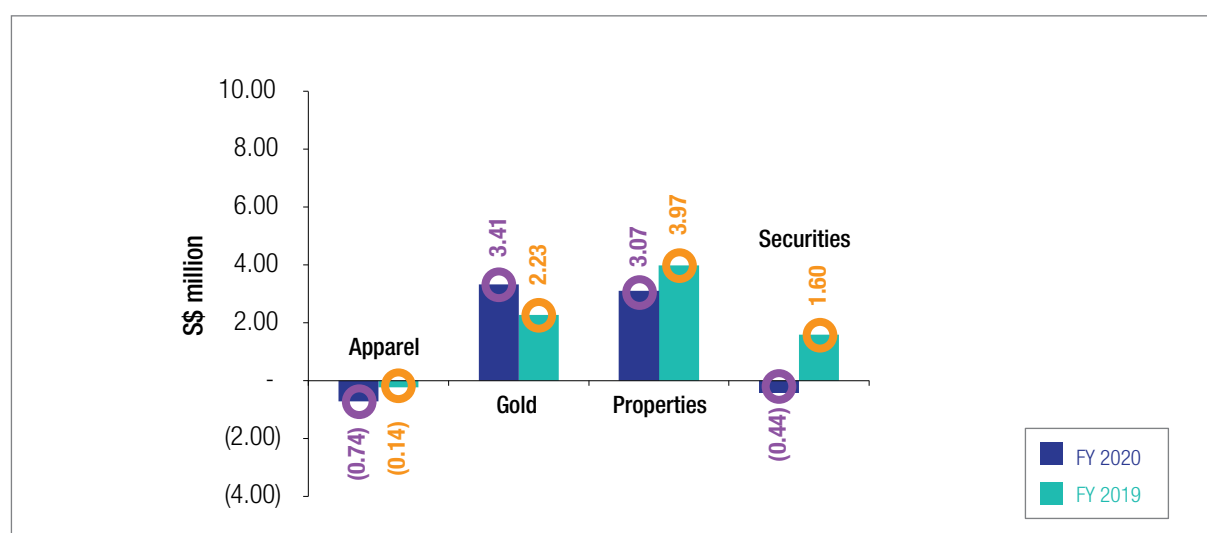
# FINANCIALS AT A GLANCE

## Revenue



Revenue	FY 2020 S\$ million	FY 2019 S\$ million	Variance S\$ million	%
Apparel	1.76	4.99	(3.23)	(64.73)
Gold	14.41	15.06	(0.65)	(4.32)
Properties	4.20	6.46	(2.26)	(34.98)
Securities	3.58	4.26	(0.68)	(15.96)

## Profit before interest, tax and unallocated expenses



	FY 2020 S\$ million	FY 2019 S\$ million	Variance S\$ million	%
Apparel	(0.74)	(0.14)	(0.60)	428.57
Gold	3.41	2.23	1.18	52.91
Properties	3.07	3.97	(0.90)	(22.67)
Securities	(0.44)	1.60	(2.04)	nm*

\*no meaning

## OVERVIEW

The Group net profit decreased by \$0.30 million from \$4.75 million in FY 2019 to \$4.45 million in FY 2020.

Revenue decreased by \$6.81 million or 22.14% from \$30.76 million in FY 2019 to \$23.95 million in FY 2020.

Adjusted EBITDA decreased by \$3.22 million from \$8.19 million in FY 2019 to \$4.97 million in FY 2020.

## REVENUE

**Revenue has decreased by \$6.81 million or 22.14% from \$30.76 million in FY 2019 to \$23.95 million in FY 2020.**

Different business segments contributed to the decrease as illustrated below:

Revenue	FY 2020 \$ million	FY 2019 \$ million	Variance	
			\$ million	%
Apparel	1.76	4.99	(3.23)	(64.73)
Gold	14.41	15.06	(0.65)	(4.32)
Properties	4.20	6.46	(2.26)	(34.98)
Securities	3.58	4.26	(0.68)	(15.96)

The negative impact of COVID-19 can clearly be seen on the overall revenue of the Group which decreased by \$6.81 million. On 3 April 2020, the government issued a press release on “Additional Measures to Minimise Further Spread of COVID-19 Cases” which outlined enhanced safe distancing measures to reduce the risk of further local transmission of COVID-19 (the “Enhanced Measures”). As part of the Enhanced Measures, all non-essential workplaces were closed from 7 April 2020 to 18 June 2020 (“Circuit Breaker”). This adversely affected our revenues especially from the apparel business and to some extent, gold business. These two business segments generally witness significant increase in revenues during the Hari Raya festive period each year. However, as these are considered non-essential workplaces, the shops remained closed during Hari Raya festive period which was between 24 April 2020 and 24 May 2020 reducing our revenues from these two business segments.

The revenue from apparel business was \$1.76 million in FY 2020 as compared to \$4.99 million in FY 2019. Of the \$1.76 million, Malaysian apparel business contributed \$1.17 million as compared to \$3.04 million in FY 2019. In Malaysia too “Movement Control Order” was implemented on 18 March 2020, as a result of which our apparels shops remained closed during festive period resulting in decreased revenue. The higher revenue in FY 2019 was mainly attributable to higher sales during Hari Raya festive season. In addition, the closure of one of our biggest outlets in Singapore at Tanjong Katong Complex, reduction in selling price of apparels, change in consumer preferences and the increasing trend of online shopping also contributed to the decreased revenue from this business segment.

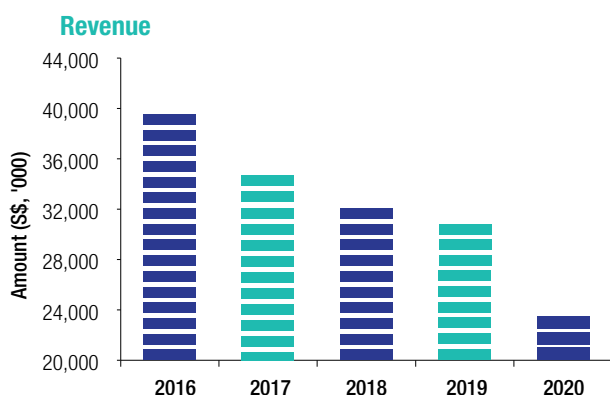
Revenue from gold business declined by \$0.65 million to \$14.41 million in FY 2020 from \$15.06 million in FY 2019. As explained above, our gold shop remained closed during the festive period resulting in lower sales. However, the decrease in sales volume was partially off-set by rise in gold prices resulting in only a 4.32% decrease in revenue in FY 2020 as compared to FY 2019.

Rental revenue from properties also reduced by \$2.26 million to \$4.20 million in FY 2020 from \$6.46 million in FY 2019 primarily due to rental waiver given to tenants for 4 months from April’20 to July’20 following the guidelines stipulated under COVID-19 (Temporary Measures) Act. In addition, loss of rental income on disposal of two properties also contributed to drop in revenue to some extent.

The securities business witnessed decline in revenue of \$0.68 million from \$4.26 million in FY 2019 to \$3.58 million in FY 2020 mainly on account of loss of coupon income upon redemption of few bonds.

# FINANCIAL REVIEW 2020

The graph below represents the total revenue from the group during the past five years:



## PROFIT

**The Group net profit decreased by \$0.30 million from \$4.75 million in FY 2019 to \$4.45 million in FY 2020.**

The contribution from various business segments are illustrated below (the contributions are before interest, tax and unallocated expenses).

Profit	FY 2020 \$ million	FY 2019 \$ million	Variance \$ million	%
Apparel	(0.74)	(0.14)	(0.60)	428.57
Gold	3.41	2.23	1.18	52.91
Properties	3.07	3.97	(0.90)	(22.67)
Securities	(0.44)	1.60	(2.04)	nm

The loss from apparel business increased by \$0.60 million from \$0.14 million in FY 2019 to \$0.74 million in FY 2020 mainly because of lower sales volume as well as reduced selling price of goods resulting in lower gross profit margin from the apparels business. Further, the fixed costs almost remain unchanged despite decreased revenue from this business segment.

Despite decrease in revenue, the profit from gold business increased by \$1.18 million from \$2.23 million in FY 2019 to \$3.41 million in FY 2020 mainly because of rapid increase in gold prices especially during the second half of the current FY 2020.

Properties segment contributed \$3.07 million in FY 2020 as compared to \$3.97 million in FY 2019.

The decrease in profit from this segment was only \$0.90 million despite decrease of \$2.26 million in revenue. This was because of Government relief in the form of property tax rebate of \$0.37 million as well as cash grant for rental relief framework of \$0.32 million received in current year. Also, the unrealized loss on revaluation of properties was \$1.11 million in current FY 2020 as compared to \$1.41 million in prior FY 2019. Furthermore, loss of \$0.27 million on sale of an investment property in FY 2019 as compared to profit of \$0.18 million in FY 2020 also contributed in off-setting the decreased rental revenue from this business segment.

Securities segment recorded a loss of \$0.44 million in FY 2020 as compared to a profit of \$1.60 million in FY 2019. In addition to lower revenue from this business on account of lower coupon income in the current year, the unrealised loss of \$4.19 million recorded on financial assets, at fair value through profit or loss i.e. the financial assets held for trading purpose in the current year as compared to an unrealised loss of \$2.65 million in the prior year contributed to loss from this segment.

## FINANCE COSTS

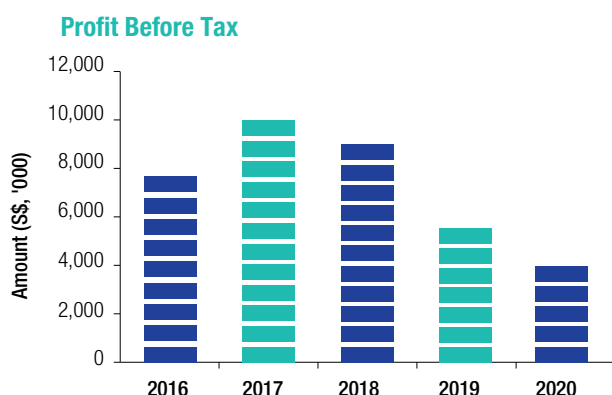
Interest expenses decreased from \$0.76 million in FY 2019 to \$0.28 million in FY 2020 mainly due to lower interest rates of short-term borrowings in the current year.

### Interest Coverage Ratio

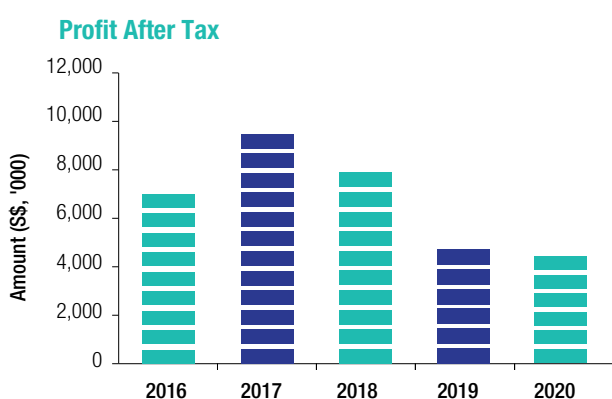




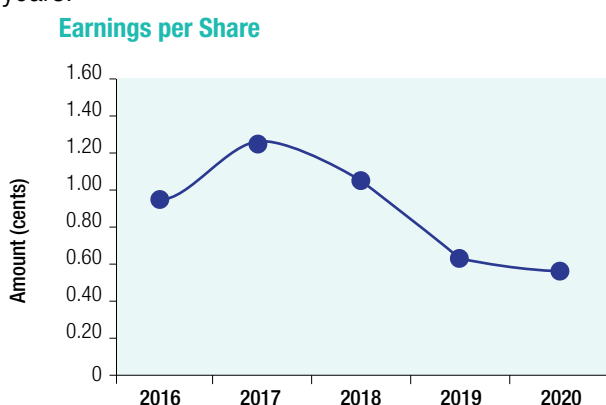
Below is a graphical representation of the profit before tax for the past five years:



There was income tax credit of \$0.72 million in FY 2020 as compared to income tax expense of \$0.71 million in FY 2019. As announced in budget 2020, corporate income tax rebate @25% was granted to all companies for YA2020 (FY 2019). This resulted in lower income tax expense in the current year as the tax rebate was claimed. In addition, income tax credit on account of group relief claimed in current year also contributed to the above tax credit in FY 2020.



The earnings per share for FY 2020 was 0.59 cents as compared to 0.63 cents in FY 2019. Below is a comparison of the earnings per share for the past five years:



## ADJUSTED EBITDA

Adjusted EBITDA decreased by \$3.22 million from \$8.19 million in FY 2019 to \$4.97 million in FY 2020. An unrealized loss of \$4.19 million recorded on financial assets, at fair value through profit or loss in the current year as compared to unrealized loss of \$2.65 million in the prior year mainly contributed to this decrease.

The details of Adjusted EBITDA calculation are as below:

Adjusted EBITDA*	FY 2020 \$ '000	FY 2019 \$ '000
Net Profit	4,445	4,745
Add/(Less):		
Interest expenses	275	764
Tax (credit)/expense	(719)	710
Depreciation	143	147
Fair value losses of investment properties	1,110	1,410
(Gain)/loss on divestment of investment property	(180)	265
Exchange differences	(102)	145
	<b>4,972</b>	<b>8,186</b>

\*Adjusted earnings before interest, tax, depreciation, exchange gains/losses, revaluation gains/deficit, divestment profits/losses

## DIVIDENDS

For FY 2020, the Directors have declared an interim tax-exempt (one-tier) cash dividend of 0.45 cents per share.

The dividend yield for FY 2020 amounts to 2.53% based on the market price of 17.8 cents per share as at 31 August 2020 and the dividend payout ratio is 76.27% considering the earnings per share of 0.59 cents.

## CASH FLOW

The net cash flow from operating activities was \$5.39 million in FY 2020.

Proceeds from disposal of financial assets, at fair value through other comprehensive income including capital distribution generated \$0.56 million. In addition, proceeds from disposal of financial assets, at fair value through profit or loss generated \$3.04

# FINANCIAL REVIEW 2020

million. This included redemption of bonds amounting to \$2.06 million, sale of equities totaling \$0.92 million and capital distribution amounting to \$0.06 million. An amount of \$1.95 million was generated on disposal of an investment property. Proceeds from issue of shares due to warrant conversion generated \$0.06 million. Further, during the year the Group had drawn down an amount of \$150.53 million from banks.

Of the above, an amount of \$0.74 million was used for rights subscription of which \$0.66 million was classified as financial assets, at FVPL and \$0.08 million as financial assets, at FVOCI. In addition, an amount of \$0.31 million was reinvested under the Scrip Election scheme of which \$0.09 million was classified as financial assets, at FVPL and \$0.22 million as financial assets, at FVOCI. The Group also purchased financial assets, at fair value through other comprehensive income worth \$18.84 million. Further, an amount of \$140.47 million was utilized to repay bank borrowings and \$3.40 million was used in dividend distribution.

Cash and cash equivalents at the end of the year i.e. 31 August 2020 was \$8.89 million while it was \$11.12 million at the beginning of the year i.e. 31 August 2019. Thus, there was a decrease of \$2.23 million through the year.

## FINANCIAL POSITION AS AT 31 AUGUST 2020

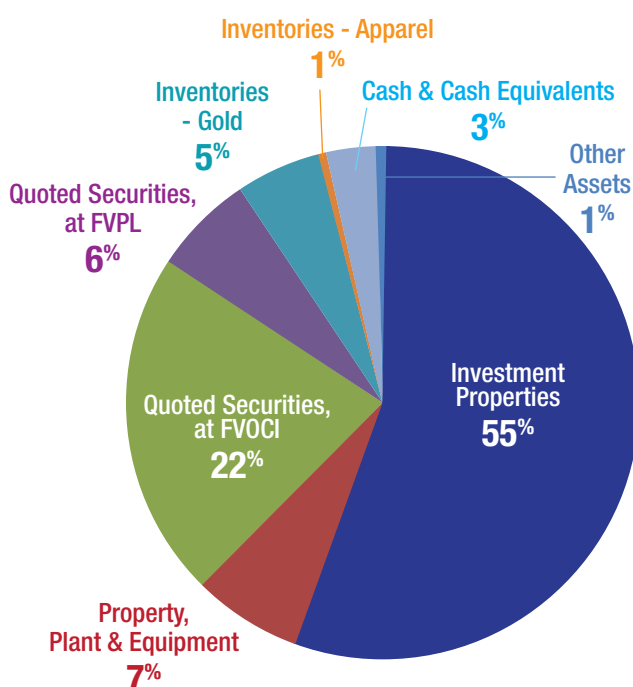
Investment properties of the group in Singapore totaled \$156.67 million. In addition, \$20.21 million worth of property owned by the group in Malaysia was classified as Property, plant and equipment because it was self-occupied. Thus the total value of the properties was \$176.88 million.

As at 31 August 2020, financial assets, at fair value through other comprehensive income comprised of shares valued at \$61.87 million while financial assets, at fair value through profit or loss comprised of fixed income securities and equities valued at \$1.68 million and \$15.90 million respectively. There was a drop of \$13.23 million in the market value of financial

assets, at fair value through other comprehensive income as at 31 August 2020 as compared to 31 August 2019 and this unrealized loss was taken directly to quoted securities reserve under equity. For financial assets, at fair value through profit or loss, there was an unrealised loss of \$4.19 million during the current financial year which was taken to the income statement.

Inventories at financial year ended 31 August 2020 totaled \$16.93 million of which \$15.29 million was gold stock.

The asset allocation of the group as at 31 August 2020 is shown in the below chart:



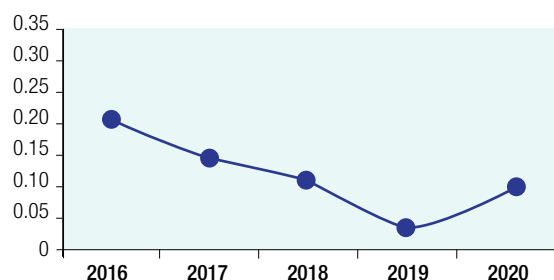
## WORKING CAPITAL

The Group had a positive working capital of \$10.12 million as at 31 August 2020 as compared to working capital of \$25.19 million as at 31 August 2019.

## BANK BORROWINGS

As at 31 August 2020, the Group has short-term borrowings of \$31.10 million as compared to \$21.20 million as at prior year ended 31 August 2019. The gearing ratio of the Group was 0.09 at 31 August 2020 while it was 0.04 as at 31 August 2019.

### Gearing



## SHARE CAPITAL

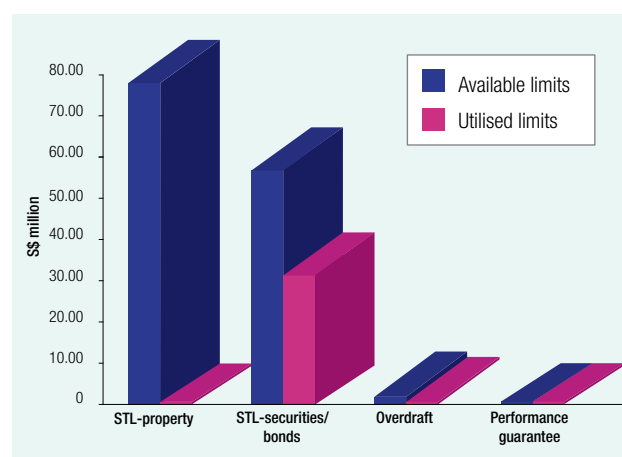
Share capital stood at \$138.31 million as at 31 August 2020 as compared to \$138.25 million as at 31 August 2019. The movement in share capital was due to exercise of warrants by shareholders. There were 755.27 million shares in float as at 31 August 2020 as compared to 755.03 million as at 31 August 2019. Total shareholders' equity stood at \$248.93 million and NTA per share was 32.96 cents as at 31 August 2020.

### NTA per share



Below is an overview of the various bank facilities available and amounts utilized:

	Available Limits S\$million	Utilised Limits S\$million	% utilised
STL-property	76.92	-	0.00%
STL-securities/ bonds	57.30	31.10	54.28%
Overdraft	1.25	-	0.00%
Performance guarantee	0.05	-	0.00%
	<b>135.52</b>	<b>31.10</b>	<b>54.28%</b>

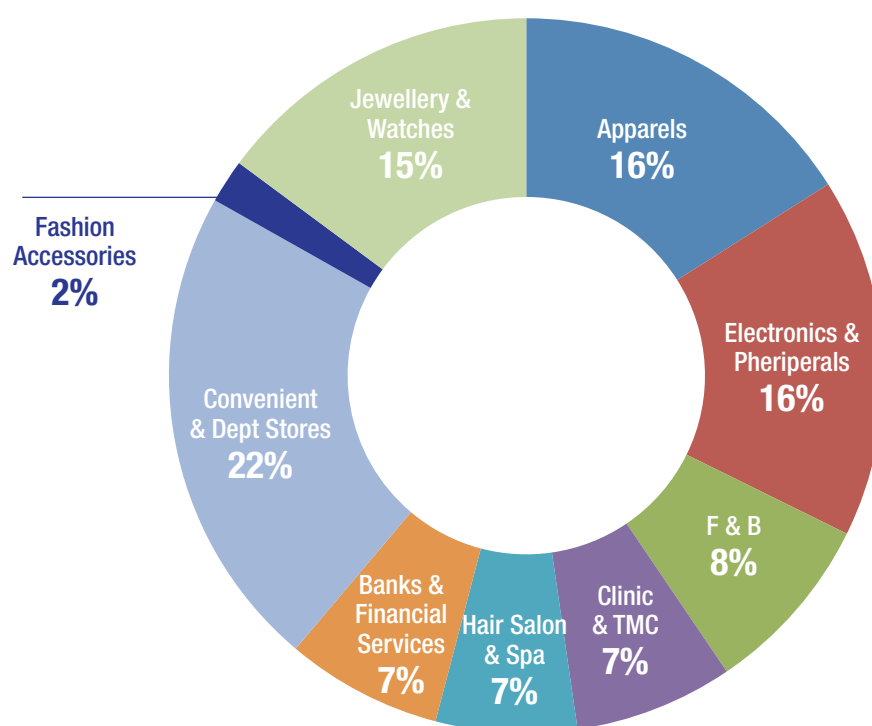


# PROPERTY PORTFOLIO & TENANTS' OPERATIONS REVIEW

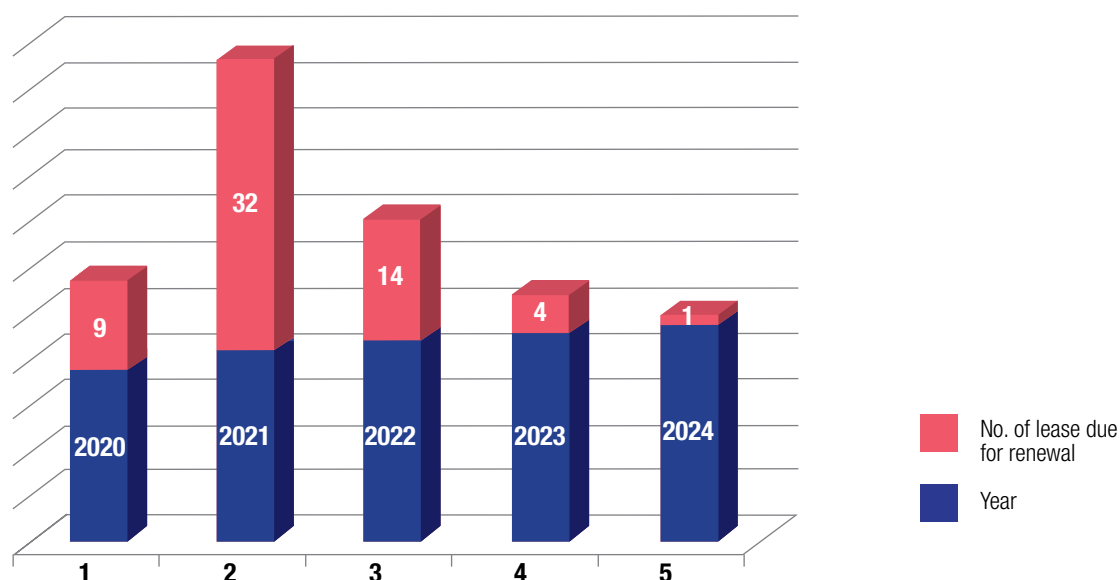
## PROPERTY PORTFOLIO REVIEW - COMMERCIAL

FY 2020 Appraised Value	<b>S\$176.88 Million</b>
Net Lettable Area- (Singapore)	<b>31,517 Sq ft</b>
Current Utilisation	<b>Rented Out</b>
Occupancy Rate	<b>98.57%</b>

## Tenants' Operation Review - Rental Income Contribution By Tenant Trade Sector



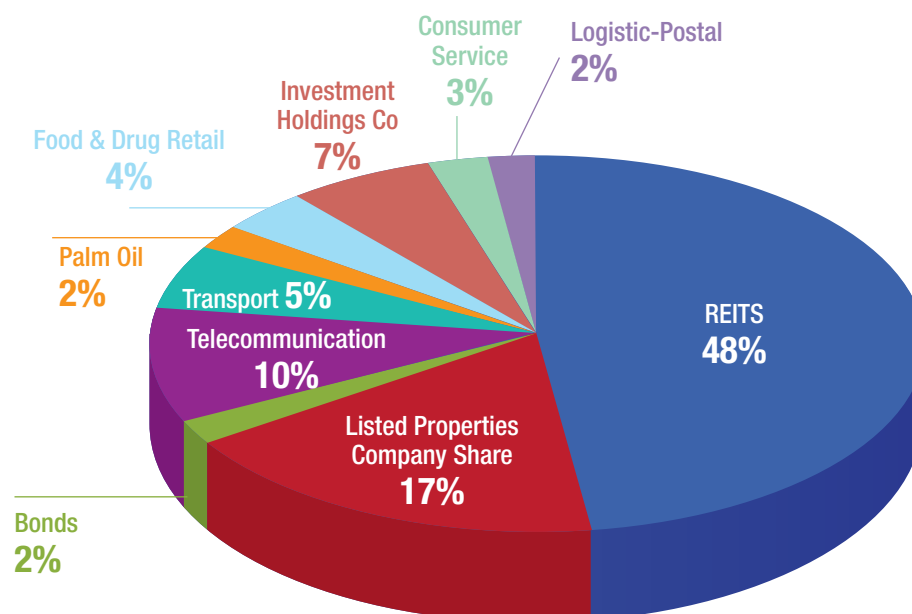
## Lease Expiry Profile



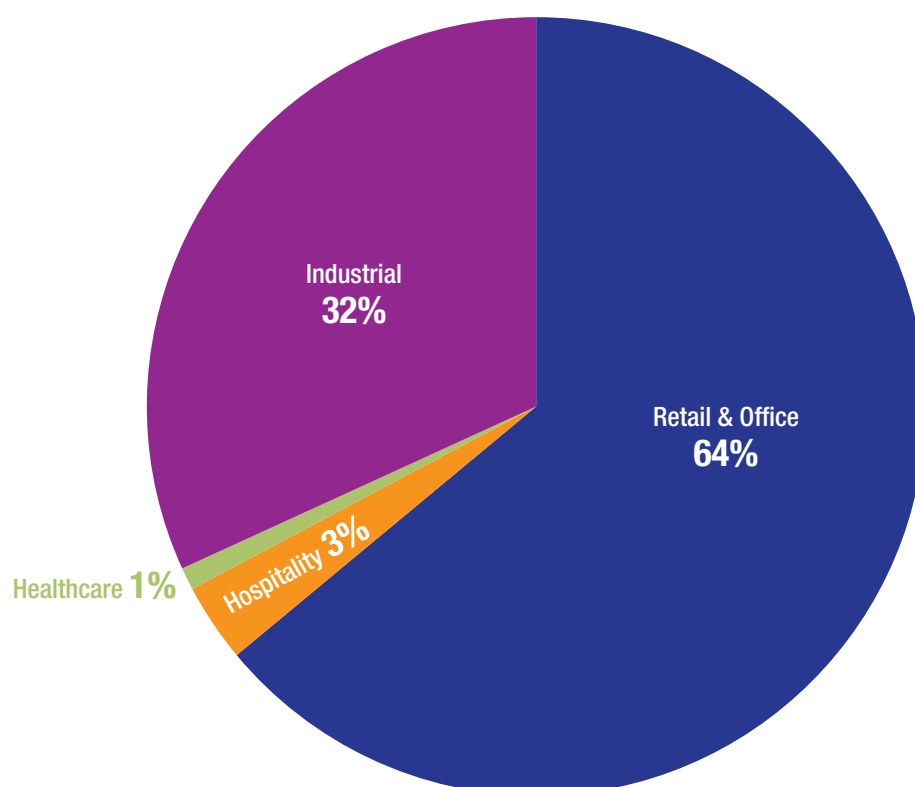


# QUOTED SECURITIES INVESTMENT OVERVIEW

## Quoted Securities Investments Overview as at 31 August 2020



## Overview Of REITS Investment By Sectors



# CORPORATE RESPONSIBILITY

## Casino Self-Exclusion Policy

We require our employees including top executives and senior management to sign up at National Council of Problem Gambling (NCPG) website to self-exclude their names from entering Singapore's casinos for as long as they are employed with the Group.

This move which was formalised in 2011, stemmed from the several news in the corporate world where employees including directors and senior management committed fraud due to their gambling habits and losses.

As such, it became a guiding principle and culture of our Company to deter and minimise the risk of such events by implementing this policy which at the same time boost our corporate governance standings with our shareholders.



## Risk Governance & Internal Control

As part of our continuous efforts to improve operational grips on our businesses, the Group has embarked on various risk governance and internal control measures throughout the years.

By engaging established and independent Internal Auditor - RSM Risk Advisory - the Group opened their doors for the Auditor which resulted in frameworks and manuals crafted for our adoption on managing risks and fraud, improving our retail POS System, GST implementation and internal controls on our business processes.

In addition, senior management and executives are periodically tasked to conduct internal audits on various operations of the Group such as Annual Stock-Taking, Security etc. This further ensures that we have our finger on the pulse at all times on our businesses.



## Whistle Blower Policy

We have a formalised whistle blower policy where anyone is able to send feedback to our Independent Non-Executive Chairman through various channels of communication.

This policy intends to send a clear signal to all business partners, associates, suppliers, employees and other stakeholders of the Group that we have zero tolerance on fraud and misconduct. To make this policy more effective and as an incentive, a financial reward is offered to all whistle blowers.



# SOCIAL RESPONSIBILITY



**FITRI DANIAL BIN  
MUHAMMAD HUSAINI**

SIT BACHELOR OF ENGINEERING  
IN TELEMATICS (ITSE)



**KHAIRUL IMAN NASRI  
BIN AZHARIE**

NUS BACHELOR OF ENGINEERING  
(COMPUTER ENGINEERING)



**MUHAMMAD AHMED BIN  
ANWAR BAHAJJAJ**

NUS BACHELOR IN COMPUTER SCIENCE



**SYAHMI BIN MANSOR**

SMU BACHELOR OF SCIENCE  
(INFORMATION SYSTEMS)



**KHALISAH BINTE FAROUKH**

NTU BACHELOR OF ENGINEERING  
(COMPUTER SCIENCE)



**MUHAMMAD SYAZWAN BIN  
SUHAIMI**

SIT BACHELOR OF ENGINEERING IN ICT  
(INFORMATION SECURITY)

## BURSARY FUND

We have continued this year to grant a Bursary Fund to assist and support deserving students pursuing their undergraduate studies in the field of Science, Technology, Engineering and Mathematics (STEM).

This fund was set up in collaboration with the Association of Muslim Professionals (AMP) for students who have excelled in their academic and extra-curricular activities and whose Family Per Capita Income was below \$2,000.00 per month.

# PROPERTY LOCATIONS IN SINGAPORE



- 01 810 Geylang Road #01-43 City Plaza
- 02 810 Geylang Road #01-44 City Plaza
- 03 810 Geylang Road #01-45 City Plaza
- 04 810 Geylang Road #01-46 City Plaza
- 05 810 Geylang Road #01-47 City Plaza
- 06 810 Geylang Road #01-56/57 City Plaza
- 07 810 Geylang Road #01-60 City Plaza
- 08 810 Geylang Road #01-61 City Plaza
- 09 810 Geylang Road #01-81 City Plaza
- 10 810 Geylang Road #01-107 City Plaza
- 11 810 Geylang Road #02-49 City Plaza
- 12 810 Geylang Road #02-50 City Plaza
- 13 810 Geylang Road #02-51 City Plaza
- 14 810 Geylang Road #02-81/82 City Plaza
- 15 810 Geylang Road #02-86 City Plaza
- 16 810 Geylang Road #02-88 City Plaza
- 17 810 Geylang Road #02-105 to 108 City Plaza
- 18 Blk 214 Bedok North St.1 #01-161
- 19 Blk 710A Ang Mo Kio Ave 8 #01-2625
- 20 14 Scotts Road #02-40 Far East Plaza
- 21 14 Scotts Road #02-42 Far East Plaza
- 22 304 Orchard Road #01-56/57/58/59 Lucky Plaza
- 23 1 Park Road #01-32 People's Park Complex
- 24 1 Park Road #01-33 People's Park Complex
- 25 111 North Bridge Road #01-28/28A Peninsula Plaza
- 26 111 North Bridge Road #01-29 Peninsula Plaza
- 27 111 North Bridge Road #01-38 Peninsula Plaza
- 28 111 North Bridge Road #01-44 Peninsula Plaza
- 29 111 North Bridge Road #01-45A/B Peninsula Plaza
- 30 Blk 190 Toa Payoh Lor 6 #01-560



# PROPERTY LOCATIONS IN SINGAPORE



- 31 Blk 190 Toa Payoh Lor 6 #01-562
- 32 Blk 221 Boon Lay Shopping Centre #01-114
- 33 Blk 221 Boon Lay Shopping Centre #01-122
- 34 Blk 505 Tampines Central 1 #01-355
- 35 Blk 505 Tampines Central 1 #01-357
- 36 Blk 201B Tampines St 23 #01-1063
- 37 1 Rochor Canal Road #05-36 Sim Lim Square
- 38 1 Rochor Canal Road #05-53 Sim Lim Square
- 39 1 Rochor Canal Road #05-54 Sim Lim Square
- 40 1 Rochor Canal Road #05-61 Sim Lim Square
- 41 1 Rochor Canal Road #05-62 Sim Lim Square
- 42 1 Rochor Canal Road #05-63 Sim Lim Square
- 43 1 Rochor Canal Road #05-64 Sim Lim Square
- 44 1 Rochor Canal Road #05-65 Sim Lim Square
- 45 1 Rochor Canal Road #05-72 Sim Lim Square
- 46 1 Rochor Canal Road #05-73 Sim Lim Square
- 47 1 Rochor Canal Road #05-74 Sim Lim Square







MEGA  
First Lady

165-169 JLN TUANKU ABDUL RAHMAN, KL



# GOLDEN CHANCE

#02-42

## GOLDEN CHANCE

## GOLDEN CHANCE

### GOLDEN CHANCE GOLDSMITH PTE LTD

845 GEYLANG ROAD, #02-42 TANJONG KATONG COMPLEX SINGAPORE 400845

TEL: 67453577 FAX: 67456955

Email: [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg) [f @goldenchance](https://www.facebook.com/goldenchance)



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# CORPORATE GOVERNANCE

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organization. The Board of Directors (the “Board”) is committed to define, follow and practice the highest level of corporate governance within Second Chance Properties Limited (the “Company”) and its subsidiaries (the “Group”) which forms the continuing obligations of the Singapore Exchange Securities Trading Limited (“SGX-ST”)’s Listing Rules. The Board aims to lead by example and learn from experience. The Board is committed to regularly improving its corporate governance practices. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of the Group. The Board remains focused on complying with the substance and spirit of the principles of the Singapore Code of Corporate Governance 2018 (the “2018 Code”) while achieving operational excellence and delivering the Group’s long-term strategic objectives. This statement outlines the key corporate governance practices that were in place throughout the financial year and up to the date of this report.

## BOARD MATTERS

### Principle 1: THE BOARD’S CONDUCT OF AFFAIRS

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

#### 1.1 Principal duties of the Board

Directors are expected to objectively discharge their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance. The Board is primarily responsible for the overall management of the Group focusing on long term health along with the holistic success of business and its financial strength to enhance the long term value of the Group to its shareholders and other stakeholders. The other principal functions of the Board include formulating corporate strategies of the Group, reviewing strategic plans and performance objectives, planning annual budget, setting direction and goals for the executive management along with key operational initiatives, supervising executive management, reviewing investment proposals, financial performance as well as corporate governances and monitoring performance of these goals. The Board also establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets. The Board also directs and exercises appropriate controls to ensure that the Company is managed in a manner that fulfils stakeholders’ aspirations and growth expectations.

In addition, the duties of the Board include:

- Setting the Group’s strategic objectives and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives.
- Monitoring the Company’s risk management, financial reporting, compliance and internal control system and carrying out periodic reviews of their effectiveness.
- Appointing the Group CEO and approving the remuneration policies and guidelines for the Board and senior management.
- Reviewing the performance of management and overseeing succession planning for the senior management.
- Setting the Group’s values and standards (including ethical standards) and ensuring that obligations to shareholders and other stakeholders are understood and met.
- Considering sustainability issues eg., environmental and social factors, as part of its strategic formulation.



# CORPORATE GOVERNANCE

## ***Conflicts of interest***

Internal guidelines require all Board members who have a potential conflict of interest in a particular agenda item to abstain from participating in the relevant Board discussion. This policy also applies to all the Board committees.

## **1.2. Board Orientation and Training**

Directors bring to their Board considerable wealth of professional experience, diversified knowledge and skills generated over their careers. The new directors inducted to the Board are introduced to the Company culture, business and government policies through orientation sessions. CEO and senior management provide an overview of the Company's operations and familiarize the new directors with them. On appointment, a formal letter is provided to them setting out the terms and conditions of their appointment and explaining the regulatory requirements that a Director has to comply with on appointment. The Executive Directors conduct an orientation programme for newly appointed Directors to make the most of their existing knowledge base by filling any knowledge gaps, typically concerning the company's industry, the competition landscape and technical issues. They are also briefed on the governance practice including Board process, policies on disclosure of interests in securities, prohibitions on dealings in the Company's securities and restrictions on disclosure of price-sensitive information to enable them to assimilate into their new roles. The programme also allows the new director to get acquainted with senior management, thereby facilitating board interaction and independent access to senior management. There were no new Director appointed for the financial year 2020 ("FY 2020").

On a half-yearly basis, the Board is briefed on recent changes to the accounting standards and regulatory updates. The CEO updates the Board at each meeting on business and strategic development of the Group.

For FY 2020, the Board was briefed on the strategic and business development of the Group by the CEO, release issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("ACRA"), which are relevant to the Board, including but not limited to the 2018 Code by the Company Secretary and recommendations of ACRA's Financial Reporting Surveillance Programme and financial reporting updates by the external auditors.

Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars and courses for their continuing education and skills improvement that are conducted by external organization to keep in pace with new laws, regulations, changing commercial risks and financial reporting standards. The attendance of Directors at such courses is sponsored by the Company.

During the current financial year ended 31 August 2020 one of the Directors Ms. Geetha Padmanabhan, had attended the following seminars organised by Singapore Institute of Directors.

- Creating Value over a Family Business Life Cycle
- S&C – Singapore Governance and Transparency Index Launch
- Reviewing Financial Statements and Selecting Auditors
- SID Directors Virtual Conference 2020

## **1.3 Matters Requiring Board Approval**

The Board has identified numerous prominent areas for which the Board has direct responsibility for decision-making such as approval of major investments and funding decisions. The Board also reviews Interested Persons Transactions and the Group's internal control procedures. The Board serves as the ultimate decision making body of the Company, except for those matters reserved to or shared with the shareowners.



# CORPORATE GOVERNANCE

Moreover, Board also beholds discussions and consideration of the following corporate matters:

- Approval of half yearly and full year result announcements;
- Approval of the Annual Reports and accounts;
- Convening of shareholders' meetings;
- Approval of corporate strategies;
- Material acquisitions and disposal of assets;
- Investments, disinvestments or capital expenditures exceeding set material limit;
- Review of management performance and compliance of values and standards;
- Strategies and objectives of the Group;
- Annual budgets and business plan;
- Issuance of shares;
- Declaration of interim dividends and proposal of final dividends; and
- Commitments to terms loans and line of credits from banks and financial institutions

Apart from the matters that specifically require the Boards approval, the Board approves transactions exceeding certain threshold limits, while delegating authority for transactions below those limits to Management so as to optimize operational efficiency. Management has been given clear directions on matters that require Board's approval, and these are communicated to Management. It is believed that all the Directors objectively discharge their duties and responsibilities as fiduciaries in the interests of the Company.

## 1.4. Delegation by the Board

The Board objectively makes decisions in the interests of the Group. The Board has delegated specific responsibilities with distinct guidelines to three committees namely Audit Committee ("AC"), Nominating Committee ("NC") and Remuneration Committee ("RC") to assist in the efficient execution of its responsibilities. These committees function within precisely defined Terms of Reference, which clearly sets out the objectives, duties, powers and responsibilities which are reviewed on a regular basis. The effectiveness of each committee is reviewed by the Board persistently and it may further formulate other committees as per the requirement and suitability of the situation dictated by imperatives. The Board accepts that while these various Board committees have the authority to examine specific issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

## 1.5 Board and Board Committees Meetings and Attendance

The Board meets at least once in six months to review the half yearly and full year results and as warranted by particular circumstances, ad hoc meetings are also convened to deliberate on urgent substantive matters. The Board may have informal discussions on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing. In between these meetings, the Board discusses matters over the tele-conference, electronic and other communication facilities which permits all parties to communicate with each other simultaneously. Dates of all Board and Board Committee meetings as well as the Annual General Meeting are fixed in advance in consultation with the Directors and relevant agenda papers are also circulated to all Directors in advance through email. Each agenda item is provided with sufficient background and all material information is incorporated in the agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Minutes of all the Board committees are also circulated to the Board so that Directors are aware of and kept updated as to the proceedings and matters discussed during the Committees' meetings.

# CORPORATE GOVERNANCE

A record of Board and Board Committee meetings held during the year under review from the date of the last report i.e. 03 December 2019 till the date of this report and the attendance of each Director where relevant is as follows:

	<b><u>Board</u></b>	<b><u>NC</u></b>	<b><u>RC</u></b>	<b><u>AC</u></b>	<b><u>AGM</u></b>
<b>No. of meetings</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>1</b>
<u>No. of meetings attended by respective Directors:</u>					
Mr. Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	3	2 <sup>#</sup>	2 <sup>#</sup>	3 <sup>#</sup>	1
Mr. Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar	3	2 <sup>#</sup>	2 <sup>#</sup>	3 <sup>#</sup>	1
Mr. Devnarayanan s/o K.R. Pisharody	3	NA	NA	3 <sup>#</sup>	1
Dr. Ahmad Bin Mohamed Magad, JP	3	2	2	3	1
Ms. Geetha Padmanabhan	3	2	2	3	1
Mr. Tan Lye Heng Paul	3	2	2	3	1

# By Invitation

## 1.6 Access to Information

Prior to each Board meeting, the Management provides the Board all information pertinent to the details of minutes of previous Board meeting, minutes of meeting of all Committees of the Board held since the previous Board meeting, issues dealt by management, relevant budgets, forecasts and projections, major operational and financial issues, statistics on key performance indicators, statistics on customer satisfaction and on the agenda of the meeting.

Management recognizes the importance of ensuring the flow of complete, adequate and timely information to the Directors on an ongoing basis to enable them to make informed decisions to discharge their duties and responsibilities.

Crucial matters requiring decision are reserved for resolution at Board meetings rather than by circulating to facilitate decision. Queries by individual Directors on circulated papers are directed to management who will respond accordingly, where relevant Directors' queries and Management's responses are circulated to all the Board members for their information.

## 1.7 Access to Management and Company Secretary

The Board has discrete and independent access to the senior management, external Auditors and the Company Secretary at all times. The half-yearly financial accounts and progress reports of the Group's business operations is provided to the Board members. The Board also receives regular updates on the industry which enable Directors to keep abreast of key issues and developments in the industry, together with the challenges and opportunities for the Group. Directors are entitled to request from Management and provided with such additional information as needed to make informed and timely decisions. The Management deals with requests for information from the Board promptly. The Board is informed of all material events and transactions as and when they occur.

# CORPORATE GOVERNANCE

## ***Role of the Company Secretary***

The Company Secretary attends and assists in the conduct of the Board meetings and ensures adherence to Board procedures. The Company Secretary also assists on matters in respect of compliance with the Companies Act, Cap. 50 and the Listing Rules of SGX-ST and is also responsible for advising the Board on all matters relating to Corporate Governance. Directors have separate and independent access to the Company Secretary. The Company Secretary is responsible for, among other things, ensuring that Board procedures are observed. They also assist the Chairman and the Board in implementing and strengthening corporate governance practices and processes, with a view to enhancing long term shareholder value.

The Company Secretary is legally trained, with experience in legal matters and company secretarial practices. The appointment and removal of the Company Secretary is subject to the approval of the Board.

## ***Independent professional advice***

The Board has a process for Directors, either individually or as a group, in the furtherance of their duties, to take independent professional advice, if necessary, at the Group's expense.

## **Principle 2: BOARD COMPOSITION AND GUIDANCE**

*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 is composed of eminent persons with considerable professional experience in diverse fields and comprises six Directors, three of whom are Independent Non-Executive Directors. The quorum for all Board meetings is four. All the Directors are residents in Singapore. The Directors of the Company as at the date of this statement are:

Mr. Mohamed Salleh s/o Kadir Mohideen Saibu Maricar  
Founder & CEO

Mr. Mohamed Hasan s/o Kadir Mohideen Saibu Maricar  
Deputy CEO

Mr. Devnarayanan s/o K.R. Pisharody  
Executive Director

Dr. Ahmad Bin Mohamed Magad, JP  
Independent Non-Executive Chairman

Mr. Tan Lye Heng Paul  
Independent Non-Executive Director

Ms. Geetha Padmanabhan  
Independent Non-Executive Director

The profile of each Director is given on pages 4 – 6 of this Annual Report.

# CORPORATE GOVERNANCE

## Director's Independence

The Board has three Directors who are independent members. The criteria for independence are determined based on the definition as provided in the Code.

The Board considers an "independent" Director as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement of the Group's affairs with a view to the best interests of the Company. The requirement of the Code that at least half of the Board comprises Independent Directors is satisfied.

Independent Directors adopt an oversight role to ensure that corporate assets are exclusively utilized for the benefit of the Company. The Independent Non-Executive Directors participate actively in the Board meetings. Where necessary, the Independent Non-Executive Directors meet and discuss on the Group's affairs without the presence of Management.

Each Independent Director is required to disclose any relationships or appointments which would impair their independence. Each Independent Director had abstained from deliberations in respect of the assessment on his/her own independence. Taking into account the views of the NC and the annual confirmation from each of the Independent Director of his/her independence, the Board considers each of the Independent Director to be independent and able to exercise independent judgement in the best interest of the company in discharging their fiduciary duties. As with all directors, they are to act in the best interests of the company as a whole and not of any particular group of shareholders or stakeholders.

The NC has adopted practices which will include a retirement schedule and a rigorous review of the appointment and independence of Directors who have served on the Board for more than nine years from the date of their first appointment. Mr. Tan Lye Heng Paul and Dr. Ahmad Bin Mohamed Magad have served as Independent Non-Executive Directors of the Company for more than nine years since 29 November 2002 and 20 December 1996 respectively. Both Mr. Tan Lye Heng Paul and Dr. Ahmad Bin Mohamed Magad had retired as directors of the Company in 2012 and 2013 respectively. The Board has subjected their independence to a particularly rigorous review. The NC is of the view that Mr. Tan Lye Heng Paul and Dr. Ahmad Bin Mohamed Magad have expressed individual viewpoints, debated issues and objectively scrutinized and challenged the Management when deemed necessary. They have sought clarification and amplification whenever deemed necessary, including through direct access to the Management. Mr. Tan Lye Heng Paul and Dr. Ahmad Bin Mohamed Magad have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Directors of the Company with the utmost commitment in upholding the interest of the minority shareholders and there is no material conflict between the tenure of their appointment as Independent Directors of the Company and their ability to discharge their duties as Independent Directors.

In view of the above and taking into account their disclosure of independence, the wealth of experience and knowledge they have brought and will continue to bring to the Board, the Board resolved that Mr. Tan Lye Heng Paul and Dr. Ahmad Bin Mohamed Magad continue to be considered independent, notwithstanding that they have served on the Board for more than nine years from the date of their first appointments.

Further, Ms. Geetha Padmanabhan, who is also an Independent Non-Executive Director, has in-depth experience in the fields of audit and taxation within the areas in which the Group operates. The NC finds Ms. Geetha to be independent based on all the criteria it considers and is also of the opinion that the technical expertise and skills that she has developed over the years are extremely valuable to the Group.

# CORPORATE GOVERNANCE

## **Board Composition, Size and Gender Diversity**

The Board, through the NC, reviews from time to time the size and composition of the Board, with a view to ensure that the size of the Board is appropriate and that the Directors provide diversity to the Board in terms of their skills, expertise, and core competencies in order to facilitate effective decision-making taking into account the scope and nature of the Group's operations, and that the Board has a strong independent element.

Although, the Company does not have a written policy on Board Diversity, it has maintained a culture of diversity to benefit from a wide talent pool. The current composition of the Board provides diversity in terms of skills, experience, gender, age and knowledge.

The Board is of the view that gender is an important aspect of diversity and as such gender diversity is also present by having female representation on the Board. This has also been included as one of the provisions of the new Constitution adopted by the Company in 2016 which states that at least one of the Directors of the Company must be a female. At present, the Board has one female Independent Director, namely Ms. Geetha Padmanabhan. Ms. Geetha has been a member of the Board since 2013.

The NC is of the view that the current Board comprises persons who as a group, have core competencies necessary to lead and govern the Group effectively. The NC is satisfied that sufficient time and attention was given by Directors to the affairs of the Group, taking into consideration the Director's number of listed company Board representation and other principal commitments.

## **Role of Independent Non-Executive Directors**

All the Non-Executive Directors are Independent and bring with them a number of advantages, including independence in their views and the ability to bring an outside perspective into the Board meetings.

The Non-Executive Independent Directors are encouraged to meet, without the presence of the Management, so as to facilitate a more effective check on the Management. They will meet on a need-basis without the presence of the Management to discuss on arising issues.

Further, as a part of their functionality they comment on corporate strategy and on overall supervision of the company, they help to provide effective leadership.

Also, the presence of Independent Directors serves us in bringing about impartiality in the Board as a whole. Such impartiality effectively means that considered advice would be provided and developed for the purposes of steering the company strategy as a whole by the Board of Directors.

The Board and Independent Directors in particular are kept well informed of the Group's businesses and are knowledgeable about the industry the group operates in. Also, to ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to management.

An effective and robust Board, whose members engage in open and constructive debate and challenge management on its assumptions and proposals, is fundamental to good corporate governance. A Board should also aid in the development of strategic proposals and oversee effective implementation by management to achieve set objectives.

For this to happen, the Board, in particular its Non-Executive Directors (NEDs), must be kept well informed of SGX's businesses.



# CORPORATE GOVERNANCE

To ensure that NEDs have sufficient time and resources to discharge their oversight function effectively, the Group has adopted various initiatives. These initiatives include:

- Regular informal meetings are held by the management to brief the Independent Directors on prospective deals and potential developments at an early stage, before formal Board's approval is sought.
- Periodic information papers and board papers on the latest market developments and trends, and key business initiatives are circulated to Independent Directors on a timely basis to afford Directors time to review them.
- The Group has also made available on the Company's premises an office for use by the Independent Directors at any time for them to meet regularly without the presence of the management.

## **Principle 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")**

*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.*

The roles of the Chairman and CEO are kept separate to ensure that there is an appropriate balance of power and authority, and that accountability and independent decision making are not compromised. Mr. Mohamed Salleh s/o Kadir Mohideen Saibu Maricar is the CEO of the Group while Dr. Ahmad Bin Mohamed Magad had been appointed as the Non-Executive Chairman on 31 August 2020.

The Board unanimously elected Dr. Ahmad Bin Mohamed Magad, as its Chairman with effect from 31 August 2020. This decision was taken in line with corporate governance best practices to further enhance the independence of the Board.

Dr. Ahmad Bin Mohamed Magad had been first appointed as Independent Non-Executive Director of the Company since 1996 and he was also the former Non-Executive Chairman of the Company from 1 July 2007 to 30 November 2013. He will relinquish his position as Lead Independent Director and continues to hold the current position as the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees upon his appointment as Independent Non-Executive Chairman of the Company.

As the CEO, Mr. Mohamed Salleh s/o Kadir Mohideen Saibu Maricar plays a vital role in assisting the Board to develop policies and strategies and ensuring that they are implemented effectively, casting values with his exhaustive knowledge of business and industry. He ensures that decisions on important matters are made after extensive deliberation and in consultation with the entire Board. With assistance by the various functional directors and senior management, the CEO manages and is responsible for the Group's day-to-day operations and business. He also engages in constructive communication with shareholders at the General Meetings.

The Chairman, Dr. Ahmad Bin Mohamed Magad as Independent Director exercises objective judgement on corporate matters impartially. The Chairman is available to shareholders where they have concerns and for which contact through the normal channels of the CEO or the Financial Advisor has failed to resolve or is inappropriate.

All the Board Committees are chaired by Independent Directors and at least half of Board consists of Independent Directors. The Chairman also facilitates the effective contribution of Non-Executive Directors and promotes high standards of corporate governance. The scope and extent of the Chairman's and the Board's responsibilities and obligations have been expanding due to the increased focus on corporate governance, risk management, regulation and compliance.

The Chairman and the Group CEO are not related.

## **Principle 4: BOARD MEMBERSHIP**

*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.*

### **NOMINATING COMMITTEE**

The NC comprises of three members, all of whom are Independent Directors. The quorum for the NC meeting is two.

The members of the NC are:

- Dr. Ahmad Bin Mohamed Magad, JP  
Chairman, *Independent Non-Executive Chairman*
- Mr. Tan Lye Heng Paul  
Member, *Independent Non-Executive Director*
- Ms. Geetha Padmanabhan  
Member, *Independent Non-Executive Director*

The NC's principal functions include the following:

#### **A. Review and recommend to the Board on key executive and all Board appointments**

The Board has established the NC, which makes recommendations to the Board on all appointments to the Board and Board Committees. The NC seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience, gender and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to the Group's business. The NC has put in place a formal process for the selection of new Directors to increase transparency of the nominating process in identifying and evaluating nominees for Directors. The NC leads the process and makes recommendations to the Board as follows:

- a. NC evaluates the balance of skills, knowledge, diversity and experience on the Board and, in the light of such evaluation and in consultation with management, determines the role and the desirable competencies for a particular appointment.
- b. External help (for example, SID, search consultants, open advertisement) may be used to source for potential candidates if need be. Directors and management may also make recommendations.
- c. NC recommends and arranges Board members to meet up with the short-listed candidates to assess suitability and to ensure that the candidates are aware of the expectations and the level of commitment required.
- d. Devise a policy on Board diversity and to carry out a process for evaluating the performance of the Board, its Board Committees and the contributions of each Director.
- e. Review the Board succession plans for Directors, in particular, the Chairman.

# CORPORATE GOVERNANCE

As part of nomination and selection process of new Directors, the NC identifies the key attributes that an incoming Director should possess, based on a matrix of the attributes of existing Board and the requirements of the Group. All new appointments are subject to the recommendation of the NC based on the following objective criteria:

1. Integrity
2. Personal, professional or business standing and the independent mindedness to evaluate new information, while still maintaining ability to learn from past
3. Diversity – Possess core competencies that meet the needs of the Company and complement the skills and competencies of the existing Directors on the Board
4. Able to commit time and effort to carry out duties and responsibilities effectively – proposed Director is on not more than five listed Company Boards
5. Proven track record in collaborating with leaders to develop a business benefiting strategy
6. Qualification, expertise and experience of the Directors in their respective fields such as expertise or experience in relevant business, International Markets, Leadership, Risk Management and Strategic Planning etc.
7. Financially literate, effective coach and a great mentor
8. Principal time commitments like full time occupation, consultancy work, committee work, Non-listed company Board representations and directorship and involvement

The Chairman in consultation with the NC proposes new Directors to be appointed to the Board or seeks the resignation of Directors. Any potential conflict of interest is also taken into consideration.

## B. Review and recommend to the Board on re-appointments

The NC is also charged with the responsibility of re-nomination having regard to the Director's competencies, commitment, contribution and performance (such as attendance, preparedness, participation and candour), with reference to the results of the assessment of the performance of the Individual Director by his peers. The NC also strives to strike a balance between appointing a new Director and re-electing an existing Director with specific basis for retaining long standing Director.

As a mandate of corporate governance, all Directors are required to submit themselves for re-nomination and re-election at regular intervals, and at least once every three years. Regulation 107 of the Company's Constitution requires one-third of the Directors, or the number nearest to but not less than one-third, to retire by rotation at every annual general meeting ("**AGM**") and a newly appointed Director must submit himself for re-election at the AGM immediately following his appointment.

Where, by virtue of any vacancy in the membership of the NC for any reason, the number of members of the NC is reduced to fewer than three (or such other number as may be determined by the SGX-ST), the Board shall, within three months thereafter, appoint a sufficient number of new members to the NC. The newly appointed member should hold office for the remainder of the term of office of the member of the NC in whose place he or she is appointed. From time to time, the NC will review the appropriateness of the Board with regard to structure, size and composition, considering the changes in the nature and scope of operations as well as the regulatory environment.

The Company may appoint alternate Director if the circumstances so warrant. All appointments and removals of alternate Directors shall be effected in writing under the hand of the Director making or terminating such appointment left at the Office. No person shall be appointed the alternate Director for more than one Director. No Director must act as an alternate Director. The Company does not have any Alternate Director on the Board.

# CORPORATE GOVERNANCE

## C. Determine the independent status of the Independent Directors annually

The task of assessing the independence of Directors is delegated to the NC. The NC reviews the independence of each Director annually, as and when circumstances require.

Every year, each Director is required to complete a Directors Independence Checklist to confirm his/her independence. The Checklist is drawn up based on the guidelines provided in the code of Corporate Governance.

Each Director must confirm in the Checklist whether he/she considers himself/herself independent despite not having any relationships identified in the code of Corporate Governance.

Thereafter, NC reviews the checklist completed by each Director, assess the independence of the Directors and recommends its assessment to the Board.

In accordance with the requirements of the 2018 Code, the NC has reviewed the status of the Independent Directors and is of the view that they are in compliance with the 2018 Code's definition of independence.

## D. Decide whether a Director who has multiple Board representations is able to and has been adequately carrying out his duties as Director of the company

All Directors are required to declare their Board representations. In case if a Director has multiple board representation, the NC will review whether the Director is able to adequately carry out his/her duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments. The NC has reviewed and is satisfied that Dr. Ahmad Bin Mohamed Magad and Mr. Tan Lye Heng Paul, who sit on multiple boards, have been able to devote sufficient time and attention to the affairs of the Company to adequately discharge their duties as Directors of the Company, notwithstanding their multiple board appointments.

## E. Review and make recommendations to the Board on relevant matters relating to the succession plans of the Board

Currently, there is a succession plan put in place by the CEO. Going forward and at the relevant time, the NC will look into such plan in close consultation with the CEO.

Each member of the NC abstains from voting on any resolutions and making any recommendation and/or participating in discussion on matters in which he or she is interested.

Key information regarding the Directors, including their appointment dates, date of last re-appointment as a Director, relationships between the Directors (if any), current and past 3 years' directorships or chairmanships held in public companies the securities of which are listed on any securities market in Singapore and other principal commitments, if any, are set out in the section entitled "Board of Directors" on pages 4 to 6 in this Annual Report. In addition, information on shareholdings (if any) held by each Director in the Company can be found on page 57 of this Annual Report.

# CORPORATE GOVERNANCE

## **Principle 5: BOARD PERFORMANCE**

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

A review of the Board's performance is conducted by the NC annually to assess its effectiveness and reporting to the stakeholders. The NC has implemented a process for assessing the effectiveness of the Board as a whole, its Board Committees and for the contribution by the individual Directors to the effectiveness of the Board considering qualitative measures such as setting of strategic decisions and achievement, quality of risk management and adequacy of internal controls. The evaluation exercise is carried out by requiring the Directors to complete a Board Assessment Checklist to be returned to the NC chairman for evaluation. The evaluation considers the key performance namely Board size and composition, Board independence, Board processes, Board information and accountability, Board performance in discharging principal functions, Board committee performance, interactive skills, knowledge, Directors duties, availability at meetings, financial targets and overall contribution. The key objective of the evaluation exercise is to obtain constructive feedback from each Director to continually improve the Board's performance. Individual evaluation aims at determining whether each Director contributes effectively and demonstrates commitment.

Upon reviewing the assessment, the NC is of the opinion that the Board and each Director have been effective since their appointment. The NC has also reviewed and recommended that Dr. Ahmad Bin Mohamed Magad and Mr. Tan Lye Heng Paul who will retire by rotation pursuant to the Company's Constitution, being eligible and having consented, be nominated for re-appointment at the forthcoming AGM. The disclosure of information on the Directors seeking re-election can be found on pages 52 to 55 of the Annual Report.

Further in view of our desire to instil a strong and independent element on the Board, the Board has accepted the following recommendations made by the NC with effect from 1 January 2013.

### Multiple Directorships

The maximum number of listed company Board representations that a Director in full-time employment may hold is five (5). The NC may consider for the Board's approval, a Director holding more than five Directorships in listed companies if he or she is not in full-time employment or retired.

However, a Director who holds more than five (5) listed company representations should be rigorously assessed by the Board to ensure that sufficient time and attention is given to the affairs of each company and he or she is able to and has been adequately carrying his/her duties as a Director of the Company.

### Board Composition

At all times and irrespective of whoever holds the position of Chairman & CEO, at least half the Board should consist of Independent Directors and Non-Executive Directors, if any.

For FY2020, no external facilitator has been engaged to perform the Board assessment process. Where relevant and when the need arises, the NC will consider such an engagement.

## **REMUNERATION COMMITTEE**

### **Principle 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES**

*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.*

## **Principle 7: LEVEL AND MIX OF REMUNERATION**

*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 RC comprises three members, all of whom, including the Chairman are independent. The quorum for the RC meeting is two.

The members of the RC are:

- Mr. Tan Lye Heng Paul  
Chairman, *Independent Non-Executive Director*
- Dr. Ahmad Bin Mohamed Magad, JP  
Member, *Independent Non-Executive Chairman*
- Ms. Geetha Padmanabhan  
Member, *Independent Non-Executive Director*

RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. The members of RC carried out their duties in accordance with the terms of reference which include the following:

1. Review and recommend the remuneration packages of the Executive Directors, CEO and key management personnel of the Company and to review the appropriateness of compensation for Non-Executive Directors including but not limited to Directors' fees, allowances and share options.
2. Review the fixed as well as the variable components of the remuneration packages for all the Directors and key management personnel.
3. Determine a level and model of remuneration and benefits policies and practices of the Company, including the long term incentive schemes on yearly basis. The performance of the Company and that of individual employees would be considered by the RC in undertaking such reviews.
4. Review the Group's obligations arising in the event of termination of the executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.
5. Review the development of senior staff and assesses their strengths and development needs based on the Group's leadership competencies framework, with the aim of building talent and maintaining strong and sound leadership for the Group.

In determining the Group's remuneration policy above, the RC from time to time may seek advice from external remuneration consultants specialized in the field of executive remuneration, who are unrelated to the Directors or any organisation they are associated with. The remuneration policy recommended by the RC is submitted to the Board for endorsement. No external consultant was hired during FY 2020.

In case of Mr. Mohamed Salleh s/o Kadir Mohideen Saibu Maricar (CEO) and Mr. Mohamed Hasan s/o Kadir Mohideen Saibu Maricar (Deputy CEO), the variable part of the remuneration is based on a formula approved by the RC and the Board. The formula is based on the Group's profit before tax for the year and excludes items such as fair valuation and/or realized gains or losses of investment properties. For the financial year ended 31 August 2020, the variable remuneration ceilings for Mr. Mohamed Salleh and Mr. Mohamed Hasan were \$1.0 million and \$0.75 million respectively.

The management proposes bonuses for Mr. Devnarayanan s/o K.R. Pisharody, who is an Executive Director and also for the key management personnel based on their individual performance as well as the Group's performance for the year. The RC reviews the proposal and after due deliberation, sets forth the same for the Board's approval.



# CORPORATE GOVERNANCE

In case of Independent Directors, the fees are a combination of a basic retainer fee plus a variable fee based on the number of meetings attended. The RC ensures that the remuneration of the Independent Directors are appropriate to their level of contribution taking into account factors such as effort, time spent and their responsibilities.

The Board is of the view that the current remuneration structure for the Executive Directors, CEO and key management personnel are appropriate to attract, retain and motivate Directors to provide good stewardship of the Company and key management personnel (including CEO) to successfully manage the Company for the long term.

The payment of Directors' fees is subject to shareholders' approval at the AGM of the Company. No Director is involved in deciding his or her own remuneration package.

There is no share-based compensation scheme in place for any of the Directors.

*Reclaim incentives*— The Company has service agreements with all Directors whereby the Directors shall fully indemnify and hold the Company harmless from and against all losses, damages, claims demands, proceedings, actions, costs, expenses, interest and penalties suffered or incurred by the Company arising out of or in connection with the Directors' gross negligence, fraud or dishonesty whether or not in the performance of his/her obligations and/or the breach by the Director of the terms of the Service Agreement.

## Principle 8: DISCLOSURE ON REMUNERATION

*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.*

A breakdown showing the level and mix of each individual Director's remuneration payable for FY 2020 is as follows:

Remuneration Bands	Number of Directors		
	2018	2019	2020
\$1,000,000 to \$1,250,000	-	-	-
\$750,000 to \$1,000,000	-	-	-
\$500,000 to \$750,000	1	1	1
\$250,000 to \$500,000	1	1	1
Less than \$250,000	4	4	4
	6	6	6

A summary remuneration table for the Directors for the year ended 31 August 2020:

Name	Remuneration Band	Salary*	Bonus	Fees	Total
	S\$	%	%	%	%
Mr. Mohamed Salleh	\$500,000 to \$750,000	30.99	69.01	-	100
Mr. Mohamed Hasan #	\$250,000 to \$500,000	37.67	62.33	-	100
Mr. Dev Pisharody	Less than \$250,000	65.86	34.14	-	100
Dr. Ahmad Bin Mohamed Magad	Less than \$250,000	-	-	100	100
Mr. Tan Lye Heng Paul	Less than \$250,000	-	-	100	100
Ms. Geetha Padmanabhan	Less than \$250,000	-	-	100	100

# Brother of Mr. Mohamed Salleh

\* The percentage shown is inclusive of employer's CPF contribution

# CORPORATE GOVERNANCE

The actual remuneration in terms of salaries, bonus, fees etc. is as shown below:

<b>Directors</b>	<b>Total (\$)</b>
Mr. Mohamed Salleh	559,540
Mr. Mohamed Hasan	412,569
Mr. Dev Pisharody	201,156
Dr. Ahmad Bin Mohamed Magad	41,493
Mr. Tan Lye Heng Paul	33,680
Ms. Geetha Padmanabhan	35,683
	<b>1,284,121</b>

A summary remuneration table of 4 executives for the year ended 31 August 2020:

<b>Name</b>	<b>Remuneration Band</b>	<b>Salary*</b>	<b>Bonus</b>	<b>Total</b>
	S\$	%	%	%
Mr. Jainulabedeen Raj Mohamed	Below \$250,000	74.51	25.49	100
Mr. Azlan Bin Mohd Shafie	Below \$250,000	81.11	18.89	100
Mr. Amal Marican	Below \$250,000	77.42	22.58	100
Mr. Safie Hussain	Below \$250,000	73.68	26.32	100

\* The salary percentage shown is inclusive of employer's CPF contribution.

The total remuneration of the key management personnel for FY 2020 was S\$297,264/-. None of the employee is related to the director whose remuneration exceeded S\$100,000 during the year.

For FY 2020, there were no terminations, retirement or post-employment benefits granted to Directors and key management personnel other than the standard contractual notice period termination payment in lieu of service.

Each member of the RC abstains from voting on any resolutions and making any recommendation and/or participating in discussion regarding his or her own remuneration package or on matters in which he or she is interested.

## ACCOUNTABILITY AND AUDIT

### Principle 9: RISK MANAGEMENT AND INTERNAL CONTROLS

*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 holds accountability to shareholders and ensures that all material information is fully disclosed and available aptly to shareholders in line with statutory and regulatory requirements. The Board provides shareholders with financial statements for the first six months and full financial year within the timeframe in accordance with Rule 705 of the Listing Manual of SGX-ST. The Board aims to furnish a balanced and transparent assessment of the Group's performance, position and prospects for shareholders.

# CORPORATE GOVERNANCE

The Management quarterly provides the Board with detailed management accounts, operation review, related explanation and any other information as per the requirement of Board thus keeping AC informed of recent changes or development in operations and financials. Other than this, for the half yearly and full year financial reporting, Management provides the Board with detailed management accounts, operation review, related explanation and any other information as per the requirement of Board. The AC reviews the financial statements and reports to the Board for approval. The Board then authorizes the release of the results to the SGX-ST.

The Board ensures timely and full disclosure of material corporate developments to shareholders and also reviews legislation and regulatory compliance reports from management to make sure that the Group complies with relevant regulatory requirements.

In compliance with the Listing Rules, the Board provides a negative assurance statement to the shareholders in its financial results announcements every 6 months, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements to be false or misleading in any material aspect. The Company has procured undertakings from all Directors and Executive Officers in compliance with Rule 720(1) of the Listing Rules.

## **Risk Management and Internal Controls**

Every business is exposed to various types of risk which will not be favorable for the Group's smooth and lucrative performance and for its efficiency in achieving the stated objectives. Hence, the Company regularly assesses and refines its business and operational activities to identify areas of significant business risks as well as undertakes suitable measures to get hold of and mitigate these risks. As and when required or on the recommendation of the AC, the Company may engage a third party to conduct risk assessment audit. The Company also reviews all significant control policies and procedures and highlights all significant matters to the AC and Board.

The Board, with the assistance from the AC, is responsible for the governance of the risk by ensuring that management maintains a sound system of risk management and Internal controls to safeguard shareholders' interest and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. In making decisions regarding investment in financial instruments, the executive directors have a written policy whereby before making any investment decision, they inform the Independent directors on the details of investment to be made. Thereafter, the concerns of the ID's if any, related to that particular investment is addressed and on receiving an approval from the ID's, the executive Directors take the next step. This assists in risk management and ensures proper internal controls are in place.

## **Internal Controls**

The Group has an in-house internal audit team which regularly reviews the internal controls in place, examines the proper implementation of the controls and reports to the AC.

The AC reviews the adequacy of the internal audit function annually and ensures that the internal audit function is properly resourced and has appropriate standing within the Company. The internal auditors reviewed the effectiveness of the Group's key internal controls, highlighting on significant matters to the Group's preparation of financial statements that require the vigilance of the Management. Any material non-compliance or shortcomings in internal controls together with remedial measures are reported to the AC which then reviews the effectiveness of the Group's system of accounting and internal financial controls for which the Directors are responsible. The AC, together with the Board also reviews the effectiveness of the Group's system of internal controls put in place to address the key financial, operational, compliance risks and information technology controls affecting the operational activities.

# CORPORATE GOVERNANCE

The Board has received assurance from the CEO and the Finance Advisor that:

- The Group's risk management and internal controls system in place is adequate and effective in addressing the material risk in the Group in its current business environment including material financial, operational, compliance and information technology risks; and
- The financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the AC and the Board are of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management system were adequate and effective as at 31 August 2020.

All the audit findings and recommendations made by the Internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit functions follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every six months.

## **“Whistleblower” Policy**

As part of the Company's diligent effort to ensure that sound corporate governance practices are being adopted, the Company has also implemented a “Whistleblower” Policy to empower employees, suppliers, tenants and customers to voice their grievances and/or to raise their concerns involving the Company without any fear or repercussions. Such concerns include dishonesty, fraudulent acts, corruption, legal breaches and other serious improper conduct; unsafe work practices and any other conduct that may cause financial or non-financial loss to the Group or damage to the Group's reputation. The whistle blowing policy is communicated to all staff and covered during staff trainings. The Chairman is in charge of managing this specific area.

The Group undertakes to investigate complaints of suspected fraud and unethical undertakings in an objective manner and has put in place, with the Audit Committee's endorsement, arrangements by which staff of the Group may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective for such arrangements is to build up independent and transparent investigation of matters raised and to allow appropriate actions to be taken.

The Group is committed to a high standard of ethical conduct and adopts a zero tolerance approach to fraud. The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers. Anonymous disclosures will be accepted and anonymity honoured. To further strengthen its Whistleblower Policy, the Company has implemented a strong deterrent by offering a cash reward to any person whether employees, suppliers, business associates or the general public who provides specific, reliable and credible information or evidence of fraudulent activities by any of the Company's Executive Director and Management team as listed in the Company's Annual Report (\$50,000/- cash reward) and all other employees (up to \$2,000/- cash reward) which leads to admission of guilt by the accused or leads to successful prosecution.

The AC also reviewed the adequacy of the whistle blower arrangements instituted by the Group through which staff and external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters.

All cases reported are objectively investigated and appropriate remedial measures are taken where warranted. All whistle blowing matters are reviewed twice in a year by the AC.

# CORPORATE GOVERNANCE

The policy is communicated via the Company's website. On an ongoing basis, the whistle-blower policy is covered during staff training and periodic communication to all staff as part of the Group's efforts to promote awareness of fraud control. Further, any staff member having any specific concerns can contact the Independent Non-Executive Chairman directly through email at [amm6552@gmail.com](mailto:amm6552@gmail.com).

## **Fraud Prevention Officer ("FPO")**

As part of a continuous effort to improve the controls and also to send a clear message to every employee and stakeholder that the management has zero tolerance for fraud, Mr. Mohamed Salleh, the CEO himself is appointed as FPO. The management has put in place a policy highlighting severe consequences for the person committing fraud which will serve as a deterrent and prevent fraud to a great extent.

The principal functions of the FPO include the following:

1. Maintain Company's Whistleblower Policy
  - a. Suppliers & Business Associates  
Ensure updated policy & advisory letter given to and acknowledged by all suppliers & business associates, both local & overseas who has any form of dealings with the company. This is to be translated in the language they best understand.
  - b. Employees  
Ensure updated policy given and acknowledged by all employees. This is to be translated in the language they best understand.
  - c. Reminders  
Ensure reminders are sent out to suppliers & business associates and employees on a yearly basis. To maintain a report on the reminders.
  - d. Continuous Implementation  
Ensure that the Whistleblower Policy is continually implemented.
2. To pinpoint fraudulent activities on transactions done with the company to prevent losses and to report immediately / soonest possible any suspicions of fraud to the Chairman & AC and to update on progress of the investigation. Ensure all investigations are carried out independently and objectively in an unbiased manner.
3. To submit reports on a half yearly basis to AC. Report includes:
  - a. Updates on issuance of Whistleblower Policies
  - b. Updates on issuance of Advisory letter to suppliers/bankers/tenants/business associates
  - c. Updates on reminders issued to suppliers /bankers/tenants/business associates & employees
  - d. Updates on compliance to the recommendations of External & Internal Auditors.
4. The FPO may delegate his work but not his responsibilities to others within the organisation.

To further improve and strengthen its Corporate Governance, the Company has included an indemnity clause to protect itself from avoidable losses. As such, with effect from 1 January 2012, all Executive Directors and Key Management personnel of the Group had their Service Agreement renewed whereby they indemnify the Company; all losses incurred arising out of or in connection with any gross negligence, fraud or dishonesty committed.

The Board did not establish a separate Board risk committee as the Board is currently assisted by the AC and management in carrying out its responsibility of overseeing the Company's risk management framework and policies.

## Principle 10: AUDIT

*The Board has an Audit Committee ("AC") which discharges its duties objectively.*

The AC comprises three members, all of whom, including the Chairman, are independent. All three members of the AC have relevant accounting and financial management experience. The Chairman of the AC is a qualified chartered accountant. The quorum for the AC meeting is two. At the date of this report, the AC comprises the following members:

- Ms. Geetha Padmanabhan  
*Chairman, Independent Non-Executive Director*
- Dr. Ahmad Bin Mohamed Magad, JP  
*Member, Independent Non-Executive Chairman*
- Mr. Tan Lye Heng Paul  
*Member, Independent Non-Executive Director*

None of the members nor the Chairman of the AC are former partners or Directors of the Group's existing auditing firm.

The main responsibilities of the AC are to assist the Board in discharging its statutory and other responsibility relating to four key areas:

- Reviewing financial reporting;
- Reviewing internal control and risk management systems;
- Reviewing internal and external audit processes; and
- Reviewing interested party transactions.

The functions of the AC include the following:

- (a) conduct a review with the internal and external auditors of the Company, discuss their audit plans, evaluate the system of internal controls and ensure co-operation is given by the Company's management to the internal and external auditors;
- (b) review the interim and annual financial statements, related announcements and press releases before they are presented to the Board;
- (c) review with the management, external and internal auditors the adequacy and effectiveness of the system of the Company's risk management, internal controls, business and service systems and practices;
- (d) review related and interested party transactions ("IPT");
- (e) review the functioning of whistle blower mechanism;
- (f) make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditors;
- (g) meet at least once annually with the external auditors and internal auditors without the presence of the management;
- (h) inspect significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance;



# CORPORATE GOVERNANCE

- (i) reviews the assurance from the CEO and CFO on the financial records and financial statements;
- (j) review the adequacy of the Group's internal controls, including financial, operational, compliance and information technology controls at least annually;
- (k) analyze the scope, approach and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor; and
- (l) undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC may meet with the auditors at any time, without the presence of the Company's management. It may also examine any other aspects of the Company's affairs, as it deems necessary, where such matters relate to exposures or risks of regulatory or legal nature, and monitor the Company's compliance with its legal, regulatory and contractual obligations.

The AC has power to conduct or authorize investigations into any matters within the AC's scope of responsibility. The AC is authorized to obtain independent professional advice if it deems it necessary in the discharge of its responsibilities. Such expenses are to be borne by the Company.

In line with the recommendations of the 2018 Code, the AC had met with the external and internal auditors without the presence of the Company's management during the financial year under review.

The AC has full access to and co-operation of the Company's management and has full discretion to invite any Director or executive officer to attend the meetings, and has been given reasonable resources to enable it to discharge its functions. The external auditors regularly update the AC on the amendments to the accounting standards that are of relevance to the Group.

The Board and the AC have reviewed and are satisfied that the appointment of different auditors for its subsidiary in Malaysia would not compromise the standard and effectiveness of audit of the Group. The Company is therefore in compliance with Rule 716 of the Listing Manual of SGX-ST.

The AC reviews the non-audit services provided by the external auditors. For the financial year under review, Nexia TS Public Accounting Corporation has provided audit services only. The auditor of the Malaysian subsidiary, Soong and Associates, has also provided only audit services. Any non-audit services provided by the auditors are subject to review by the AC and the AC is required to opine if any provision of the non-audit services affect the independence of the auditors. The AC is also responsible for evaluating the cost-effectiveness of audit and ensuring independence and objectivity of the auditors.

The AC had also sought the consent of the auditors for re-appointment and has recommended that the auditors be re-appointed for the ensuing financial year. The Board accepted this recommendation and has proposed resolution for re-appointment.

None of the members of the Audit Committee are former partners or directors of the Group's auditing firm.

The AC also reviews the internal audit report and the auditors' management report recommendations. It then ensures that Management has implemented any recommendations to strengthen the internal controls.

The total audit fees for the Group for FY 2020 is S\$64,464 and there is no non-audit fee incurred.

# CORPORATE GOVERNANCE

There were no IPT in the financial year under review.

## **Financial matters**

The AC reviewed the financial statements and discussed with management and external auditors the accounting principles that were applied and their judgement of certain items which involve informed assessment.

<b><u>Significant Matters</u></b>	<b><u>How the AC reviewed these matters</u></b>
Financial assets, fair valued through profit or loss (FVPL) and Financial assets, fair valued through Other Comprehensive Income (FVOCI)	<p>Due to different accounting treatments, the AC discussed with management and emphasised the importance of clear identification and non-mixing of financial assets classified under either FVPL or FVOCI.</p> <p>The AC has reviewed the following:</p> <ul style="list-style-type: none"> <li>(i) the proper classification and valuation of assets under both these asset classes</li> <li>(ii) that gains / losses upon fair valuation as well as upon disposal of these financial assets are accounted for in accordance with the prescribed accounting treatments for the respective asset classes</li> <li>(iii) the auditor's procedures for evaluating each of the asset classifications and accounting treatments.</li> </ul>
Valuation of Investment Properties	<p>Due to the material financial impact and subjectivity of valuation of Investment Properties, the AC reviewed the following:</p> <ul style="list-style-type: none"> <li>(i) Valuations of the investment properties done by independent external valuer</li> <li>(ii) The competence, independence and relevant experience of the external valuer</li> <li>(iii) Key assumptions and methodologies applied in arriving at the valuations and the consistency thereof.</li> <li>(iv) The approach of the external auditor in addressing the judgemental risks in this area of audit</li> </ul>
Valuation of freehold land and buildings classified under property, plant and equipment	<p>Due to the material financial impact and subjectivity of valuation of freehold land and buildings, the AC reviewed the following:</p> <ul style="list-style-type: none"> <li>(i) the basis and period of classification of properties classified under this head</li> <li>(ii) valuations of the self-occupied properties done by independent external valuer</li> <li>(iii) The competence, independence and relevant experience of the external valuer</li> <li>(iv) Key assumptions and methodologies applied in arriving at the valuation and the consistency thereof</li> <li>(v) The approach of the external auditor in the audit of the methodologies of the valuer and management in the valuation of the assets</li> </ul>

Based on AC assessment, the work done by the Management, Independent Valuer and external auditor is sufficient and reasonable.

Following the review and discussions the AC recommended to the Board to approve the full year financial statements.

The above were also areas of focus for the external auditors.

The external auditor has included the above as items under Key Audit Matters in its audit report for the financial year ended 31 August 2020. Refer to pages 60 to 62 of this Annual Report for the auditor's comments.

# CORPORATE GOVERNANCE

## INTERNAL AUDIT

The objective of the internal audit function is to provide independent, objective review and recommendations designed to improve the Group's operations. It works to determine the proper functionality of the Group's risk management, control and governance processes, as designed by the Company.

The Group has an in-house internal audit team which regularly reviews the internal controls in place, including financial, operational and compliance controls and risk management and reports to the AC. In addition, for FY 2020 RSM Risk Advisory Pte Ltd which meets IIA standards was appointed as the internal auditor to carry out an internal audit review for the following business processes of the following activities of the Group:

- Retailing of Gold Jewellery
- Property Investment
- Securities Investment

The AC approves the hiring, removal, evaluation and compensation of the internal auditors.

The Internal Auditors review the effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The Board and the AC are of the view that the internal audit is adequately resourced and has appropriate standing within the Group.

The primary role of Internal Audit function is to assist the Board and senior management to meet the strategic and operational objectives of the Group, by providing an independent and objective evaluation of the adequacy and effectiveness of risk management, controls and governance processes. The Group's internal audit approach is aligned with the Group's risk management framework by focusing on key financial, operational, compliance and information technology risks. The annual internal audit plan is established in consultation with, but independent of, management. On an annual basis, the AC reviews the adequacy of the internal audit function to ensure the adequacy and effectiveness of the Group's internal audit function as well as to align it to the changing needs and risk profile of the Group's activities.

During the year, the internal audit team has assisted the Group in maintaining effective control by evaluating the effectiveness and efficiency of processes, in particular the adequacy of internal controls over initiation, processing, recording, authorisation of transactions, physical security controls, user access controls, segregation of duties and performance reviews. The internal audit team also obtained an understanding of how the Group has responded to risks arising from information technology and assessed the adequacy of automated application controls.

The internal auditors have full access to all the Company's documents, records, properties and personnel including access to the AC. The AC is satisfied that internal auditors are adequately (given, inter alia, its adherence to Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors) and resourced, and have the appropriate standing in the Company to discharge their duties effectively.

The professional competence of the internal auditors are maintained or upgraded through training programmes, conferences and seminars that provides updates on auditing techniques, regulations, financial products and services.

All the audit findings and recommendations made by the Internal and external auditors are reported to the AC and significant findings are discussed at the AC meetings. The Group's internal audit functions follows up on all recommendations to ensure timely remediation of audit issues and reports the status to the AC every six months.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### **Principle 11: SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

*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.*

The Group recognizes the importance of maintaining transparency and accountability to its shareholders. The Group's corporate governance culture promotes fair and equitable treatment of all shareholders and respects shareholders' rights.

The Group is further committed to provide shareholders with adequate, timely and sufficient information pertaining to changes in the Group's business which could have a material impact on the Company's share price.

Whilst there is no limit imposed on the number of proxy votes for relevant intermediaries, the Constitution of the Company allow each shareholder to appoint up to two proxies to attend AGMs. Relevant intermediary includes corporations holding licences in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

In addition, the Group strongly encourages shareholder participation during AGM which will be held in Singapore. At the AGM, the shareholders are able to proactively engage the Board and management on the Group's business activities, financial performance and other business related matters. Further, the shareholders have the opportunity to interact with the management and other members of the Board and also share their views or concerns.

#### *Dividend Policy*

The Group has a dividend policy of distributing not less than 25% of its profits as dividend. Further, the company does intend to pay out dividends every year for as long as the Company remains profitable and the cash flow permits.

The notice of the AGM is dispatched to shareholders, together with explanatory notes or a circular on items of special business, at least fourteen days prior to the meeting. The notice of AGM is also advertised in local newspaper on the date of posting for the benefit of the shareholders.

All registered shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy form is sent with notice of general meeting to all shareholders. The Board welcomes questions from shareholders who have an opportunity to raise issues either informally or formally before or at the AGM.

There is no provision in the Company's Constitution to allow for other absentia voting methods such as by mail, email and fax until security, integrity, legitimacy and other related issues are satisfactorily resolved.

All Directors including the Chairmen of the AC, RC and NC, and the management will normally be present at the AGM to answer any questions relating to the work of these committees. For the last AGM held in December 2019, Directors' attendance can be found on page 30 of this report. The external auditors are also present to assist the Directors on any queries on the financial statements.

The Company Secretary prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings and responses from the Board and management and such minutes, where relevant will be made available to shareholders upon request during office hours. Beginning

# CORPORATE GOVERNANCE

from 2019 AGM, the minutes of AGM, which include a summary of substantial and relevant comments or queries from shareholders and responses from the Board and Management are available on the Company's website.

The Board recognizes that voting by poll is integral in the enhancement of corporate governance and leads to greater transparency of the level of support for each resolution. The Board will adhere to the requirements of the Listing Manual where all resolutions are to be voted by poll.

All resolutions tabled at general meetings are on each substantially separate issue and all resolutions at general meetings requiring shareholders' approval are proposed as separate resolutions. The detailed results showing the number of votes cast for and against each resolutions and the respective percentages will be announced immediately at the meeting and also disclosed via SGXNET on the same day.

## **Principle 12: ENGAGEMENT WITH SHAREHOLDERS**

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

The Group is committed to maintaining high standards of corporate disclosure and transparency. The Group values dialogue sessions with its shareholders and believes in regular, effective and fair communication with shareholders and is committed to hear shareholders' views and addressing their concerns. The Company maintains a database of email addresses of shareholders for this purpose. Shareholders interested to be on the mailing list can email at [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg)

Material information is disclosed in a comprehensive, accurate and timely manner through press release and corporate website. The Company does not practice selective disclosure. In line with continuous obligations of the Company pursuant to the Listing Manual of the SGX-ST, the Board's policy is that all shareholders should be equally informed of all major developments impacting the Group.

Information required by shareholders to make investment decisions is disseminated on a timely basis through:

- SGXNET announcements and news release
- Annual Report and/or circulars prepared and issued to all shareholders

As announced by the Company on 27 February 2020, pursuant to Rule 705(2) of the SGX-ST Listing Manual, the Board has decided not to continue with the quarterly reporting and instead the Company will announce the financial results on a half-yearly basis. Notwithstanding the foregoing, the Company will comply with its continuing disclosure obligations to keep Shareholders updated as and when appropriate, should there be any material developments (financial or otherwise) relating to the Company or the Group. Announcement of financial results is made within forty five days after the end of each half financial year and within sixty days after the end of the financial year.

Presently, the Company does not have an investor relations policy or protocol in place nor a dedicated investor relations team. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary. Notwithstanding so, taking into account the communication and dialogue with Shareholders taken by the Company as set out above, the Board is of the view that the Company complies with Principle 12 of the 2018 Code.

## MANAGING STAKEHOLDERS RELATIONSHIPS

### Principal 13: ENGAGEMENT WITH STAKEHOLDERS

*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 Board recognises the interests of the Company's internal and external stakeholders are essential as part of value creation for the Group. The Company has a robust Whistle-blowing policy in place to protect interests of its important stakeholders. The details of the same are mentioned on page 43 to 44.

The Company maintains a corporate website at [www.secondchance.com.sg](http://www.secondchance.com.sg) to communicate and engage with its stakeholders.

### Dealing in Securities

The Company has adopted an internal code on dealings in securities, which has been issued to all Directors and employees setting up the implications on insider trading.

The internal code restrains Directors and employees from getting themselves involved in deals related to Company's securities while in possession of price-sensitive information and during the window period beginning two weeks before the announcement of the half yearly results and one month before the announcement of the full year results, and ending on the date of the announcement of the respective results. Directors are required to report securities dealings to the Company Secretary who will aid in making the requisite announcements.

In addition, Directors and employees are reminded to observe insider trading laws at all times. The Company's officers are discouraged from dealing in the Company's shares on short-term considerations.

### Material Contracts

Company or any of its subsidiaries has not entered into any such material contracts which involves the interest of CEO or any Director or controlling shareholder during the year under review and till date of this report.

### Interested Person Transactions

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and those transactions, if any, are conducted on an arm's length basis and are not prejudicial to the interests of the shareholders. There were no interested person transactions for the financial year ended 31 August 2020.

On a half yearly basis, management reports to the AC the IPTs in accordance with the Company's Shareholders Mandate for IPT.

The AC is satisfied that the Internal controls over the identification, evaluation, review, approval and reporting of IPTs was effective.

### Statement of Compliance

The Board confirms that for the financial year ended 31 August 2020, the Company has generally adhered to the principles and guidelines as set out in the 2018 Code.

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Dr. Ahmad Bin Mohamed Magad and Mr. Tan Lye Heng Paul are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 30 December 2020 ("AGM") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following is the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	DR. AHMAD BIN MOHAMED MAGAD	MR. TAN LYE HENG PAUL
Date of Appointment	20 December 1996	29 November 2002
Date of last re-appointment	27 December 2017	27 December 2017
Age	67	55
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the past contribution, performance and suitability of Dr. Ahmad Bin Mohamed Magad for re-appointment as Independent Non-Executive Chairman of the Company. The Board have reviewed and concluded that Dr. Ahmad Bin Mohamed Magad possess the experience, expertise, knowledge and skills to continue contributing towards the existing businesses and the core competencies of the Board.	The Board of Directors of the Company has considered, among others, the recommendation of the NC and has reviewed and considered the past contributions, performance and suitability of Mr. Tan Lye Heng Paul for re-appointment as Independent Non-Executive Director of the Company. The Board has reviewed and concluded that Mr. Tan Lye Heng Paul possesses the experience, expertise, knowledge and skills to continue contributing to the Company and the Group.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Chairman, Chairman of Nominating Committee, member of Audit Committee and Remuneration Committee	Independent Non-Executive Director, Chairman of Remuneration Committee, member of Audit Committee and Nominating Committee
Professional qualifications	<ul style="list-style-type: none"> <li>• Doctor of Business Administration (Henley Business School-UK)</li> <li>• Master of Business Administration (Henley Business School-UK)</li> <li>• Advanced Post Graduate Diploma in Management Consultancy (UK)</li> <li>• Ingenieur Grad (Germany)</li> <li>• Fellow Member of CPA Australia</li> <li>• Fellow Member of Chartered Institute of Marketing, UK</li> <li>• Fellow Member Singapore Institute of Directors</li> </ul>	<ul style="list-style-type: none"> <li>• Fellow of Institute of Singapore Chartered Accountants</li> <li>• Fellow of Association of Chartered Certified Accountants, UK</li> <li>• Master of Business Administration, University of Birmingham</li> </ul>



# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. AHMAD BIN MOHAMED MAGAD	MR. TAN LYE HENG PAUL
Working experience and occupation(s) during the past 10 years	Group MD at II-VI Singapore; Secretary General at Singapore Manufacturing Federation; Executive Director at Management Development Institute of Singapore (MDIS); Lead Independent Director at Propnex Properties	Practising as a Partner in CA Trust PAC and Kreston Ardent CAtrust PAC
Shareholding interest in the listed issuer and its subsidiaries	500,045 shares (direct interest)	23,054 (direct interest)
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 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	<p><b>Directorship</b></p> <ul style="list-style-type: none"> <li>• II-VI Singapore Pte Ltd</li> <li>• II-VI Optics Suzhou Co Ltd</li> <li>• II-VI Vietnam Pte Ltd</li> </ul> <p><b>Other Principal Commitment</b></p> <ul style="list-style-type: none"> <li>• Workforce Singapore (Board Member)</li> <li>• National Productivity Council (Council Member)</li> </ul>	<p><b>Directorship</b></p> <ul style="list-style-type: none"> <li>• Sin Ghee Huat Corporation Ltd</li> <li>• China Sunsine Chemical Holdings Ltd</li> </ul> <p><b>Other Principal Commitment</b></p> <p>Nil</p>
Present	<p><b>Directorships</b></p> <ul style="list-style-type: none"> <li>• Propnex Limited</li> <li>• MDIS</li> <li>• National Environment Council</li> <li>• Stroke Support Station</li> </ul> <p><b>Other Principal Commitments</b></p> <ul style="list-style-type: none"> <li>• Management Development Institute of Singapore (Chairman, Senate; Chairman, Academic Advisory Committee)</li> <li>• Singapore Productivity Association (Honorary President)</li> </ul>	<p><b>Directorships</b></p> <ul style="list-style-type: none"> <li>• Serial System Ltd</li> </ul> <p><b>Other Principal Commitments</b></p> <ul style="list-style-type: none"> <li>• Partner of CA trust PAC</li> <li>• Partner of Kreston Ardent CAtrust PAC</li> <li>• Accredited Mediator of The Consumer Association of Singapore (Case) Mediation Panel</li> </ul>

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

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.

	DR. AHMAD BIN MOHAMED MAGAD	MR. TAN LYE HENG PAUL
a) Whether at any time during the last 10 years, an application or 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 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 whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No
c) Whether there is any unsatisfied judgement 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, judgement 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

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	DR. AHMAD BIN MOHAMED MAGAD	MR. TAN LYE HENG PAUL
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:—	No	No
<p>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>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</p> <p>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</p> <p>iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>		
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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

The directors are pleased to present their statement to the members together with the audited financial statements of Second Chance Properties Ltd (the "Company") and its subsidiary corporations (the "Group") for the financial year ended 31 August 2020 and the balance sheet of the Company as at 31 August 2020.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 August 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) 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 as follows:

Mohamed Salleh s/o Kadir Mohideen Saibu Maricar

Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar

Devnarayanan s/o Kallankarai Ram Pisharody

Geetha Padmanabhan

Ahmad Bin Mohamed Magad

Tan Lye Heng Paul

## Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was 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' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	<b>Holdings registered in the name of director</b>		<b>Holdings in which a director is deemed to have an interest</b>	
	At 31.8.2020	At 1.9.2019	At 31.8.2020	At 1.9.2019
<b>The Company</b>				
(Ordinary shares)				
Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	444,517,234	443,806,934	69,736,485	63,187,785
Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar	6,300,688	6,300,688	-	-
Devnarayanan s/o Kallankarai Ram Pisharody	4,370,816	4,370,816	-	-
Geetha Padmanabhan	-	-	1,040,052	1,040,052
Ahmad Bin Mohamed Magad	500,045	500,045	-	-
Tan Lye Heng Paul	23,054	23,054	-	-

Mr Mohamed Salleh s/o Kadir Mohideen Saibu Maricar, who by virtue of his interest of not less than 20% of the issued share capital of the Company, is deemed to have an interest in shares of the Company's subsidiary corporations, all of which are wholly owned, at the beginning and at the end of the financial year.

The directors' interests in the ordinary shares of the Company as at 21 September 2020 were the same as those as at 31 August 2020.

## Share options

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

No shares have been issued during the financial year by virtue of the exercise of any options to take up unissued shares of the Company or its subsidiary corporations.

At the end of the financial year, there were no unissued shares of the Company or its subsidiary corporations under option.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

Geetha Padmanabhan (Chairman)  
Ahmad Bin Mohamed Magad  
Tan Lye Heng Paul

All members of the Audit Committee were independent and non-executive directors. The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Audit Committee reviewed:

- (a) the scope and the results of internal audit procedures with the internal auditors;
- (b) the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- (c) the assistance given by the Company's management to the independent auditor;
- (d) the balance sheet of the Company as at 31 August 2020 and the consolidated financial statements of the Group for the financial year ended 31 August 2020 before their submission to the Board of Directors;
- (e) non-audit services performed, if any, by the Independent Auditor to ensure that the nature and extent of such services will not prejudice the independence and objectivity of the Independent Auditor before recommending to the Board;
- (f) transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual;
- (g) the semi- annually and annual announcement as well as the related press releases on the financial performance and financial position of the Company and the Group; and
- (h) the appointment of the independent auditor of the Group.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for reappointment at the forthcoming Annual General Meeting of the Company.



# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept reappointment.

On behalf of the directors



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Mohamed Salleh s/o Kadir  
Mohideen Saibu Maricar  
Director



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Mohamed Hasan Marican s/o Kadir  
Mohideen Saibu Maricar  
Director

**27 November 2020**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECOND CHANCE PROPERTIES LTD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying financial statements of Second Chance Properties Ltd (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated balance sheet of the Group and the balance sheet of the Company as at 31 August 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial 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 and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 August 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial 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 financial year. 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECOND CHANCE PROPERTIES LTD

Key Audit Matters	How our audit addressed the Key Audit Matters
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## ***Valuation of investment properties***

We focused on this area given the significance of its balance as at 31 August 2020 and the involvement of significant judgement on the determination of fair value of investment properties and application of valuation methodology.

Investment properties represent 55.27% of the Group's total assets. Management engaged an independent valuer, Jones Lang Lasalle Property Consultants Pte Ltd, to perform a desktop valuation and determine the indicative values of all the investment properties held as at financial year end. Management has adopted the indicative values determined by the independent valuer as the fair values of the Group's investment properties as at 31 August 2020 which amounted to \$156.67 million. Fair value loss of \$1.11 million was recognised in the Group's consolidated statement of comprehensive income as a result of this valuation exercise.

Our procedures included the following:

We assessed the competency and capabilities of the independent professional valuer and noted that Jones Lang Lasalle has good standing in the industry and has relevant expertise and experience in the property valuation in Singapore.

We compared the value of investment properties recorded in the accounting records and the fair value adjustments with the valuation report.

We performed tests by searching the recent transacted prices from commercial property websites or indicative selling prices and compared with the valuation report, and found them to be reasonable.

We assessed the reliability and reasonableness of the inputs of the projected cash flows used in the valuation to supporting lease agreements and other documents.

We assessed and understood the valuation methodology used by the independent valuer.

## ***Valuation of financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI")***

We focused on this area given the significance of its balance as at 31 August 2020 and the involvement of the management's judgements for the classification of the financial assets at FVPL and FVOCI.

As at 31 August 2020, financial assets, at FVPL were valued at \$17.57 million and financial assets, at FVOCI were valued at \$61.87 million representing 6.20% and 21.83% of the total assets respectively.

Our procedures included the following:

We compared the value of financial assets, at FVPL and financial assets, at FVOCI recorded in the financial statements with confirmation received from banks.

We recomputed and compared the fair value gain/(loss) on financial assets, at FVPL and financial assets, at FVOCI against the amounts recorded in the financial statements.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECOND CHANCE PROPERTIES LTD

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## Key Audit Matters

## How our audit addressed the Key Audit Matters

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### ***Valuation of financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI")***

As at 31 August 2020, fair value loss on financial assets, at FVPL recognised in profit or loss amounted to \$4.19 million and fair value loss on financial assets, at FVOCI recognised in total comprehensive (loss)/income amounted to \$13.23 million.

These financial assets are all traded in active market and classified as "Level 1" fair value measurement hierarchy.

### ***Valuation of property, plant and equipment***

Included in the Group's property, plant and equipment are freehold land and building with carrying value of \$20.21 million which represent 7.13% of the Group's total assets as at 31 August 2020. Revaluation loss of \$0.86 million was recognised in the consolidated statement of comprehensive income as a result of this valuation exercise.

Freehold land and building are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Building is subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

We focused on this area given the significance of its balance as at 31 August 2020 and the involvement of significant judgement on the determination of revaluation of property, plant and equipment and application of valuation methodology.

The valuation of the Group's freehold land and building was derived from the indicative values determined from the desktop valuation performed by an independent external valuer engaged by the management.

We have assessed the classification models used by the management to classify the financial assets at FVPL or FVOCI. We also reviewed if there are any changes on the investment strategies of the financial assets which may affect the classification of the financial assets at FVPL or FVOCI.

Our procedures included the following:

We assessed the competency and capabilities of the independent professional valuer and noted that Stockers Roberts & Gupta Sdn. Bhd. has good standing in the industry and has relevant expertise and experience in the property valuation in Malaysia.

We performed alternative test by searching the recent transacted prices from commercial property websites or indicative selling prices and compared with the valuation and found them to be reasonable.

We also reviewed management's computation of revaluation adjustments recognised for the current financial year.

We assessed and understood the valuation methodology used by the independent valuer.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECOND CHANCE 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 regards.

## 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)s, 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.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECOND CHANCE PROPERTIES LTD

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SECOND CHANCE PROPERTIES LTD

## **Report on Other Legal and Regulatory Requirements**

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

The engagement director on the audit resulting in this independent auditor's report is Chin Chee Choon.

***Nexia TS Public Accounting Corporation***  
***Public Accountants and Chartered Accountants***

**Singapore**

**27 November 2020**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020 \$	2019 \$
Revenue	4	23,953,098	30,763,774
Cost of sales	7	(11,537,371)	(14,939,916)
Gross profit		12,415,727	15,823,858
Other losses – net	5	(3,965,374)	(3,727,279)
Expenses			
- Administrative	7	(2,914,169)	(3,451,705)
- Distribution	7	(473,278)	(629,454)
- Finance	6	(274,791)	(764,168)
- Apparel operating	7	(403,304)	(697,232)
- Property operating	7	(535,042)	(937,347)
- Gold and jewellery operating	7	(121,437)	(160,855)
- Others	7	(1,706)	(75)
		(4,723,727)	(6,640,836)
Profit before income tax		3,726,626	5,455,743
Income tax credit/(expense)	9	718,505	(710,694)
<b>Net profit for the financial year</b>		<b>4,445,131</b>	<b>4,745,049</b>
<b>Other comprehensive (loss)/income:</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		(209,451)	(277,144)
		(209,451)	(277,144)
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation (loss)/gain on property, plant and equipment		(860,640)	118,404
- Fair value (loss)/gain on financial assets, at FVOCI		(13,176,630)	565,892
<b>Other comprehensive (loss)/income, net of tax</b>		<b>(14,246,721)</b>	<b>407,152</b>
<b>Total comprehensive (loss)/income attributable to equity holders</b>		<b>(9,801,590)</b>	<b>5,152,201</b>
<b>Earnings per share attributable to equity holders (cents per share)</b>			
Basic earnings per share	10	0.59	0.63
Diluted earnings per share	10	0.59	0.63

The accompanying notes form an integral part of these financial statements.

# BALANCE SHEETS

AS AT 31 AUGUST 2020

	Note	The Group		The Company	
		2020	2019	2020	2019
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		8,891,042	11,116,687	106,091	458,174
Financial assets, at FVPL	11	17,574,664	24,044,703	-	-
Trade and other receivables	12	751,353	390,161	5,589,494	8,210,698
Inventories	13	16,934,270	14,700,882	700,515	831,830
Other current assets	14	404,268	493,044	58,286	160,778
Income tax receivables		19,571	4,727	-	-
		44,575,168	50,750,204	6,454,386	9,661,480
<b>Non-current assets</b>					
Amount due from subsidiary corporations	15	-	-	152,199,483	163,061,625
Financial assets, at FVOCI	16	61,870,586	56,526,650	34,869,870	44,575,247
Investments in subsidiary corporations	17	-	-	17,230,914	17,230,916
Property, plant and equipment	18	20,262,608	21,454,379	20,538	31,081
Investment properties	19	156,665,000	159,545,001	13,750,000	13,750,000
Deferred tax assets	23	67,032	-	-	-
		238,865,226	237,526,030	218,070,805	238,648,869
<b>Total assets</b>		283,440,394	288,276,234	224,525,191	248,310,349
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	20	1,748,552	1,774,402	189,878	171,322
Other payables	21	1,455,366	2,204,475	1,334,054	2,068,797
Borrowings	22	31,100,166	21,200,000	9,540,785	21,200,000
Current income tax liabilities		156,100	381,066	12,000	89,210
		34,460,184	25,559,943	11,076,717	23,529,329
<b>Non-current liability</b>					
Deferred tax liabilities	23	46,619	589,221	3,491	5,284
		46,619	589,221	3,491	5,284
<b>Total liabilities</b>		34,506,803	26,149,164	11,080,208	23,534,613
<b>Net assets</b>		248,933,591	262,127,070	213,444,983	224,775,736
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	25	138,307,500	138,247,722	138,307,500	138,247,722
Retained profits	26	118,380,706	117,387,242	78,256,156	80,290,434
Other reserves	27	(7,754,615)	6,492,106	(3,118,673)	6,237,580
<b>Total equity</b>		248,933,591	262,127,070	213,444,983	224,775,736

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

Note	Other reserves*						Total equity
	Share capital	Retained profits	Fair value reserve	Asset revaluation reserve	Currency translation reserve	Total other reserves	
	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
<b>Beginning of financial year</b>	138,247,722	117,387,242	4,391,498	8,081,048	(5,980,440)	6,492,106	262,127,070
Total comprehensive income/(loss) for the financial year	-	4,445,131	(13,229,575)	(860,640)	(209,451)	(14,299,666)	(9,854,535)
Warrants exercised	25	59,778	-	-	-	-	59,778
Dividend paid	28	-	(3,398,722)	-	-	-	(3,398,722)
Total transactions with owners, recognised directly in equity		59,778	(3,398,722)	-	-	-	(3,338,944)
Transfer upon disposal of investments in financial assets, at FVOCI	27(b)(i)	-	(52,945)	52,945	-	52,945	-
<b>End of financial year</b>	<b>138,307,500</b>	<b>118,380,706</b>	<b>(8,785,132)</b>	<b>7,220,408</b>	<b>(6,189,891)</b>	<b>(7,754,615)</b>	<b>248,933,591</b>
<b>2019</b>							
<b>Beginning of financial year</b>	138,247,722	117,927,412	3,825,606	7,962,644	(5,703,296)	6,084,954	262,260,088
Total comprehensive income/(loss) for the financial year	-	4,745,049	565,892	118,404	(277,144)	407,152	5,152,201
Dividend paid	28	-	(5,285,219)	-	-	-	(5,285,219)
Total transactions with owners, recognised directly in equity		-	(5,285,219)	-	-	-	(5,285,219)
<b>End of financial year</b>	<b>138,247,722</b>	<b>117,387,242</b>	<b>4,391,498</b>	<b>8,081,048</b>	<b>(5,980,440)</b>	<b>6,492,106</b>	<b>262,127,070</b>

\* Other reserves are non-distributable.

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020 \$	2019 \$
<b>Cash flows from operating activities</b>			
Net profit		4,445,131	4,745,049
Adjustments for:			
- Income tax (credit)/expense	9	(718,505)	710,694
- Bad debt written off	5	-	6,473
- Depreciation of property, plant and equipment	7	143,229	147,042
- (Gain)/loss on disposal of investment properties	5	(180,000)	265,000
- Fair value loss on financial assets, at FVPL	5	4,192,549	2,646,153
- Fair value loss on investment properties	5	1,110,001	1,410,000
- Interest income from bank deposits	5	(383,028)	(421,548)
- Gain on disposal of financial assets, at FVPL	5	(23,060)	-
- Loss/(gain) on redemption of financial assets, at FVPL	5	21,935	(11,719)
- Finance expense	6	274,791	764,168
- Unrealised currency translation differences		(173,831)	(15,284)
		8,709,212	10,246,028
Changes in working capital:			
- Trade and other receivables		(361,878)	20,870
- Inventories		(2,244,691)	(650,311)
- Other current assets		86,417	(110,992)
- Trade and other payables		(773,265)	942,490
Net cash generated from operations		5,415,795	10,448,085
Interest received		383,028	421,548
Interest paid		(274,791)	(764,168)
Income tax paid		(130,232)	(711,950)
<b>Net cash provided by operating activities</b>		<b>5,393,800</b>	<b>9,393,515</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of financial assets, at FVOCI	16	21,456	-
Redemption of financial assets, at FVOCI by issuers	16	542,500	333,520
Proceeds from disposal of financial assets, at FVPL		919,115	-
Redemption of financial assets, at FVPL by issuers		2,116,949	4,523,437
Proceeds from disposal of investment properties		1,950,000	9,250,000
Purchases of financial assets, at FVOCI	16	(19,137,467)	-
Purchases of financial assets, at FVPL	11	(757,449)	(1,890)
Additions to property, plant and equipment	18	-	(700)
<b>Net cash (used in)/provided by investing activities</b>		<b>(14,344,896)</b>	<b>14,104,367</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	25	59,778	-
Proceeds from bank borrowings		150,533,591	109,535,219
Repayment of bank borrowings		(140,469,196)	(127,435,219)
Cash dividends paid to equity holders of the Company	28	(3,398,722)	(5,285,219)
<b>Net cash provided by/(used in) financing activities</b>		<b>6,725,451</b>	<b>(23,185,219)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

	Note	2020 \$	2019 \$
<b>Net (decrease)/increase in cash and bank balances</b>		(2,225,645)	312,663
<b>Cash and bank balances</b>			
Beginning of financial year		11,116,687	10,804,024
<b>End of financial year</b>		<u>8,891,042</u>	<u>11,116,687</u>

## Reconciliation of liability arising from financing activities

	1 September 2019 \$	Proceeds \$	Principal and interest payments \$	Non-cash changes \$		31 August 2020 \$
				Interest expense	Foreign exchange movement	
Bank borrowings	21,200,000	150,533,591	(140,743,987)	274,791	(164,229)	31,100,166

	1 September 2018 \$	Proceeds \$	Principal and interest payments \$	Non-cash changes \$		31 August 2019 \$
				Interest expense	Foreign exchange movement	
Bank borrowings	39,100,000	109,535,219	(128,199,387)	764,168	-	21,200,000

*The accompanying notes form an integral part of these financial statements.*



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1. General information

Second Chance Properties Ltd (the “Company”) is listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”) and incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845.

The principal activities of the Company are those of an investment holding company, retailing of ready-made garments, holding of property as investment for rental income and investing in securities. The principal activities of the subsidiary corporations are set out in Note 17 to the financial statements.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

### Interpretations and amendments to published standards effective in 2019

On 1 September 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current or prior financial years except for SFRS(I) 16 *Leases*:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.1 Basis of preparation

#### Interpretations and amendments to published standards effective in 2019

#### Adoption of SFRS(I) 16 Leases

##### (a) When the Group is the lessee

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Group's accounting policy on leases after the adoption of SFRS(I) 16 is as disclosed in Note 2.13.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- (i) For all contracts entered into before 1 September 2019 and that were previously identified as leases under SFRS(I) 1-17 *Lease* and SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- (ii) On a lease-by-lease basis, the Group has accounted for operating leases with a remaining lease term of less than 12 months as at 1 September 2019 as short-term leases.

##### (b) When the Group is the lessor

There are no material changes to accounting by the Group as a lessor.

There is no difference between the operating lease commitments of the Group as at 31 August 2019 and as at 1 September 2019, as the Group has elected not to recognise right-of-use assets and lease liabilities for short-term (12 months or less) and low value leases.

### 2.2 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Company satisfies a performance obligation (PO) by transferring the promised goods or services to the customer, which is when the customer obtains control of the goods or services. A performance obligation is satisfied at a point in time or over time.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.2 Revenue recognition

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Company expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Company does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

#### (a) *Sale of goods*

The Company recognises revenue from sale of goods at point in time when the Company satisfies a performance obligation by transferring control of promised goods to the customer. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

#### (b) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

#### (c) *Dividend/Coupon income*

Dividend/Coupon income from investments in equity shares and bonds is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

#### (d) *Interest income*

Interest income, including income arising from leases and other financial instruments, is recognised using the effective interest method.

### 2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.4 Group accounting

#### *Subsidiary corporations*

##### *(i) Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

##### *(ii) Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

##### *(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to "Investments in subsidiary corporations" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Land and building

Land and building are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Building are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and building are revalued by independent professional valuers on annual basis. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

Increase in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. Decreases in carrying amounts that offset previous increases of the same asset are recognised in other comprehensive income. All other decreases in carrying amounts are recognised in profit or loss.

##### (ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

##### (iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

#### (b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Depreciation rate</u>
	%
Building	2.0 to 2.5
Renovation, furniture and fittings	8.3 to 10.0
Shop and office equipment	10.0 to 12.5
Computers and peripherals	20.0 to 33.3
Motor vehicles	10.0 to 16.6

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.5 Property, plant and equipment

#### (c) *Subsequent expenditure*

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

#### (d) *Disposal*

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss. Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

### 2.6 Investment properties

Investment properties include properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value which is determined by independent professional valuers annually based on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvement is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.7 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

### 2.8 Investments in subsidiary corporations

Investments in subsidiary corporations are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiary corporations, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.9 Impairment of non-financial assets

*Property, plant and equipment*

*Investments in subsidiary corporations*

Property, plant and equipment and investments in subsidiary corporations are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of revaluation decrease.

An impairment loss for an asset 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. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also credited to profit or loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.10 Financial assets

#### (a) *Classification and measurement*

Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

#### 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.

#### At subsequent measurement

#### (i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables, listed and unlisted debt securities.

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.10 Financial assets

#### (a) *Classification and measurement*

##### At subsequent measurement

##### *(i) Debt instruments*

- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in “other losses - net”.

##### *(ii) Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in “other gains and losses”, except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as “fair value gains/losses” in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as “dividend income”.

#### *(b) Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 30(b) details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, lease receivables and contract assets, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

#### *(c) Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profit along with the amount previously recognised in other comprehensive income relating to that asset.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.11 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the balance sheet date, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

### 2.12 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in normal operating cycle of the business if longer). Otherwise they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

### 2.13 Leases

(a) The accounting policy for leases before 1 September 2019 is as follows:

(i) *When the Group is the lessee:*

The Group leases office and warehouses under operating leases from non-related party.

#### *Lessee – Operating leases*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

(ii) *When the Group is the lessor:*

The Group leases out retail spaces under operating lease to non-related parties.

#### *Lessor – Operating leases*

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the period of the lease term.

Contingent rents are recognised as income in profit or loss when earned.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.13 Leases

(b) The accounting policy for leases from 1 September 2019 is as follows:

(i) *When the Group is the lessee:*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

#### *Short term and low value leases*

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(ii) *When the Group is the lessor:*

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

### 2.14 Inventories

Inventories are carried at the lower of cost (specific identification method and weighted average method) and net realisable value. Cost comprises direct materials and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.15 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.15 Income taxes

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

### 2.16 Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

### 2.17 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.18 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

#### (a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

#### (b) *Profit sharing and bonus plans*

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged to pay or when there is a past practice that has created a constructive obligation to pay.

#### (c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

### 2.19 Currency translation

#### (a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

#### (b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. However, in the consolidated financial statements, currency translation differences arising from net investment in foreign operations is recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 2. Significant accounting policies

### 2.19 Currency translation

#### *(b) Transactions and balances*

Foreign exchange gain and losses that relate to borrowings are presented in the statement of comprehensive income within “finance cost”. All other foreign exchange gains and losses impacting profit or loss are presented in the income statement within “Other losses - net”.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

#### *(c) Translation of Group entities’ financial statements*

The financial performance and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expense are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

### 2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

### 2.21 Dividends to Company’s shareholders

Dividends to the Company’s shareholders are recognised when the dividends are approved for payment.

### 2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 3. Critical accounting estimates, assumptions and judgements

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (a) *Critical judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, which are described in Note 2, management has not made any judgements that will have a significant effect on the amounts recognised in the financial statements, except for the valuation of freehold land and building and investment properties as disclosed in Note 18 and 19 to the financial statements.

### (b) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities include the below:

- (i) the determination of useful lives of property, plant and equipment (Note 18);
- (ii) the assessment of adequacy of provisions for current and deferred income taxes (Notes 9 and 23 respectively); and
- (iii) the determination of net realisable value of inventories (Note 13).
- (iv) the valuation of the investment properties (Note 19)
- (v) the valuation of financial assets, at FVPL and financial assets, at FVOCI (Notes 11 and 16)

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 4. Revenue

### *Disaggregation of revenue from contracts with customers*

The Group derives revenue from the transfer of goods and services at a point in time or over time in the following nature of revenue and geographical regions. Revenue is attributed to countries by location of customers.

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b><u>At a point of time</u></b>		
Sale of goods		
- Singapore	14,998,316	17,008,609
- Malaysia	1,168,971	3,036,608
	<u>16,167,287</u>	<u>20,045,217</u>
Dividend/coupon income		
- Singapore	<u>3,584,549</u>	<u>4,259,418</u>
<b><u>Over time</u></b>		
Rental income		
- Singapore (Note 19)	4,041,150	6,257,916
- Malaysia	160,112	201,223
	<u>4,201,262</u>	<u>6,459,139</u>
Total	<u>23,953,098</u>	<u>30,763,774</u>

## 5. Other losses – net

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Fair value loss on investment properties (Note 19)	(1,110,001)	(1,410,000)
Fair value loss on financial assets, at FVPL (Note 11)	(4,192,549)	(2,646,153)
Gain on disposal of financial assets, at FVPL	23,060	-
(Loss)/gain on redemption of financial assets, at FVPL	(21,935)	11,719
Gain/(loss) on disposal of investment properties	180,000	(265,000)
Interest income from bank deposits	383,028	421,548
Bad debts written off	-	(6,473)
Government grant income:		
- Rental relief framework	322,423	-
- Jobs support scheme	212,904	-
Currency exchange gain/(loss) – net	101,753	(145,134)
Others	135,943	312,214
	<u>(3,965,374)</u>	<u>(3,727,279)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 5. Other losses – net

Grant income of S\$322,423 and \$212,904 were recognised during the financial year under the rental relief framework and Jobs Support Scheme (the “JSS”) respectively. Rental reliefs framework pertains to cash grants given to qualifying property owners of Small and Medium Enterprises (SMEs) and specified Non-Profit Organisations (NPOs) tenant-occupiers of prescribed properties to support rental relief due to the impact of the COVID-19 pandemic. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

## 6. Finance expense

	<u>The Group</u>	
	2020	2019
	\$	\$
Interest on bank borrowings	274,791	764,168

## 7. Expenses by nature

	<u>The Group</u>	
	2020	2019
	\$	\$
Purchases of inventories	13,779,860	15,612,432
Employee compensation (Note 8)	2,291,090	2,817,926
Rental expense (Note 24(a))	308,889	573,298
Property tax	223,417	595,878
Changes in inventories	(2,242,489)	(672,516)
Advertising	355,028	479,932
Donation	47,005	60,944
Depreciation of property, plant and equipment (Note 18)	143,229	147,042
Commission	29,990	62,930
Fees on audit services paid/payable to:		
- Auditor of the Company	57,900	59,700
- Other auditor	6,564	6,600
Maintenance and services	223,230	263,831
Professional charges	199,887	115,870
Public utilities board expenses	128,239	180,855
Other expenses	434,468	511,862
	15,986,307	20,816,584

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 8. Employee compensation

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages	2,093,337	2,549,400
Employer's contribution to defined contribution plans	151,638	192,710
Other benefits	46,115	75,816
	<b>2,291,090</b>	<b>2,817,926</b>

## 9. Income taxes

### (a) Income tax (credit)/expense

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Tax (credit)/expense attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	240,773	462,782
- Malaysia	91,913	101,130
	<b>332,686</b>	<b>563,912</b>
Deferred income tax (Note 23)	(214,974)	228,995
	<b>117,712</b>	<b>792,907</b>
(Over)/under provision in prior financial years:		
Current income tax		
- Singapore	(370,940)	(82,213)
- Malaysia	450	-
	<b>(370,490)</b>	<b>(82,213)</b>
Deferred income tax (Note 23)	(465,727)	-
	<b>(836,217)</b>	<b>(82,213)</b>
	<b>(718,505)</b>	<b>710,694</b>

The tax on Group's profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 9. Income taxes

### (a) Income tax (credit)/expense

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax	3,726,626	5,455,743
Tax calculated at tax rate of 17% (2019: 17%)	633,526	927,476
Effects of:		
- expenses not deductible for tax purposes	22,816	422,629
- income not subject to tax	(513,027)	(392,174)
- effect of different tax rate for a subsidiary corporation in another jurisdiction	37,790	75,908
- deferred tax assets not recognised	126,442	-
- tax incentives	(189,835)	(240,786)
- over provision of tax in prior years	(836,217)	(82,213)
- others	-	(146)
	<b>(718,505)</b>	<b>710,694</b>

The Group has unrecognised tax losses of approximately \$743,776 (2019:Nil) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

### (b) The tax charge relating to each component of other comprehensive income is as follows:

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>Before and after tax</b>	<b>Before and after tax</b>
	<b>\$</b>	<b>\$</b>
Fair value (loss)/gain on financial assets, at FVOCI	(13,176,630)	565,892
Currency translation differences arising from consolidation	(209,451)	(277,144)
Revaluation (loss)/gain on property, plant and equipment	(860,640)	118,404
	<b>14,246,721</b>	<b>407,152</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 10. Earnings per share

### *Basic and diluted earnings per share*

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

For the purpose of calculating diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effect of all dilutive potential ordinary shares. The Company's outstanding warrants are non-dilutive.

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
Net profit attributable to equity holders of the Company (\$)	4,445,131	4,745,049
Weighted average number of ordinary shares outstanding for basic earnings per share	755,191,633	755,032,224
Weighted average number of ordinary shares outstanding for diluted earnings per share	755,191,633	755,032,224
Basic earnings per share (cents per share)	0.59	0.63
Diluted earnings per share (cents per share)	0.59	0.63

## 11. Financial assets, at FVPL

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Beginning of financial year	24,044,703	31,200,684
Additions	757,449	1,890
Fair value loss recognised in profit or loss (Note 5)	(4,192,549)	(2,646,153)
Redeemed by issuers	(2,138,884)	(4,511,718)
Disposals	(896,055)	-
End of financial year	17,574,664	24,044,703
Listed securities:		
Equity securities – Singapore	15,897,392	20,220,218
Bonds – Singapore	1,677,272	3,824,485
	17,574,664	24,044,703

The bonds bear interest rates ranging from 4.00% to 6.125% (2019: 3.625% to 7.450%) per annum and have maturity dates from 3 months to perpetuity (2019: 5 months to perpetuity) from the balance sheet date.

The financial assets, at FVPL are pledged as security for bank borrowings (Note 22).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 12. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade receivables:				
- subsidiary corporations	-	-	5,491,319	8,174,010
- non-related parties	388,554	315,316	25,029	3,910
	388,554	315,316	5,516,348	8,177,920
Other receivables - non-related parties	362,799	74,845	73,146	32,778
	751,353	390,161	5,589,494	8,210,698

## 13. Inventories

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Finished goods	16,934,270	14,700,882	700,515	831,830

The cost of inventories recognised as an expense and included in "cost of sales" amounted to \$11,537,371 (2019: \$14,939,916).

## 14. Other current assets

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Rental & utilities deposits	129,181	213,589	58,286	135,753
Fixed deposits interest	226,720	223,081	-	-
Prepayment	19,992	23,996	-	10,528
Other deposits	28,375	32,378	-	14,497
	404,268	493,044	58,286	160,778

## 15. Amounts due from subsidiary corporations

The amounts due from subsidiary corporations in the Company's balance sheet are non-trade, unsecured, and bear effective interest rates of 1.50% (2019: 2.00%) per annum. These amounts are not expected to be paid within the next 12 months from the balance sheet date.

The management is of the opinion that the carrying amounts approximate their fair values.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 16. Financial assets, at FVOCI

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Beginning of financial year	56,526,650	56,294,278	44,575,247	43,958,949
Additions	19,137,467	-	266,860	-
Fair value (loss)/gain recognised in other comprehensive (loss)/income (Note 27(b)(i))	(13,229,575)	565,892	(9,409,198)	949,630
Redeemed by issuers	(542,500)	(333,520)	(541,583)	(333,332)
Disposal	(21,456)	-	(21,456)	-
End of financial year	61,870,586	56,526,650	34,869,870	44,575,247

Financial assets, at FVOCI are analysed as follows:

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Listed equity securities				
- Singapore	61,870,586	56,526,650	34,869,870	44,575,247

(a) The financial assets, at FVOCI assets are pledged as security for bank borrowings (Note 22).

(b) During the financial year ended 31 August 2020, the Group disposed listed equity securities as the underlying investment was no longer aligned with the Group's long-term investment strategy. These investments had a fair value of \$21,456 (2019: \$11,688) at the date of disposal, and the cumulative loss on disposal amounted to \$52,945 (2019: \$62,712), net of tax. The cumulative loss on disposal was reclassified from fair value reserve to retained profits.

## 17. Investments in subsidiary corporations

	<u>The Company</u>	
	2020	2019
	\$	\$
<i>Equity investments at cost</i>		
Beginning of financial year	17,230,916	17,230,916
Disposal	(2)	-
End of financial year	17,230,914	17,230,916

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 17. Investments in subsidiary corporations

The Group has the following subsidiary corporations as at 31 August 2020 and 2019:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held	
			2020	2019
			%	%
<b><u>Held directly by the Company</u></b>				
Winning Chance Investments Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Another Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Best Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Better Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Double Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Equal Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Fair Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
First Lady Apparels (Malaysia) Sdn Bhd <sup>(2)</sup>	Retail of ready-made garments	Malaysia	100	100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 17. Investments in subsidiary corporations

The Group has the following subsidiary corporations as at 31 August 2020 and 2019:

Name of companies	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held	
			2020	2019
			%	%
<b><u>Held directly by the Company</u></b>				
Golden Chance Goldsmith Pte Ltd <sup>(1)</sup>	Retail of gold and jewellery, holding of properties as investments for rental income and holding of bonds and equity securities	Singapore	100	100
Good Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
New Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Top Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Second Chance Investments Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Super Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income and trading of bonds and equity securities	Singapore	100	100
Classic Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Great Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
Prime Chance Properties Pte Ltd <sup>(1)</sup>	Holding of properties as investments for rental income	Singapore	100	100
One Chance Properties Pte Ltd <sup>(3)</sup>	Holding of properties as investments for rental income	Singapore	100	100

<sup>(1)</sup> Audited by Nexia TS Public Accounting Corporation, Singapore.

<sup>(2)</sup> Audited by Soong and Associates, Malaysia.

<sup>(3)</sup> One Chance Properties Pte Ltd has struck off on 5 October 2020.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 18. Property, plant and equipment

	Freehold land	Building	Renovation, furniture and fittings	Shop and office equipment	Computers and peripherals	Motor vehicles	Total
<b>The Group</b>	\$	\$	\$	\$	\$	\$	\$
<b>2020</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
Cost	-	-	1,820,995	186,551	968,936	89,216	3,065,698
Valuation	15,217,727	6,166,374	-	-	-	-	21,384,101
	15,217,727	6,166,374	1,820,995	186,551	968,936	89,216	24,449,799
Currency translation differences	(136,300)	(55,350)	(5,671)	-	(3,618)	-	(200,939)
Revaluation adjustment	(978,000)	-	-	-	-	-	(978,000)
End of financial year	14,103,427	6,111,024	1,815,324	186,551	965,318	89,216	23,270,860
 Representing:							
Cost	-	-	1,815,324	186,551	965,318	89,216	3,056,409
Valuation	14,103,427	6,111,024	-	-	-	-	20,214,451
	14,103,427	6,111,024	1,815,324	186,551	965,318	89,216	23,270,860
<i>Accumulated depreciation</i>							
Beginning of financial year	-	5,600	1,778,983	173,874	947,747	89,216	2,995,420
Currency translation differences	-	(3,942)	(5,548)	-	(3,547)	-	(13,037)
Depreciation charge (Note 7)	-	118,152	7,455	3,919	13,703	-	143,229
Revaluation adjustment	-	(117,360)	-	-	-	-	(117,360)
End of financial year	-	2,450	1,780,890	177,793	957,903	89,216	3,008,252
 <b>Net book value</b>							
<b>Beginning of financial year</b>	15,217,727	6,160,774	42,012	12,677	21,189	-	21,454,379
<b>End of financial year</b>	14,103,427	6,108,574	34,434	8,758	7,415	-	20,262,608

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 18. Property, plant and equipment

	Freehold land	Building	Renovation, furniture and fittings	Shop and office equipment	Computers and peripherals	Motor vehicles	Total
	\$	\$	\$	\$	\$	\$	\$
<b>The Group</b>							
<b>2019</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
Cost	-	-	1,829,012	223,222	973,352	89,216	3,114,802
Valuation	15,410,427	6,240,174	-	-	-	-	21,650,601
	15,410,427	6,240,174	1,829,012	223,222	973,352	89,216	24,765,403
Currency translation differences	(192,700)	45,000	(8,017)	(331)	(5,116)	-	(161,164)
Addition	-	-	-	-	700	-	700
Revaluation adjustment	-	(118,800)	-	-	-	-	(118,800)
Written-off	-	-	-	(36,340)	-	-	(36,340)
End of financial year	15,217,727	6,166,374	1,820,995	186,551	968,936	89,216	24,449,799
Representing:							
Cost	-	-	1,820,995	186,551	968,936	89,216	3,065,698
Valuation	15,217,727	6,166,374	-	-	-	-	21,384,101
	15,217,727	6,166,374	1,820,995	186,551	968,936	89,216	24,449,799
<i>Accumulated depreciation</i>							
Beginning of financial year	-	5,600	1,778,958	206,269	936,464	89,216	3,016,507
Currency translation differences	-	-	(7,798)	(331)	(4,860)	-	(12,989)
Depreciation charge (Note 7)	-	118,800	7,823	4,276	16,143	-	147,042
Written-off	-	-	-	(36,340)	-	-	(36,340)
Revaluation adjustment	-	(118,800)	-	-	-	-	(118,800)
End of financial year	-	5,600	1,778,983	173,874	947,747	89,216	2,995,420
<b>Net book value</b>							
<b>Beginning of financial year</b>	15,410,427	6,234,574	50,054	16,953	36,888	-	21,748,896
<b>End of financial year</b>	15,217,727	6,160,774	42,012	12,677	21,189	-	21,454,379

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 18. Property, plant and equipment

	Renovation, furniture and fittings	Shop and office equipment	Computers and peripherals	Motor vehicles	Total
	\$	\$	\$	\$	\$
<b>The Company</b>					
<b>2020</b>					
<i>Cost</i>					
Beginning and end of financial year	822,296	87,574	378,256	89,216	1,377,342
<i>Accumulated depreciation</i>					
Beginning of financial year	803,756	81,808	371,481	89,216	1,346,261
Depreciation charge	2,995	2,151	5,397	-	10,543
End of financial year	806,751	83,959	376,878	89,216	1,356,804
<b>Net book value</b>					
<b>Beginning of financial year</b>	18,540	5,766	6,775	-	31,081
<b>End of financial year</b>	15,545	3,615	1,378	-	20,538
<b>2019</b>					
<i>Cost</i>					
Beginning of financial year	822,296	87,574	377,556	89,216	1,376,642
Addition	-	-	700	-	700
End of financial year	822,296	87,574	378,256	89,216	1,377,342
<i>Accumulated depreciation</i>					
Beginning of financial year	800,609	79,414	364,126	89,216	1,333,365
Depreciation charge	3,147	2,394	7,355	-	12,896
End of financial year	803,756	81,808	371,481	89,216	1,346,261
<b>Net book value</b>					
<b>Beginning of financial year</b>	21,687	8,160	13,430	-	43,277
<b>End of financial year</b>	18,540	5,766	6,775	-	31,081

(a) Fair value of freehold land and building

### Fair value hierarchy

As at 31 August 2020 and 31 August 2019, freehold land and building are measured at fair value under Level 2 measurement hierarchy.

### Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's freehold land and building have been generally derived using the sales comparison approach. Sales prices and rental yield of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square metre and rental yield per square metre.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 18. Property, plant and equipment

- (a) Fair value of freehold land and building

### Valuation process of the Group

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of the financial year based on the properties' highest-and-best-use. As at 31 August 2020 and 2019, the fair values of the properties have been determined by Stockers Roberts & Gupta Sdn Bhd.

Changes in Level 2 fair values are analysed at each reporting date during the board meeting. As part of the discussion, the management presents a report that explains the reason for the fair value movements.

- (b) If the land and building stated at valuation were included in the financial statements at cost less accumulated depreciation, their net book values would be:

	<u>The Group</u>	
	2020	2019
	\$	\$
Freehold land	12,432,680	12,543,277
Building	6,843,274	7,022,554

## 19. Investment properties

	Freehold properties	Leasehold properties	Total
	\$	\$	\$
<u>The Group</u>			
<b>2020</b>			
Beginning of financial year	55,160,001	104,385,000	159,545,001
Disposal	-	(1,770,000)	(1,770,000)
Fair value loss (Note 5)	(400,001)	(710,000)	(1,110,001)
End of financial year	54,760,000	101,905,000	156,665,000
<b>2019</b>			
Beginning of financial year	56,350,001	114,120,000	170,470,001
Disposal	-	(9,515,000)	(9,515,000)
Fair value loss (Note 5)	(1,190,000)	(220,000)	(1,410,000)
End of financial year	55,160,001	104,385,000	159,545,001



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 19. Investment properties

	<u>Leasehold property</u>
	\$
<b><u>The Company</u></b>	
<b>2020</b>	
Beginning and end of financial year	13,750,000
<b>2019</b>	
Beginning of financial year	13,500,000
Fair value gain	250,000
End of financial year	13,750,000

The property rental income earned by the Group and the Company from its investment properties, all of which are leased out to non-related parties under operating leases, amounted to \$4,041,150 (2019: \$6,257,916) and \$426,417 (2019: \$640,400) respectively. Direct operating expenses of the Group and the Company arising on the investment properties during the year amounted to \$535,042 (2019: \$937,347) and \$106,594 (2019: \$74,921).

The Group and the Company have mortgaged investment properties to secure bank overdraft and short-term bank loan facilities (Note 22).

### Fair value hierarchy – Recurring fair value measurements

	<u>Fair value measurement using</u>		
	Quoted price in active markets for identical asset (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	\$	\$	\$
<b><u>The Group</u></b>			
<b>2020</b>			
Investment properties:			
- Retail spaces – Singapore	-	156,665,000	-
<b>2019</b>			
Investment properties:			
- Retail spaces – Singapore	-	159,545,001	-
<b><u>The Company</u></b>			
<b>2020 and 2019</b>			
Investment properties:			
- Retail spaces – Singapore	-	13,750,000	-

As at 31 August 2020 and 31 August 2019, the investment properties of the Group and of the Company were valued by an independent professional valuer based on the properties' highest-and-best-use using sales comparison approach. These are regarded as Level 2 fair values.

There were no changes in valuation techniques during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 19. Investment properties

The Group's investment properties consist of the following:

Location of properties	Description	Tenure of land	2020 (\$)	2019 (\$)
<b><u>The Group and Company</u></b>				
Blk 190 Toa Payoh, Lorong 6 #01-560 Singapore 310190	A leasehold unit of approximately 137 square metres	79-year lease from July 1992	13,750,000	13,750,000
<b><u>The Group</u></b>				
Blk 710A Ang Mo Kio Avenue 8 #01-2625 Singapore 561710	A leasehold unit of lease approximately 137 square metres	86-year from July 1993	10,000,000	10,000,000
Blk 214 Bedok North Street 1 #01-161 Singapore 460214	A leasehold unit of approximately 148 square metres	86-year lease from October 1992	3,400,000	3,700,000
No. 810 Geylang Road City Plaza #01-43/44/45/46/47/56/ 57/60/61/81/107 #02-49/50/51/81/82/86/ 88/105-108 Singapore 409286	22 freehold units of approximately 837 square metres	Freehold	37,860,000	37,860,001
111 North Bridge Road Peninsula Plaza #01-28/28A/29/38/44/ 45A/45B Singapore 179098	5 leasehold units of approximately 253 square metres	999-year lease from October 1992	22,000,000	22,000,000
No. 304 Orchard Road Lucky Plaza #01-56/57/58/59 Singapore 238863	4 leasehold units of approximately 76 square metres	Freehold	11,600,000	11,600,000
1 Park Road #01-32/33 People's Park Complex Singapore 059108	2 leasehold units of approximately 70 square metres	99-year lease from March 1968	4,350,000	4,760,000
No. 14 Scotts Road Far East Plaza #02-40/42 Singapore 228213	2 freehold units of approximately 70 square metres	Freehold	5,300,000	5,700,000
Blk 190 Toa Payoh Lorong 6 #01-562 Singapore 310190	A leasehold unit of approximately 96 square metres	79-year lease from July 1992	11,250,000	11,250,000
Blk 201B Tampines St 21 #01-1063 Singapore 522201	A leasehold unit of approximately 184 square metres	92-year lease from October 1992	4,300,000	4,300,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 19. Investment properties

The Group's investment properties consist of the following:

Location of properties	Description	Tenure of land	2020 (\$)	2019 (\$)
<b>The Group</b>				
Blk 505 Tampines Central 1 #01-355 Singapore 520505	A leasehold unit of approximately 55 square metres	99-year lease from January 1991	3,200,000	3,200,000
Blk 505 Tampines Central 1 #01-357 Singapore 520505	A leasehold unit of approximately 53 square metres	99-year lease from January 1991	3,000,000	3,000,000
Blk 221 Boon Lay Shopping Centre #01-114 Singapore 640221	A leasehold unit of approximately 55 square metres	85-year lease from April 1993	3,050,000	3,050,000
Blk 221 Boon Lay Shopping Centre #01-122 Singapore 640221	A leasehold unit of approximately 55 square metres	99-year lease from October 1992	2,800,000	2,800,000
1 Rochor Canal Road #05-53/54 Sim Lim Square Singapore 188504	2 leasehold units of approximately 92 square metres	99-year lease from April 1993	3,780,000	3,780,000
1 Rochor Canal Road #05-36/62/63 Sim Lim Square Singapore 188504	3 leasehold units of approximately 117 square metres	99-year lease from April 1993	5,150,000	5,150,000
1 Rochor Canal Road #05-64/65 Sim Lim Square Singapore 188504	2 leasehold units of approximately 89 square metres	103-year lease from December 1982	4,040,000	4,040,000
1 Rochor Canal Road #05-60 Sim Lim Square Singapore 188504 <sup>(1)</sup>	2 leasehold units of approximately 69 square metres	99-year lease from April 1993	-	1,770,000
1 Rochor Canal Road #05-61 Sim Lim Square Singapore 188504	2 leasehold units of approximately 69 square metres	99-year lease from April 1993	1,670,000	1,670,000
1 Rochor Canal Road #05-73/74 Sim Lim Square Singapore 188504	2 leasehold units of approximately 69 square metres	103-year lease from December 1982	4,125,000	4,125,000
1 Rochor Canal Road #05-72 Sim Lim Square Singapore 188504	A leasehold unit of approximately 46 square metres	99-year lease from April 1993	2,040,000	2,040,000

<sup>(1)</sup> This investment property has been disposed off during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 20. Trade payables

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables - non-related parties	248,642	287,958	-	21,371
Rental deposits	1,388,585	1,437,958	147,155	147,155
Rental received in advance	66,784	18,534	42,723	-
Customers' deposits	4,035	12,035	-	-
Others	40,506	17,917	-	2,796
	1,748,552	1,774,402	189,878	171,322

## 21. Other payables

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Accruals for operating expenses	225,043	247,427	119,767	123,800
Directors' bonus and fees payable	569,765	589,880	569,765	589,880
Amount due to a director	619,877	733,759	619,877	733,759
Interest payable	-	9,707	-	9,707
Security deposits	29,211	21,500	13,212	9,500
Other payables – non-related parties	11,470	602,202	11,433	602,151
	1,455,366	2,204,475	1,334,054	2,068,797

The amount due to a director is unsecured, interest free and repayable upon demand.

## 22. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Bank borrowings	31,100,166	21,200,000	9,540,785	21,200,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 22. Borrowings

The exposure of the borrowings of the Group and of the Company to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Less than 12 months	31,100,166	21,200,000	9,540,785	21,200,000

- (i) The current bank borrowings bear interest rates ranging from 0.52% to 0.70% (2019: 1.86% to 2.23%) per annum, which represent a fixed margin above the Singapore Interbank Offer Rate.
- (ii) The bank borrowings of the Group and the Company are secured over investment properties, (Note 19), financial assets, at FVPL (Note 11) and financial assets, at FVOCI (Note 16).

## 23. Deferred income taxes

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Deferred tax assets	67,032	-	-	-
Deferred tax liabilities	(46,619)	(589,221)	(3,491)	(5,284)
Net deferred tax assets/(liabilities)	20,413	(589,221)	(3,491)	(5,284)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 23. Deferred income taxes

The movements in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) are as follows:

	Accelerated tax depreciation	Asset revaluation reserve	Total
	\$	\$	\$
<b><u>The Group</u></b>			
At 31 August 2018	179,255	186,493	365,748
Credited to profit or loss (Note 9(a))	(2,848)	231,843	228,995
Currency translation differences	-	(5,522)	(5,522)
At 31 August 2019	176,407	412,814	589,221
Credited to profit or loss (Note 9(a))	(2,440)	(212,534)	(214,974)
Over provision in prior financial years (Note 9(a))	-	(465,727)	(465,727)
Currency translation differences	-	71,067	71,067
At 31 August 2020	173,967	(194,380)	(20,413)

	Accelerated tax depreciation
	\$
<b><u>The Company</u></b>	
At 31 August 2018	7,357
Charged to profit or loss	(2,073)
At 31 August 2019	5,284
Charged to profit or loss	(1,793)
At 31 August 2020	3,491

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 24. Leases

- (a) The Group as a lessee

### **Nature of the Group's leasing activities**

#### **Properties**

The Group leases office, retail store and warehouse for the purpose of back office operations sales of goods to retail customers and goods storage.

- a) *Lease expense not capitalised in lease liabilities*

	<b>2020</b>
	<b>\$</b>
Lease expense – short-term leases (Note 7)	308,889

- b) Total cash outflow for all the leases in 2020 was \$308,889.

- (b) The Group as a lessor

### **Nature of the Group's leasing activities**

The Group has leased out their owned investment properties to a third party for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties are disclosed in Note 19.

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	<b>2020</b>
	<b>\$</b>
Less than one year	3,734,450
One to two years	2,008,758
Two to three years	417,724
Total	6,160,932

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 25. Share capital

	<u>No. of ordinary shares</u>		<u>Amount</u>	
	2020	2019	2020	2019
			\$	\$
<b><u>The Group and Company</u></b>				
At beginning of financial year	755,032,224	755,032,224	138,247,722	138,247,722
Warrants exercised	239,114	-	59,778	-
At end of financial year	755,271,338	755,032,224	138,307,500	138,247,722

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

As at 31 August 2020, there are outstanding warrants of 2,265,814,014, with each warrant carrying the right to subscribe for one new share at an exercise price of \$0.25. The warrants were issued on 6 February 2020 and can be exercised with effect from 6 February 2023 and will expire on 7 March 2023. During the financial year, the Company exercised 239,114 warrants pursuant to the warrants issued on 23 January 2017 at the exercise price of \$0.25.

As at 31 August 2019, there are outstanding warrants of 747,709,180, with each warrant carrying the right to subscribe for one new share at an exercise price of \$0.25. The warrants were issued on 23 January 2017 and can be exercised with effect from 23 July 2017 and will expire on 23 January 2020.

## 26. Retained profits

(a) Retained profits of the Group and of the Company are distributable.

(b) Movements in retained profits for the Group and the Company are as follows:

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
At beginning of financial year	117,387,242	117,927,412	80,290,434	83,350,176
Net profit	4,445,131	4,745,049	1,417,389	2,225,477
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI	(52,945)	-	(52,945)	-
Dividends paid	(3,398,722)	(5,285,219)	(3,398,722)	(5,285,219)
At end of financial year	118,380,706	117,387,242	78,256,156	80,290,434



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 27. Other reserves

(a) Composition:

	<u>The Group</u>		<u>The Company</u>	
	2020	2019	2020	2019
	\$	\$	\$	\$
Fair value reserve	(8,785,132)	4,391,498	(3,118,673)	6,237,580
Asset revaluation reserve	7,220,408	8,081,048	-	-
Currency translation reserve	(6,189,891)	(5,980,440)	-	-
	<u>(7,754,615)</u>	<u>6,492,106</u>	<u>(3,118,673)</u>	<u>6,237,580</u>

(b) Movements:

	<u>The Group</u>	
	2020	2019
	\$	\$
(i) Fair value reserve		
Beginning of financial year	4,391,498	3,825,606
Financial assets, at FVOCI - fair value (loss)/gain (Note 16)	(13,229,575)	565,892
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI	52,945	-
End of financial year	<u>(8,785,132)</u>	<u>4,391,498</u>
(ii) Asset revaluation reserve		
Beginning of financial year	8,081,048	7,962,644
Revaluation (loss)/gain (Note 18)	(860,640)	118,404
End of financial year	<u>7,220,408</u>	<u>8,081,048</u>
(iii) Currency translation reserve		
Beginning of financial year	(5,980,440)	(5,703,296)
Net currency translation difference of financial statements for foreign subsidiary corporations	(209,451)	(277,144)
End of financial year	<u>(6,189,891)</u>	<u>(5,980,440)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 27. Other reserves

(b) Movements:

	<b>The Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
(iv) Fair value reserve		
Beginning of financial year	6,237,580	5,287,950
Financial assets, at FVOCI - fair value (loss)/gain (Note 16)	(9,409,198)	949,630
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI	52,945	-
End of financial year	(3,118,673)	6,237,580
Other reserves are non-distributable.		

## 28. Dividends

The directors declared one tier tax-exempt dividend as follows:

	<b>The Group and Company</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
One-tier tax-exempt cash dividend of 0.30 cents per share in respect of financial year ended 31 August 2019	-	2,265,090
One-tier tax-exempt cash dividend of 0.40 cents per share in respect of financial year ended 31 August 2019	-	3,020,129
One-tier tax-exempt cash dividend of 0.45 cents per share in respect of financial year ended 31 August 2020	3,398,722	-
	<b>3,398,722</b>	<b>5,285,219</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 29. Commitments

### (a) Operating lease commitments – where the Group is a lessee

The Group and the Company leases office, retail store and warehouse from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
<b><u>The Group</u></b>		
Not later than one year	92,642	157,520
	<hr/>	<hr/>
<b><u>The Company</u></b>		
Not later than one year	73,106	137,984
	<hr/>	<hr/>

The leases as at 31 August 2020 are short-term and low value leases. The Group has elected not to recognise right-of-use assets and lease liabilities for the short-term leases.

### (b) Operating lease commitments – where the Group is a lessor

The Group and the Company lease out their owned investment properties to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute amounts or fixed annual increases to the lease payments.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	<u>2019</u>
	\$
<b><u>The Group</u></b>	
Not later than one year	4,817,336
Between one and five years	2,765,418
	<hr/>
	7,582,754
	<hr/>
<b><u>The Company</u></b>	
Not later than one year	420,750
Between one and five years	96,000
	<hr/>
	516,750
	<hr/>

On 1 September 2019, the Group has adopted SFRS(I) 16 and the undiscounted lease payments from the operating leases to be received after 31 August 2020 are disclosed in Note 24(b).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### ***Financial risk factors***

The Group's activities expose it to market risk (including currency risk, price risk, and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses financial instruments such as foreign currency borrowings to hedge financial risk exposures.

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group and this includes establishing detailed policies, such as authority levels, oversight responsibilities, risk identification and measurement, and exposure limits in accordance with the objectives and underlying principles approved by the Board of Directors.

#### *(a) Market risk*

##### *(i) Currency risk*

The Group operates in Singapore and Malaysia. Revenue and expenses are predominantly denominated in Singapore Dollar ("SGD") and Malaysia Ringgit ("MYR").

Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"). Currency exposure to the transactions of the Group that denominated in USD are managed primarily through borrowings denominated in USD.

In addition, the Group is exposed to currency translation risk on the net assets in Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### *Financial risk factors*

#### *(a) Market risk*

##### *(i) Currency risk*

The Group's currency exposure based on the information provided to key management is as follows:

	<u>SGD</u>	<u>USD</u>	<u>MYR</u>	<u>Total</u>
	\$	\$	\$	\$
<b>At 31 August 2020</b>				
<b>Financial assets</b>				
Cash and bank balances	367,999	-	8,523,043	8,891,042
Financial assets, at FVPL	16,274,892	1,299,772	-	17,574,664
Financial assets, at FVOCI	53,536,501	8,334,085	-	61,870,586
Trade and other receivables	704,950	-	46,403	751,353
Receivables from subsidiary corporations	150,629,164	-	7,061,638	157,690,802
Other current assets	104,350	-	279,926	384,276
	<u>221,617,856</u>	<u>9,633,857</u>	<u>15,911,010</u>	<u>247,162,723</u>
<b>Financial liabilities</b>				
Borrowings	(22,741,386)	(8,358,780)	-	(31,100,166)
Trade and other payables	(3,041,596)	-	(95,538)	(3,137,134)
Payables to subsidiary corporations	(150,629,164)	-	(7,061,638)	(157,690,802)
	<u>(176,412,146)</u>	<u>(8,358,780)</u>	<u>(7,157,176)</u>	<u>(191,928,102)</u>
<b>Net financial assets</b>	<b>45,205,710</b>	<b>1,275,077</b>	<b>8,753,834</b>	<b>55,234,621</b>
Add: Net non-financial assets	172,436,735	-	21,262,235	193,698,970
<b>Currency profile including non-financial assets and liabilities</b>	<b>217,642,445</b>	<b>1,275,077</b>	<b>30,016,069</b>	<b>248,933,591</b>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<b>-</b>	<b>1,275,077</b>	<b>7,061,638</b>	<b>8,336,715</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### *Financial risk factors*

#### (a) Market risk

##### (i) Currency risk

The Group's currency exposure based on the information provided to key management is as follows:

	<u>SGD</u>	<u>USD</u>	<u>MYR</u>	<u>Others</u>	<u>Total</u>
	\$	\$	\$	\$	\$
<b>At 31 August 2019</b>					
<b>Financial assets</b>					
Cash and bank balances	696,078	4	10,420,605	-	11,116,687
Financial assets, at FVPL	20,644,702	3,213,175	-	186,826	24,044,703
Financial assets, at FVOCI	56,526,650	-	-	-	56,526,650
Trade and other receivables	312,202	-	77,959	-	390,161
Receivables from subsidiary corporations	161,477,337	-	9,758,298	-	171,235,635
Other current assets	201,600	-	267,448	-	469,048
	<u>239,858,569</u>	<u>3,213,179</u>	<u>20,524,310</u>	<u>186,826</u>	<u>263,782,884</u>
<b>Financial liabilities</b>					
Borrowings	(21,200,000)	-	-	-	(21,200,000)
Trade and other payables	(3,768,168)	-	(192,175)	-	(3,960,343)
Payables to subsidiary corporations	(161,477,337)	-	(9,758,298)	-	(171,235,635)
	<u>(186,445,505)</u>	<u>-</u>	<u>(9,950,473)</u>	<u>-</u>	<u>(196,395,978)</u>
<b>Net financial assets</b>	53,413,064	3,213,179	10,573,837	186,826	67,386,906
Add: Net non-financial assets	172,626,316	-	22,113,848	-	194,740,164
<b>Currency profile including non-financial assets and liabilities</b>	<u>226,039,380</u>	<u>3,213,179</u>	<u>32,687,685</u>	<u>186,826</u>	<u>262,127,070</u>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<u>-</u>	<u>3,213,179</u>	<u>9,758,298</u>	<u>186,826</u>	<u>13,158,303</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### *Financial risk factors*

#### (a) Market risk

##### (i) Currency risk

The Company's currency exposure based on the information provided to key management is as follows:

	<b><u>SGD</u></b>	<b><u>MYR</u></b>	<b><u>Total</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 31 August 2020</b>			
<b>Financial assets</b>			
Cash and bank balances	106,091	-	106,091
Financial assets, at FVOCI	34,869,870	-	34,869,870
Trade and other receivables	98,175	5,491,319	5,589,494
Amount due from subsidiary corporations	150,629,164	1,570,319	152,199,483
Other current assets	58,286	-	58,286
	<b>185,761,586</b>	<b>7,061,638</b>	<b>192,823,224</b>
<b>Financial liabilities</b>			
Borrowings	(9,540,785)	-	(9,540,785)
Trade and other payables	(1,481,209)	-	(1,481,209)
	<b>(11,021,994)</b>	<b>-</b>	<b>(11,021,994)</b>
<b>Net financial assets</b>	<b>174,739,592</b>	<b>7,061,638</b>	<b>181,801,230</b>
Add: Net non-financial assets	31,643,753	-	31,643,753
<b>Currency profile including non-financial assets and liabilities</b>	<b>206,383,345</b>	<b>7,061,638</b>	<b>213,444,983</b>
<b>Net currency exposure of financial assets net of those denominated in Company's functional currency</b>	<b>-</b>	<b>7,061,638</b>	<b>7,061,638</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### *Financial risk factors*

#### (a) Market risk

##### (i) Currency risk

The Company's currency exposure based on the information provided to key management is as follows:

	<b><u>SGD</u></b>	<b><u>MYR</u></b>	<b><u>Total</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 31 August 2019</b>			
<b>Financial assets</b>			
Cash and bank balances	458,174	-	458,174
Financial assets, at FVOCI	44,575,247	-	44,575,247
Trade and other receivables	36,688	8,174,010	8,210,698
Amount due from subsidiary corporations	161,477,337	1,584,288	163,061,625
Other current assets	150,250	-	150,250
	<u>206,697,696</u>	<u>9,758,298</u>	<u>216,455,994</u>
<b>Financial liabilities</b>			
Borrowings	(21,200,000)	-	(21,200,000)
Trade and other payables	(2,240,119)	-	(2,240,119)
	<u>(23,440,119)</u>	<u>-</u>	<u>(23,440,119)</u>
<b>Net financial assets</b>	<b>183,257,577</b>	<b>9,758,298</b>	<b>193,015,875</b>
Add: Net non-financial assets	31,759,861	-	31,759,861
<b>Currency profile including non-financial assets and liabilities</b>	<b>215,017,438</b>	<b>9,758,298</b>	<b>224,775,736</b>
<b>Net currency exposure of financial assets net of those denominated in Company's functional currency</b>	<b>-</b>	<b>9,758,298</b>	<b>9,758,298</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### Financial risk factors

#### (a) Market risk

##### (i) Currency risk

If the USD and MYR change against SGD by 6% (2019: 3%) and 3% (2019: 2%) respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset position will be as follows:

	Increase/(decrease)			
	2020		2019	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$	\$	\$	\$
<b>The Group</b>				
USD against SGD				
-Strengthened	63,499	-	80,008	-
-Weakened	(63,499)	-	(80,008)	-
MYR against SGD				
- Strengthened	-	175,834	-	161,988
- Weakened	-	(175,834)	-	(161,988)
<b>The Company</b>				
MYR against SGD				
- Strengthened	-	175,834	-	161,988
- Weakened	-	(175,834)	-	(161,988)

Changes in other currency will not have significant effect on the profit after tax and other comprehensive income.

##### (ii) Price risk

The Group is exposed to equity securities and bonds price risk arising from the investments held by the Group which are classified in the balance sheets as financial assets, at FVPL and financial assets, at FVOCI. These securities are listed in Singapore. To manage its price risk arising from investments in equity securities and bonds, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### Financial risk factors

#### (a) Market risk

##### (ii) Price risk

If prices for equity securities and bonds listed in Singapore had changed by 30% (2019: 5%) with all other variables including tax rate being held constant, the effects on profit after tax and other comprehensive income would have been:

	Increase/(decrease)			
	2020		2019	
	<u>Profit after tax</u>	<u>Other comprehensive income</u>	<u>Profit after tax</u>	<u>Other comprehensive income</u>
	\$	\$	\$	\$
<b><u>The Group</u></b>				
Listed in Singapore				
- increased by	4,376,091	18,561,176	997,855	2,826,333
- decreased by	(4,376,091)	(18,561,176)	(997,855)	(2,826,333)
<b><u>The Company</u></b>				
Listed in Singapore				
- increased by	-	10,460,961	-	2,228,762
- decreased by	-	(10,460,961)	-	(2,228,762)

##### (iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings mainly denominated in SGD and USD. The Company's exposure to cash flow interest rate risks arises mainly from borrowings and loans to subsidiary corporations at variable rates. The Group manages its interest rate risk by keeping bank borrowings to the minimum required to sustain operations of the Group.

If the SGD interest rates had increased/decreased by 0.5% (2019: 0.5%) with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by \$94,377 (2019: \$87,980) as a result of higher/lower interest expense on these borrowings.

If the USD interest rates had increased/decreased by 0.5% with all other variables including tax rate being held constant, the profit after tax would have been lower/higher by \$34,689 as a result of higher/lower interest expense on these borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### ***Financial risk factors***

#### *(b) Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group adopts the policy of dealing only with:

- Customers from wearing apparels transacts mainly in cash, debit and credit cards;
- Customers from rental of investment properties are required to provide a refundable deposit to mitigate credit risk; and
- High credit quality counterparties, where available.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Management at operating entity level based on ongoing credit evaluation. The counterparty's payment profile and credit exposure are continuously monitored at operating entity level by the respective Management and at the Group level by the Corporate Finance department.

The Group's investments in equity instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

#### *(i) Trade receivables*

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The expected loss allowance recognised during the financial year is not material.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

Receivables 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 and Company. The Management categorises receivables for write off when a debtor fails to make contractual payment greater than 90 days past due based on historical collection trend during the financial year. Where receivables have been written off, the Group and Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

As at 31 August 2020 and 31 August 2019, the other receivables are not subject to any material credit loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### ***Financial risk factors***

#### *(b) Credit risk*

##### *(ii) Other receivables*

The Group and the Company use the general approach for assessment of ECL for these financial assets. Under the general approach, the loss allowance is measured at an amount equal to 12- month ECL at initial recognition.

At each reporting date, the Group and the Company assess whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, the loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, the loss allowance is measured at an amount equal to 12-month ECL.

As at 31 August 2020 and 31 August 2019, the Group and the Company performed an assessment of qualitative and quantitative factors which are indicative of the risk of default (including but not limited to press information and applying experienced credit judgement) and an assessment of impairment using the 12-month ECL basis on these financial assets and subject to immaterial credit loss.

##### *(iii) Trade and other receivable due from subsidiary corporations*

Trade and other receivables due from subsidiary corporations are provided mainly for long term funding requirements. The Company uses a similar approach as described in Note 30(b)(ii) for assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The Company concluded that the need to provide the loss allowance for trade and other receivables due from subsidiary corporations is insignificant.

##### *(iv) Cash and bank balances*

Cash and bank balances are placed only with reputable licensed financial institutions with high credit-ratings. The cash and bank balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### ***Financial risk factors***

#### *(c) Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term bank deposits.

Management monitors rolling forecasts of the Group's and Company's liquidity reserve and cash and cash equivalents on the basis of expected cash flow. This is generally carried out at local level in the operating entities of the Group in accordance with the practice and limits set by the Group. These limits vary by operating entity to take into account the working capital requirement of each entity. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios and maintaining debt financing plans.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	<b><u>The Group</u></b>	<b><u>The Company</u></b>
	<b>Less than 1 year</b>	<b>Less than 1 year</b>
	<b>\$</b>	<b>\$</b>
<b><u>The Group</u></b>		
<b>At 31 August 2020</b>		
Trade and other payables	3,137,134	1,481,209
Borrowings	31,120,432	9,545,746
	<hr/>	<hr/>
<b>At 31 August 2019</b>		
Trade and other payables	3,960,343	2,240,119
Borrowings	21,633,540	21,633,540
	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### **Financial risk factors**

#### *(d) Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio.

The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net debt	25,413,042	14,062,190	10,958,626	22,981,945
Total equity	249,933,591	262,127,070	213,444,983	224,775,736
Total capital	275,346,633	276,189,260	224,403,609	247,757,681
<b>Gearing ratio</b>	9%	5%	5%	9%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 August 2020 and 31 August 2019.

#### *(e) Fair value measurement*

The Group presents assets and liabilities measured and carried at fair value according to the following level of fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- 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) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

See Notes 11 and 16 for disclosure of financial assets, at FVPL and financial assets at FVOCI that are measured at fair value under level 1. See Note 18 for disclosure of the property, plant and equipment that are measured at fair value under level 2. See Note 19 for disclosure of the investment properties that are measured at fair value under level 2.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 30. Financial risk management

### *Financial risk factors*

#### *(e) Fair value measurement*

As at 31 August 2020 and 31 August 2019, the Group and the Company have financial assets, at FVOCI and financial assets, at FVPL, which are measured at fair value under level 1. The fair value of financial instrument traded in active market (equity securities and bonds) is based on quoted market price at the balance sheet date. The quoted market price used for financial asset held by the Company is the closing price.

The carrying amount less impairment provision of current trade receivables and payables are assumed to approximate their fair values. The carrying amount of current borrowings approximates their fair value.

#### *(f) Financial instruments by category*

The carrying amount of the different categories of financial instruments are as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Financial assets at amortised cost	10,026,671	11,975,896	157,926,354	171,880,747
Financial assets, at FVOCI	61,870,586	56,526,650	34,896,870	44,575,247
Financial assets, at FVPL	17,574,664	24,044,703	-	-
Financial liabilities at amortised cost	34,237,300	25,160,343	11,021,994	23,440,119

## 31. Related party transactions

No transactions took place between the Group and related parties other than those disclosed elsewhere in the financial statements. Related parties comprise mainly the directors of the Group and of the Company only.

(a) Outstanding balances as at 31 August 2020 and 2019, arising from sales of goods and services, are unsecured and receivable within 12 months from the balance sheet date and disclosed in Note 12 to the financial statements.

(b) Key management personnel compensation

	<b>The Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<u>Directors' remuneration:</u>		
Salaries, bonus and fees	1,262,789	1,389,348
Employer's contribution to defined contribution plans	24,483	25,502
	<b>1,287,272</b>	<b>1,414,850</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 32. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

The Board of Directors considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the two geographic areas: Singapore and Malaysia. The segment in Malaysia derives revenue from sale of apparel, while the Singapore segment derives revenue from sale of apparel, gold and jewellery, investment dealing and rental of investment properties.

The segment information provided to the Board of Directors for the reportable segments are as follows:

	← Singapore →				Malaysia	
	<u>Wearing apparel</u>	<u>Gold and jewellery</u>	<u>Investment dealing</u>	<u>Property rental</u>	<u>Wearing apparel</u>	<u>The Group</u>
	\$	\$	\$	\$	\$	\$
<b>2020</b>						
<b><u>The Group</u></b>						
<b>Revenue</b>						
- external parties	590,897	14,407,419	3,584,549	4,201,262	1,168,971	23,953,098
Segment results	(1,120,817)	3,413,180	(439,288)	3,066,679	379,753	5,299,507
<b>Expenses</b>						
Administrative and other operating expenses						(1,298,090)
Finance expenses						(274,791)
Profit before income tax						3,726,626
Income tax credit						718,505
<b>Net profit</b>						4,445,131
Net profit includes:						
Depreciation	10,544	3,805	-	-	128,880	143,229
<b>Segment assets</b>	896,743	15,606,081	79,526,509	157,299,452	30,025,006	283,353,791
Segment assets includes:						
Purchases of financial assets, at FVOCI	-	-	19,137,467	-	-	19,137,467
Purchases of financial assets, at FVPL	-	-	757,449	-	-	757,449
<b>Segment liabilities</b>	142,345	314,165	31,100,166	1,462,228	95,538	33,114,442



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 32. Segment information

	Singapore				Malaysia	
	<u>Wearing apparel</u>	<u>Gold and jewellery</u>	<u>Investment dealing</u>	<u>Property rental</u>	<u>Wearing apparel</u>	<u>The Group</u>
	\$	\$	\$	\$	\$	\$
<b>2019</b>						
<b><u>The Group</u></b>						
<b>Revenue</b>						
- external parties	1,951,534	15,057,076	4,259,418	6,459,138	3,036,608	30,763,774
Segment results	(1,026,725)	2,229,708	1,596,340	3,968,844	883,175	7,651,342
<b>Expenses</b>						
Administrative and other operating expenses						(1,431,431)
Finance expenses						(764,168)
Profit before income tax						5,455,743
Income tax expense						(710,694)
<b>Net profit</b>						4,745,049
Net profit includes:						
Depreciation	12,896	4,560	-	-	129,586	147,042
<b>Segment assets</b>	1,181,032	12,784,259	81,052,677	159,796,951	33,456,588	288,271,507
Segment assets includes:						
Additions to property, plant and equipment	700	-	-	-	-	700
Purchases of financial assets, at FVPL	-	-	1,890	-	-	1,890
<b>Segment liabilities</b>	880,365	234,656	-	22,659,082	192,175	23,966,278

Sales between segments are carried out at terms agreed between the segments. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 32. Segment information

### (a) Reconciliations

#### (i) Segment assets

The amounts reported to the Board of Directors with respect to total assets are measured in a manner consistent with that of the financial statements. All assets are allocated to reportable segments other than income tax receivables and deferred tax assets.

Reconciliation of reportable segments' assets to total assets:

	2020	2019
	\$	\$
Segment assets for reportable segments	283,353,791	288,271,507
Unallocated:		
Income tax receivables	19,571	4,727
Deferred tax assets	67,032	-
	<u>283,440,394</u>	<u>288,276,234</u>

#### (ii) Segment liabilities

The amounts provided to the Board of Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. All liabilities are allocated to the reportable segments other than director's fees and bonus payable, amount due to director, current income tax liabilities and deferred income tax liabilities.

Reconciliation of reportable segments' liabilities to total liabilities

	2020	2019
	\$	\$
Segment liabilities for reportable segments	33,114,442	23,966,278
Unallocated:		
Director's fees and bonus payable	569,765	478,840
Amount due to director	619,877	733,759
Current income tax liabilities	156,100	381,066
Deferred income tax liabilities	46,619	589,221
	<u>34,506,803</u>	<u>26,149,164</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 32. Segment information

### (b) Geographical information

The Group's four business segments operate in two main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the sale of apparel, gold and jewellery, investment dealing and rental of properties;
- Malaysia – the operations in this area are principally the sale of apparel.

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Singapore	22,784,127	27,727,166	218,566,926	216,117,340
Malaysia	1,168,971	3,036,608	20,298,300	21,408,690
	<b>23,953,098</b>	<b>30,763,774</b>	<b>238,865,226</b>	<b>237,526,030</b>

There is no revenue from any single external customer that contributed 10% or more of the Group's total revenue.

## 33. Events occurring after the balance sheet

- The emergence of COVID-19 subsequent to the financial year end may impact the financial performance and operating environment of the Group in the subsequent financial year. The Group is aware of the challenges posed by these developing events. As the situation is still evolving and remains uncertain, the Group is unable to quantify the full magnitude of the outbreak and has not considered the impact, if any, on the financial performance of the Group in the subsequent financial year.
- The Company has struck off one of its subsidiary corporation, One Chance Properties Pte Ltd on 5 October 2020.
- Subsequent to the financial year ended 31 August 2020, the Group is in the process of disposing 3 units of investment properties. The details of the investment properties are as follows:

<b>Investment properties</b>	<b>Disposal price (\$)</b>	<b>Carrying amount (\$)</b>	<b>Gain on disposal of the investment properties (\$)</b>
Blk 221 Boon Lay Shopping Centre #01-114 Singapore 640221	3,450,000	3,050,000	400,000
Blk 221 Boon Lay Shopping Centre #01-122 Singapore 640221	2,900,000	2,800,000	100,000
No. 810 Geylang Road City Plaza #01-81 Singapore 409286	1,650,000	1,600,000	50,000

The disposal of the investment properties will result in net gain of S\$ 550,000.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2020

## 34. New or revised accounting standards

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 September 2020 and which the Group has not early adopted.

### Effective for annual periods beginning on or after 1 September 2020

- Amendments to SFRS(I) 3: Business Combinations - definition of a business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8: Definition of material
- Amendments to Reference to the Conceptual Framework in SFRS(I) standards
- Amendments to SFRS(I) 1-19: Plan Amendment, Curtailment or Settlement
- Amendments to illustrative examples, implementation guidance and SFRS(I) practice statements.

### Effective for annual periods beginning on or after 1 September 2021

- SFRS(I) 17 Insurance Contracts

### Effective date: to be determined\*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

*\* The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

## 35. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Second Chance Properties on 27 November 2020.

# STATISTICS OF SHAREHOLDINGS

AS AT 17 NOVEMBER 2020

Issued and Fully Paid-Up Capital	: S\$138,307,500.16
No. of Shares Issued	: 755,271,338
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per Ordinary Share
No. of Treasury Shares and Subsidiary Holdings	: Nil

## ANALYSIS OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 17 NOVEMBER 2020

Size of Shareholdings	No. of Holders	% of Holders	No. of Holders	% of Holders
1 - 99	116	4.67	5,194	0.00
100 - 1,000	222	8.95	127,901	0.02
1,001 - 10,000	860	34.65	4,592,530	0.61
10,001 - 1,000,000	1,254	50.52	74,278,831	9.83
1,000,001 and above	30	1.21	676,266,882	89.54
<b>Grand Total</b>	<b>2,482</b>	<b>100.00</b>	<b>755,271,338</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 17 NOVEMBER 2020)

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	451,065,934	59.72	63,187,785	8.36

Notes:

The shares are pledged with the banks and beneficially owned by Mr Mohamed Salleh s/o Kadir Mohideen Saibu Maricar. Also, some shares are held by his spouse. The details are as below:

	<u>No. of Shares</u>
DB Nominees (Singapore) Pte Ltd	56,841,627
Mdm. Sapiyah Abu Bakar	6,346,158
	<u>63,187,785</u>

# STATISTICS OF SHAREHOLDINGS

AS AT 17 NOVEMBER 2020

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 17.25% of the issued ordinary shares in the capital of the Company are held in the hands of the public as at 17 November 2020. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has therefore been complied with.

## THIRTY LARGEST SHAREHOLDERS AS AT 17 NOVEMBER 2020

No.	Name of Shareholder	No. of Shares	% of Shares
1	MOHAMED SALLEH S/O KADIR MOHIDEEN SAIBU MARICAR	451,065,934	59.72
2	DB NOMINEES (SINGAPORE) PTE LTD	56,841,627	7.53
3	RADIAH BINTE MOHAMED SALLEH MARICAR	36,945,753	4.89
4	OCBC SECURITIES PRIVATE LTD	30,923,614	4.09
5	SOFIA BINTE MOHAMED SALLEH MARICAR	20,178,150	2.67
6	DBS NOMINEES PTE LTD	11,591,743	1.53
7	MOHAMED AMAL BIN MOHAMED SALLEH MARICAR	7,045,156	0.93
8	LIEW CHIAP KONG	6,661,832	0.88
9	NADIA D/O MOHAMED SALLEH MARICAR OR SAPIYAH ABU BAKAR	6,346,158	0.84
10	MOHAMED HASAN MARICAN S/O K M S M OR SALEHA BINTE A K	6,300,688	0.83
11	KOH CHENG TECK OR PNG PECK ENG	5,375,360	0.71
12	DEVNARAYANAN S/O K R PISHARODY @ SHAH ABDULLAH PISHARODY	4,370,816	0.58
13	JOHARABEE BINTE KADIR M S M OR KADIR MAIDEEN BIN MOHAMED	4,001,065	0.53
14	WEE HIAN KOK	3,068,378	0.41
15	TAN WOI @TAN SIEW HWA	2,964,729	0.39
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,658,171	0.35
17	KHONG LAI CHEONG	2,416,011	0.32
18	LEAU CHIAP KIN	1,878,000	0.25
19	RAFFLES NOMINEES (PTE) LIMITED	1,709,545	0.23
20	OCBC NOMINEES SINGAPORE PTE LTD	1,696,994	0.22
21	KUANG SHIHAO	1,681,702	0.22
22	CHENG HOOI TIANG	1,354,570	0.18
23	CITIBANK NOMINEES SINGAPORE PTE LTD	1,326,092	0.18
24	WONG KAI YEEN	1,254,232	0.17
25	LAU CHEE PENG	1,238,900	0.16
26	TAN CHUAN SENG	1,238,000	0.16
27	NG LENG SAN	1,058,700	0.14
28	RAHAMAT BIN MOHD ISMAIL	1,048,425	0.14
29	HARRY HALIM @ LIM ENG LIAN	1,024,946	0.14
30	TAN BOON SON @TAN TECK LONG	1,001,591	0.13
<b>TOTAL</b>		<b>676,266,882</b>	<b>89.52</b>

# STATISTICS OF WARRANTHOLDERS

AS AT 17 NOVEMBER 2020

## DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS (W230307) AS AT 17 NOVEMBER 2020

Size Of Warrant Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	59	2.36	2,681	0.00
100 - 1,000	115	4.60	43,620	0.00
1,001 - 10,000	461	18.43	2,266,644	0.10
10,001 - 1,000,000	1,782	71.25	183,503,724	8.10
1,000,001 and above	84	3.36	2,079,997,345	91.80
<b>Grand Total</b>	<b>2,501</b>	<b>100.00</b>	<b>2,265,814,014</b>	<b>100.00</b>

## THIRTY LARGEST WARRANTHOLDERS (W230307) AS AT 17 NOVEMBER 2020

No.	Name of Warrantholder	No. of Warrants	% of Warrants
1	RADIAH BINTE MOHAMED SALLEH MARICAR	1,542,008,442	68.06
2	OCBC SECURITIES PRIVATE LTD	69,500,642	3.07
3	SOFIA BINTE MOHAMED SALLEH MARICAR	57,759,750	2.55
4	DBS NOMINEES PTE LTD	37,418,598	1.65
5	MOHAMED AMAL BIN MOHAMED SALLEH MARICAR	21,135,468	0.93
6	NADIA D/O MOHAMED SALLEH MARICAR OR SAPIYAH ABU BAKAR	19,038,474	0.84
7	MOHAMED HASAN MARICAN S/O K M S M OR SALEHA BINTE A K	18,902,064	0.83
8	KOH CHENG TECK OR PNG PECK ENG	16,126,080	0.71
9	TEOH HAI THOW	15,000,000	0.66
10	MORPH INVESTMENTS LTD	13,800,000	0.61
11	DEVNARAYANAN S/O K R PISHARODY @ SHAH ABDULLAH PISHARODY	13,112,448	0.58
12	NG NGEE HUNG	13,000,000	0.57
13	TEO CHONG HOCK	12,341,107	0.54
14	OCBC NOMINEES SINGAPORE PTE LTD	12,135,982	0.54
15	JOHARABEE BINTE KADIR M S M OR KADIR MAIDEEN BIN MOHAMED	12,003,195	0.53
16	SUNG YOON CHON	10,000,000	0.44
17	WEE HIAN KOK	9,205,134	0.41
18	TAN WOI @TAN SIEW HWA	8,894,187	0.39
19	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	8,113,425	0.36
20	KHONG LAI CHEONG	7,248,033	0.32
21	PHILLIP SECURITIES PTE LTD	5,172,289	0.23
22	LAU CHEE PENG	5,074,200	0.22
23	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	5,073,291	0.22
24	KUANG SHIHAO	5,045,106	0.22
25	YU POH CHU (YU BAOZHU)	5,002,250	0.22
26	CHUA LIAN CHYE	5,000,000	0.22
27	WONG TENG KEONG	5,000,000	0.22
28	ANG KIM LEE	4,905,000	0.22
29	RAFFLES NOMINEES (PTE) LIMITED	4,810,335	0.21
30	YEO CHIEN PENG (YANG JIANPING)	4,665,700	0.21
<b>TOTAL</b>		<b>1,966,491,200</b>	<b>86.78</b>

# NOTICE OF ANNUAL GENERAL MEETING

## SECOND CHANCE PROPERTIES LTD

(Co. Reg. No. 198103193M)  
(Incorporated in the Republic of Singapore)

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of Second Chance Properties Ltd (the “**Company**”) will be held on Wednesday, 30 December 2020 at 11.00 a.m. via electronic means, to transact the following business:

### AS ORDINARY BUSINESSES

1. To receive and adopt the Directors’ Statement and Audited Financial Statements for the financial year ended 31 August 2020 together with the Auditors’ Report thereon. *(Resolution 1)*
2. To approve the payment of Directors’ fees of S\$110,856 for the financial year ended 31 August 2020. *(Resolution 2)*  
(2019: S\$111,040)
3. To re-elect Dr. Ahmad Bin Mohamed Magad, who retires by rotation pursuant to Regulation 107 of the Company’s Constitution, as Director of the Company. [See Explanatory Note (i)] *(Resolution 3)*
4. To re-elect Mr. Tan Lye Heng Paul, who retires by rotation pursuant to Regulation 107 of the Company’s Constitution, as Director of the Company. [See Explanatory Note (ii)] *(Resolution 4)*
5. To re-appoint Messrs Nexia TS Public Accounting Corporation, Certified Public Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration. *(Resolution 5)*
6. To transact any other ordinary business which may properly be transacted at the Annual General Meeting.

### AS SPECIAL BUSINESS

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

7. General Mandate to Directors to Issue Shares *(Resolution 6)*

“That, pursuant to Section 161 of the Companies Act, Cap. 50 and the rules, guidelines and measures issued by the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (A)
- (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise;
  - (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



# NOTICE OF ANNUAL GENERAL MEETING

- (B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (a) 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), shall not exceed 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below), and provided further that where shareholders of the Company are not given the opportunity to participate in the same on a *pro rata* basis, then the aggregate number of shares to be issued under such circumstances (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (b) below); and
- (b) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (a) above, the percentage of the total 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 this Resolution is passed, after adjusting for:
  - (i) new shares arising from the conversion or exercise of convertible securities;
  - (ii) (where applicable) new shares arising from exercising share options or vesting of share awards provided the share options or share awards (as the case may be) were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and
  - (iii) any subsequent bonus issue, consolidation or subdivision of shares;

Adjustments in accordance with sub-paragraph (b)(i) or sub-paragraph (b)(ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution.

- (c) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act and the Constitution for the time being of the Company; and
- (d) unless revoked or varied by the Company in general meeting, the authority conferred by this Resolution shall continue to be 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 (iii)]*

BY ORDER OF THE BOARD

**Fiona Lim Pei Pei**  
Company Secretary

Singapore, 8 December 2020

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

- i. **Ordinary Resolution 3** - Dr. Ahmad Bin Mohamed Magad, will, upon re-election as a Director, remain as Independent Non-Executive Chairman of the Company, Chairman of Nominating Committee, member of Audit Committee and Remuneration Committee, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Dr. Ahmad Bin Mohamed Magad can be found under the “Board of Directors” and “Disclosure of information on Directors seeking re-election” sections in the Company’s Annual Report.
- ii. **Ordinary Resolution 4** - Mr. Tan Lye Heng Paul will, upon re-election as a Director, remain as Independent Non-Executive Director of the Company, Chairman of Remuneration Committee, member of Audit Committee and Nominating Committee, and will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Mr. Tan Lye Heng Paul can be found under the “Board of Directors” and “Disclosure of information on Directors seeking re-election” sections in the Company’s Annual Report.
- iii. **Ordinary Resolution 6** - proposed in item 7, if passed, will authorise and empower the Directors of the Company from the date of this resolution is passed until the date of the next Annual General Meeting, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares, and to issue shares in pursuance of such Instruments, up to an number not exceeding in aggregate 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to 20 per cent may be issued other than on a *pro rata* basis to existing shareholders of the Company.

## Notes:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Annual General Meeting are set out in the Company’s announcement dated 8 December 2020 entitled “Important Notice to Shareholders Regarding the Company’s Annual General Meeting and Extraordinary General Meeting to be held on 30 December 2020” which has been uploaded together with this Notice on SGXNet on the same day. The announcement may also be accessed at [www.secondchance.com.sg](http://www.secondchance.com.sg).

In particular, the Annual General Meeting will be held by way of electronic means and a member will be able to watch the proceedings of the Annual General Meeting through a “live” webcast via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio feed via telephone. In order to do so, a member who wishes to watch the “live” webcast or listen to the “live” audio feed must pre-register by 11.00 a.m. on 27 December 2020, at the URL <https://agm.conveneagm.com/secondchance>. Following authentication of his/her/its status as members, authenticated members will receive email instructions on how to access the webcast and audio feed of the proceedings of the Annual General Meeting by 28 December 2020. Members who have received the email instructions must not forward the email instructions to other persons who are not members or who are not entitled to attend the Annual General. This is to avoid any technical disruption or overload to the “live” webcast or “live” audio feed.

A member may also submit questions related to the resolutions to be tabled for approval at the Annual General Meeting. To do so, all questions must be submitted by 11.00 a.m. on 27 December 2020:

- (a) via the pre-registration website at the URL <https://agm.conveneagm.com/secondchance>;
- (b) in hard copy by sending personally or by post and lodging the same at the registered office of the Company at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845; or
- (c) by email to [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg).

Members will need to identify themselves when posing questions by email or by mail by providing the following details:

- (a) the member’s full name as it appears on his/her/its CDP/CPF/SRS share records;
- (b) the member’s NRIC/Passport/UEN number;
- (c) the member’s contact number and email address; and
- (d) the manner in which the member holds his/her/its shares in the Company (e.g. via CDP, CPF or SRS).

The Company will not be able to answer questions from persons who provide insufficient details to enable the Company to verify his/her/its shareholder status.

The Company will address substantial and relevant questions relating to the resolutions to be tabled for approval at the Annual General Meeting as received from members either before or during the Annual General Meeting.

# NOTICE OF ANNUAL GENERAL MEETING

Please note that members will not be able to ask questions at the Annual General Meeting “live” during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the Annual General Meeting.

2. Pursuant to Part 4 of the COVID-19 (Temporary Measures) Act 2020, a member of the Company (including a Relevant Intermediary as defined under Section 181 (6) of the Companies Act, Chapter 50 of Singapore) entitled to vote at the Annual General Meeting must appoint Chairman of the Meeting to act as proxy and direct the vote at the Meeting. The Chairman of the Meeting, as proxy, need not be a member of the Company.
3. The instrument appointing the Chairman of the Meeting as the proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as a proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointer, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
4. Investors who hold shares through Relevant Intermediary, including under the Central Provident Fund Investment Scheme (“**CPF Investor**”) or the Supplementary Retirement Scheme (“**SRS Investor**”), and who wish to appoint the Chairman of the Meeting as their proxy should approach their respective Relevant Intermediary, including CPF Agent Bank or SRS Operators to submit their votes at least seven (7) working days before the Annual General Meeting (i.e. by 11.00 a.m. on 17 December 2020).
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted (a) by mail to the registered office of the Company at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845; or (b) to [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg) in either case by 11.00 a.m. on 27 December 2020 being not less than 72 hours before the time for holding the Meeting.

## PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Annual General Meeting of the Company and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Annual General Meeting of the Company via live audio-visual webcast or audio-only stream, or (c) submitting any question prior to the Annual General Meeting of the Company, in accordance with this Notice, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration and analysis by the Company (or its agents or service providers) of the instruments appointing the Chairman of the Meeting as proxy for the Annual General Meeting of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Annual General Meeting of the Company (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the live audio-visual webcast or audio-only stream to observe the proceedings of the Annual General Meeting of the Company and providing them with any technical assistance where necessary;
- (iii) addressing substantial and relevant questions from members received before the Annual General Meeting of the Company and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

The member’s personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the abovementioned purposes, and retained for such period as may be necessary for the Company’s verification and record purposes.

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**SECOND CHANCE PROPERTIES LTD**  
**(Co. Reg. No. 198103193M)**  
(Incorporated in the Republic of Singapore)

**ANNUAL GENERAL MEETING**  
**PROXY FORM**

**IMPORTANT**

1. Alternative arrangements relating to, amongst others, attendance, submission of questions in advance and voting by proxy at the Meeting are set out in the Company's announcement which, together with the Notice of Annual General Meeting dated 8 December 2020, have been uploaded on SGXNet. The announcement and the Notice of Annual General Meeting can also be accessed at the Company's corporate website.
2. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy at least 7 working days before the Meeting, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.
3. 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.

\*I/We, \_\_\_\_\_ (Name), \_\_\_\_\_ (NRIC/Passport/Co Reg No.)

of \_\_\_\_\_ (Address) being a \*member/  
members of **Second Chance Properties Ltd** (the "**Company**"), hereby appoint the Chairman of the Meeting, as \*my/our proxy to vote for \*me/us on \*my/  
our behalf at the Annual General Meeting of the Company to be held on Wednesday, 30 December 2020 at 11.00 a.m. (the "**Meeting**") via electronic means,  
and at any adjournment thereof.

\*I/We direct the Chairman of the Meeting, being \*my/our proxy, to vote for or against, or to abstain from voting on the Resolutions to be proposed at the Meeting  
as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof,  
the appointment of Chairman of the Meeting as proxy for that Resolution will be treated as invalid.

No.	Ordinary Resolutions	No. of votes For**	No. of votes Against**	No. of votes Abstain**
1.	To receive and adopt the Directors' Statement and the Audited Financial Statements for the financial year ended 31 August 2020 together with the Auditors' Report thereon			
2.	To approve the payment of Directors' fees			
3.	To re-elect Dr. Ahmad Bin Mohamed Magad as Director of the Company			
4.	To re-elect Mr. Tan Lye Heng Paul as Director of the Company			
5.	To re-appointment of Messrs Nexia TS Public Accounting Corporation Certified Public Accountants as Auditors of the Company and to authorize the Directors to fix their remuneration			
	<b>Special Business</b>			
6.	To approve the general mandate to Directors to issue shares			

\*Delete where inapplicable.

\*\*Voting will be conducted by Poll. If you wish to vote all your shares "For" or "Against" the relevant resolution, please indicate with an "√" in the spaces provided above. Alternatively, if you wish to vote some of your shares "For" and some of your share "Against" the relevant resolution, please insert the relevant number of shares in the relevant boxes provided above.

**Note:** Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the resolution to be passed.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2020

\_\_\_\_\_  
Signature of Member(s)/  
and, Common Seal of Corporate Shareholder

Total number of shares held	
(a) Depository Register	
(b) Register of Members	

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**IMPORTANT NOTES TO PROXY FORM:**

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. A member of the Company (including a Relevant Intermediary as defined under Section 181 (6) of the Companies Act, Chapter 50 of Singapore) entitled to participate and vote at a meeting of the Company must appoint the Chairman of the Meeting to act as proxy and direct the vote at the Meeting. Specific instructions must be given 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 Meeting as proxy for that resolution will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorized in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the Meeting as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.
5. A corporation which is a member may authorise by resolution of its directors or other governing body such a person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
6. Investors who hold shares through Relevant Intermediaries, including under the CPF Investors or the SRS Investors, and who wish to appoint the Chairman of the Meeting as a proxy should approach their respective Relevant Intermediaries, including CPF Agent Banks or SRS Operators, to submit their votes at least seven (7) working days before the Meeting (i.e. by 11.00 a.m. on 17 December 2020).
7. The instrument appointing the Chairman of the Meeting as proxy must be submitted (a) by mail to the registered office of the Company at 845 Geylang Road, #04-22 Tanjong Katong Complex, Singapore 400845; or (b) by email to [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg), in either case, by 11.00 a.m. on 27 December 2020 being not less than 72 hours before the time appointed for the Meeting.

**GENERAL:**

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged if the member, being the appointor, 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 CDP to the Company.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing the Chairman of the Meeting as a proxy, the member is deemed to have accepted and agreed to the personal data privacy terms set out in the Notice of Annual General Meeting dated 8 December 2020.

AFFIX  
STAMP

The Company Secretary  
**SECOND CHANCE PROPERTIES LTD**  
845 GEYLANG ROAD  
#04-22 TANJONG KATONG COMPLEX  
SINGAPORE 400845

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Founder & CEO

Mohamed Salleh s/o Kadir Mohideen  
Saibu Maricar

### Independent Non-Executive Chairman

Dr Ahmad Magad

### Deputy CEO

Mohamed Hasan Marican s/o Kadir Mohideen  
Saibu Maricar

### Executive Director

Devnarayanan s/o K.R. Pisharody

### Independent Non-Executive Director

Geetha Padmanabhan

### Independent Non-Executive Director

Tan Lye Heng Paul

## AUDIT COMMITTEE

Geetha Padmanabhan - Chairman  
Dr Ahmad Magad  
Tan Lye Heng Paul

## REMUNERATION COMMITTEE

Tan Lye Heng Paul - Chairman  
Dr Ahmad Magad  
Geetha Padmanabhan

## NOMINATING COMMITTEE

Dr Ahmad Magad - Chairman  
Geetha Padmanabhan  
Tan Lye Heng Paul

## MANAGEMENT

### Finance Advisor

Reema Gupta

### Accounts Manager

Jainulabedeem Raj Mohamed

### Executive Director of First Lady Apparels (Malaysia) Sdn Bhd

Amal Marican

### Field Manager

Safie Bin Haji Hussain

### Management Executive

Azlan Bin Mohd Shafie

## COMPANY SECRETARY

Fiona Lim Pei Pei

## SHARE REGISTRAR AND WARRANT AGENT

Tricor Barbinder Share Registration Services  
80 Robinson Road #11-02  
Singapore 068898  
Tel: 62363333

## AUDITORS

Nexia TS Public Accounting Corporation  
Director-in-charge  
Chin Chee Choon  
(appointed since the financial year ended  
31 August 2020)

## PRINCIPAL BANKERS

DBS Bank Limited  
Oversea-Chinese Banking Corporation Ltd  
United Overseas Bank Limited  
Bank of Singapore

## REGISTERED OFFICE

845 Geylang Road #04-22 Tanjong Katong Complex  
Singapore 400845  
Telephone : 67456911  
Facsimile: 67456955  
Email: [contact@secondchance.com.sg](mailto:contact@secondchance.com.sg)



**SECOND CHANCE PROPERTIES LTD**

Company Registration No.: 198103193M  
Incorporated in the Republic of Singapore

Tel: 6745 6911 Fax: 6745 6955  
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