

# TAKING OFF AGAIN



SECOND CHANCE PROPERTIES LTD  
**2021** ANNUAL REPORT

**First Lady**





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  
IN FINANCIAL  
INSTRUMENTS**

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# FOUNDER AND CEO STATEMENT



Dear Shareholders,

I am pleased to present our FY2021 Annual Report for the financial year ended 31 August 2021.

## COVID-19 AND THE STATE OF OUR BUSINESSES

As the world is coming to grips with the reality of “living with Covid”, the past year was filled with challenges and reminded us of the importance of staying nimble and quick to adapt to the ever-changing business landscape.

Our apparel business continues to be affected negatively due to the ongoing pandemic. In Malaysia, multiple phases of movement restrictions were imposed by the government throughout the financial year, including a total of 105 days of store closure during phases of heightened restrictions. Even during phases where retail operations were allowed, sales were weak due to other movement restrictions in place and changes in consumer spending habits. Although there were no lockdowns imposed in Singapore during the FY, similarly weak retail conditions led to drastic decrease in sales.

As with our apparel business, our retail tenants were also badly affected, which led us to lower rents in order to support them during these troubled times. There was also a loss of rental income due to the sales of seven retail units during the financial year.

However, it was not all bad news for the Group. The pandemic had a positive impact on our gold business. A substantial increase in sales revenue led to greater profits as compared to the previous year as we see a change in consumer behaviour during these uncertain times.

As detailed in the next section, a timely change in strategy and shift in the Group’s core business has led to a significant increase in profitability.

The net profit after tax of the group for FY2021 is \$9.82m. In addition, there was a realized gain of \$4m on our security investments classified as Financial Assets, at fair value through Other Comprehensive Income. As required by the latest accounting standards, this was taken directly to equity in the Balance Sheet and not the P&L.

As a result, if it were not for the change in accounting standards, the profit after tax reflected in the P&L would have been \$ 13.82m.

## LOOKING FORWARD

Over the last few years, our strategy was focused mainly on streamlining and consolidating our businesses, as well as actively reducing our debt positions. This approach was timely and is paying off. We are now in a strong position to capitalise on opportunities as they arise.

The main initial goal of this strategy was to re-enter the property market during the next economic downturn. However, even as Covid-19 induced a global recession, property prices in Singapore did not fall, as unprecedented low interest rates supported the property market.

A different opportunity arose when stock markets around the globe crashed due to the Covid-19 pandemic. The Board decided to invest in battered down stocks with strong fundamentals for dividend income. This has now become our core business and we look to increase our recurring dividend income by continuing to add to our portfolio.

Recognising that the stock markets can be volatile and that a stock market crash could occur at any time, we have put in strict criteria in our investment strategy that must be adhered to in order to protect our investments. These include, always maintaining a total debt to equity ratio of not more than 0.5, as well as ensuring that we have sufficient standby facilities that can be drawn down to meet any margin calls if required.

## DIVIDENDS

Having done well this year and barring any unforeseen circumstances, we expect good profitability in the coming years. For FY2021, the Board of Directors has decided to reward our loyal shareholders who continue to place their faith in us with a very special dividend.

The Board is recommending a dividend of 0.5 cents plus a special dividend of 5 cents **totalling 5.5 cents** per ordinary share (one-tier exempt) for the financial year ended 31 August 2021, subject to shareholders' approval at the upcoming AGM on 21 December 2021. Shareholders will have the option to either receive the dividends in cash, scrip or a combination of both.

## SHARE BUYBACK

In FY2021, the Company repurchased a total of 3,364,700 shares on the stock exchange at an aggregate consideration (before expenses) of \$852,121. These repurchased shares were cancelled during the period.

The share buybacks were carried out as the Board considered the prevailing trading prices of the shares as undervalued against the Company's performance, asset value and business prospects. The repurchase of shares demonstrated the Board's confidence in the company and would only be conducted under circumstances which the Board considered to be appropriate and in the interest of the Company and its shareholders as a whole.

## CORPORATE GOVERNANCE

To maintain a high standard of corporate governance, we have in place an independent Non-Executive Chairman. The separation of Chairman and CEO roles increases the Board's independence from management, which will lead to better oversight and risk controls.

The Code of Corporate Guidance on Board Composition states that non-executive directors should make up a majority of the Board.

In line with the aforementioned, we will be appointing a new Non-Executive Director, Mr Deepak Lakhi Ramchandani with effect from 22 December 2021. Mr Ramchandani has an extensive background in the securities and investment field.

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

- a. Compulsory Casino Self-exclusion of the executive directors and key management personnel
- b. A whistle-blower policy with monetary reward
- c. Claw-back clause in service contracts of executive directors and key management personnel. Please refer to page 49 of this Annual Report for more details
- d. Amended our constitution to have female representation at the Board level

## 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 22 to 23 of this Annual Report to view some of the highlights of our CSR programmes done in the past year.

## 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.

We are thrilled to be "taking off again" and together, we look forward to a brighter future.

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

**26 November 2021**

# BOARD OF DIRECTORS



**Mohamed Salleh Marican, 72**  
**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 2021):  
35 years

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

Present Directorships (as at 31 August 2021):  
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 2016 to 31 August 2021)  
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, 67**  
**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 2021):  
34 years 6 months

Board Committee(s) served on: Nil

Present Directorships (as at 31 August 2021):  
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 2016 to 31 August 2021): Nil



# BOARD OF DIRECTORS



**Dev Pisharody, 64**  
*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 2021):  
34 years 6 months

Board Committee(s) served on: Nil

Present Directorships (as at 31 August 2021):  
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 2016 to 31 August 2021): Nil



**Dr Ahmad Magad JP, 68**  
*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: 30 December 2020

Length of service as a Director (as at 31 August 2021):  
16 years 11 months 11 days  
(from 20 December 1996 to 30 November 2013)  
5 years 8 months  
(As At 31 August 2021 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 (Executive Director)  
Manufacturing Sub-Committee of Future Economy Council (Member)

Past Directorships held over the preceding 5 years:  
(01 September 2016 to 31 August 2021)  
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.  
Former Secretary General, Singapore Manufacturing Federation

# BOARD OF DIRECTORS



**Geetha Padmanabhan, 48**  
*Independent Non-Executive Director*

**Education & Qualifications:**

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

**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 2021):**

9 years 6 months

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

Audit Committee (Chairman)

Nominating Committee (Member)

Remuneration Committee (Member)

**Present Directorships (as at 31 August 2021):**

Listed Companies: Nil

**Other Principal Directorships:**

Phoenix Consultants and Advisors Private Limited

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

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

(01 September 2016 to 31 August 2021)

Ikigai Enablers Pte Ltd

**Others:**

May 2021 to present: Self Owned Firm Synergies

July 2013 to April 2021: Managing Director in self-owned firm, SVP Consultants & Advisors

April 2003 to 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, 56**  
*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:**

30 December 2020

**Length Of Service As A Director:**

10 Years 19 Days

(From 29 November 2002 to 17 December 2012)

**Reappointed On 30 December 2015**

5 Years 8 Months (As At 31 August 2021)

**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 2021):**

Listed Companies:

Serial System Ltd

Pollux Properties Ltd

**Other Principal Directorships:**

CA Trust PAC

Kreston Ardent CA Trust PAC

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

(01 September 2016 to 31 August 2021)

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, 39**  
*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, 56**  
*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, 34**  
*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.





**Safie Bin Hussain, 62**  
*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, 45**  
*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

<b>Revenue</b> <b>\$ 36,584</b>	<b>EBITDA</b> <b>\$ 12,509</b>	<b>NTA</b> <b>\$ 283,216</b>
<b>Profit Before Tax</b> <b>\$ 10,737</b>	<b>Profit After Tax</b> <b>\$ 9,823</b>	

	2017	2018	2019	2020	2021
Revenue	34,812	31,614	30,764	23,953	36,584
Profit Before Income Tax	9,979	8,818	5,456	3,726	10,737
Net Profit for the Financial Year	9,477	7,909	4,745	4,445	9,823
Dividend (Net)	0.3cps	0.3cps	0.4cps	0.45cps	5.5cps*
Properties & Fixed Assets	192,638	192,219	180,999	176,928	159,150
Total Assets	312,804	305,376	288,276	283,441	401,800
Net Current Assets/(Liabilities)	15,271	14,113	25,190	10,115	(89,537)
Net Tangible Assets	259,355	262,260	262,127	248,934	283,216
Capital Employed	262,231	262,260	262,127	248,934	283,216
Share Capital	137,107	138,248	138,248	138,308	137,454
Current Ratio	1.30	1.33	1.99	1.29	0.24
Debt to Equity Ratio	0.21	0.16	0.10	0.14	0.42
Capital Gearing Ratio	0.15	0.11	0.04	0.09	0.41
Earnings Per Share (cents)	1.26	1.05	0.63	0.59	1.30
Price/Earning ratio	20.63	22.86	33.33	30.17	21.54
NTA Per Share (cents)	34.56	34.73	34.72	32.96	37.67
Interest Coverage Ratio	15.03	14.72	8.14	14.56	25.29

\* Dividend of 5.5 cents includes a one-time special dividend of 5 cents for FY 2021.

# FINANCIALS AT A GLANCE

Profit & Loss account	2021 (S\$'000)	2020 (S\$'000)	Variance (%)
Revenue	36,584	23,953	52.73
Adjusted EBITDA*	12,509	4,972	151.59
Interest	442	275	60.73
Profit before income tax	10,737	3,726	188.16
Net Profit for the Financial Year	9,823	4,445	120.99

## Balance Sheet

Total assets	401,800	283,441	41.76
Investment properties	130,755	156,665	(16.54)
Cash and bank balances	348	8,891	(96.09)
Short term borrowings	115,319	31,100	270.80
Shareholders' funds	283,216	248,934	13.77

## Financial ratios

Return on equity (%)	3.69	1.74	112.07
Current ratio	0.24	1.29	(81.40)
Gearing ratio	0.41	0.09	355.56
Interest coverage (times)	25.29	14.56	73.70
Dividend payout ratio	423.08	76.27	454.71

## Per Share data

Earnings (cents)	1.30	0.59	120.34
Net asset value (cents)	37.67	32.96	14.29
Dividend (cents)**	5.50	0.45	1122.22
Dividend yield (%)#	19.64	2.53	676.28

**1** Revenue from all business segments except apparels increased

**2** Increase in operating profits due to increased revenue and significantly lower unrealised loss on quoted securities as compared to last year

**3** Increase due to increased short-term borrowings

**4** Increase in revenue and gain on disposal of investment properties resulting in increased profits

**5** Increased mainly due to purchase of financial assets, at FVOCI

**6** Decrease due to disposal of properties and fair value loss on investment properties

**7** Increase in borrowings mainly to purchase financial assets, at FVOCI

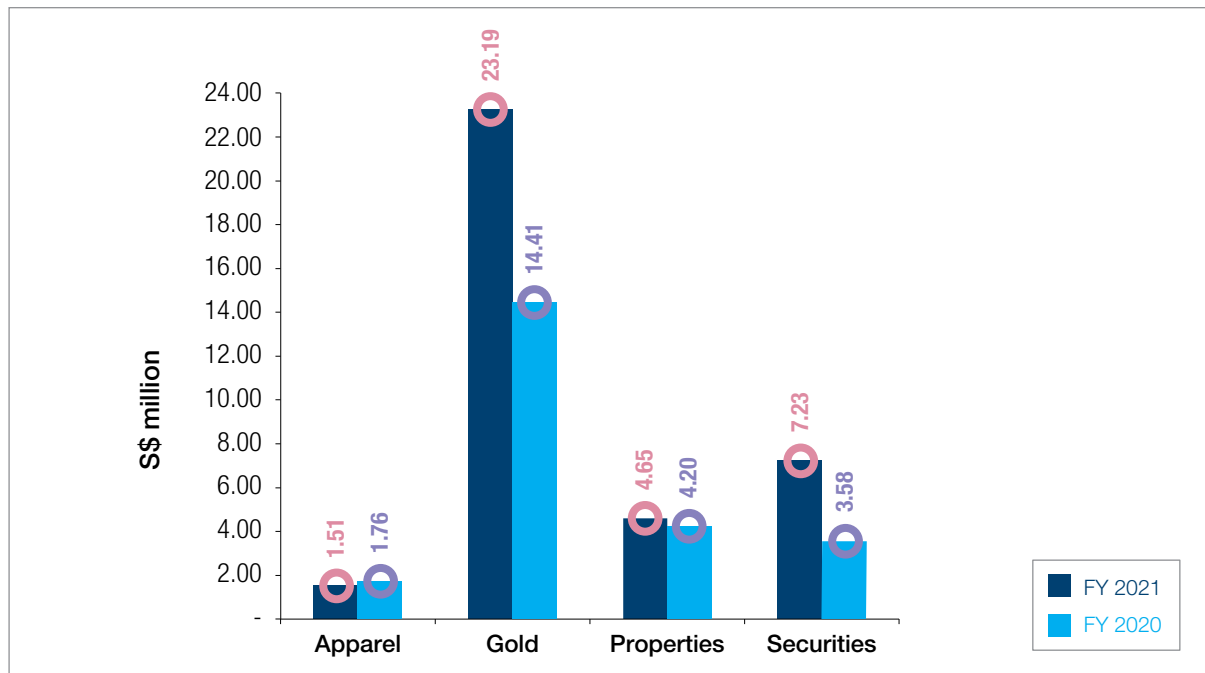
\* Adjusted earnings before Interest, tax, depreciation, exchange gains/losses, revaluation gain/deficit, divestment profit/loss.

\*\* Dividend of 5.5 cents includes a one-time special dividend of 5 cents for FY 2021.

# Based on the last traded price of 28 cents and 17.8 cents as at 31 August 2021 and 31 August 2020 respectively

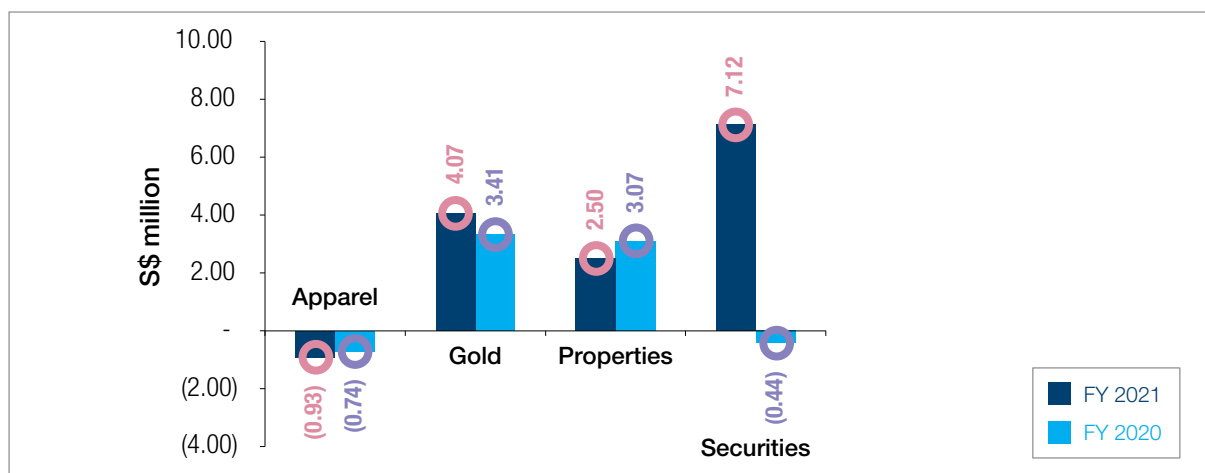
# FINANCIAL AT A GLANCE

## Revenue



Revenue	FY 2021 S\$ million	FY 2020 S\$ million	Variance S\$ million	%
Apparel	1.51	1.76	(0.25)	(14.20)
Gold	23.19	14.41	8.78	60.93
Properties	4.65	4.20	0.45	10.71
Securities	7.23	3.58	3.65	101.96

## Profit before interest, tax and unallocated expenses



	FY 2021 S\$ million	FY 2020 S\$ million	Variance S\$ million	%
Apparel	(0.93)	(0.74)	(0.19)	nm
Gold	4.07	3.41	0.66	19.35
Properties	2.50	3.07	(0.57)	nm
Securities	7.12	(0.44)	7.56	nm



## OVERVIEW

The Group net profit increased by \$5.37 million from \$4.45 million in FY 2020 to \$9.82 million in FY 2021.

Revenue increased by \$12.63 million or 52.73% from \$23.95 million in FY 2020 to \$36.58 million in FY 2021.

Adjusted EBITDA increased by \$7.54 million from \$4.97 million in FY 2020 to \$12.51 million in FY 2021.

In addition, there was a realised profit of \$4.08 million in FY 2021 upon cash acquisition of two equity instruments held by the group and classified as financial assets, at fair value through other comprehensive income and this gain was taken directly to equity through retained earnings.

## REVENUE

**Revenue has increased by \$12.63 million or 52.73% from \$23.95 million in FY 2020 to \$36.58 million in FY 2021.**

Different business segments contributed to the increase as illustrated below:

Revenue	FY 2021 S\$ million	FY 2020 S\$ million	Variance	
			S\$ million	%
Apparel	1.51	1.76	(0.25)	(14.20)
Gold	23.19	14.41	8.78	60.93
Properties	4.65	4.20	0.45	10.71
Securities	7.23	3.58	3.65	101.96

The revenue from apparel business decreased by \$0.25 million or 14.20% from \$1.76 million in FY 2020 to \$1.51 million in FY 2021. Of the \$1.51 million in FY 2021, Malaysia apparel business contributed \$0.74 million. The closure of our biggest outlet in Singapore at Tanjong Katong Complex in December 2019, change in consumer preferences and the increasing trend of online shopping mainly contributed to the decreased revenue from this business segment.

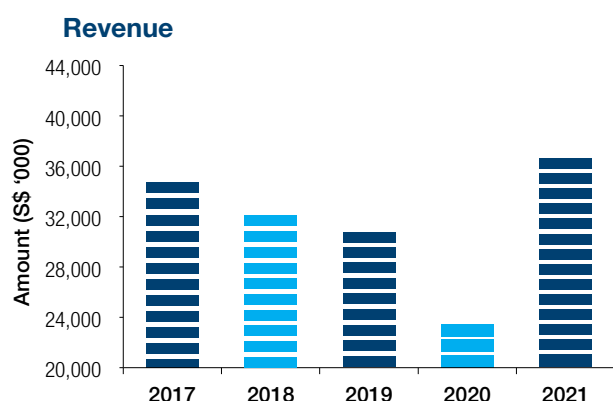
Revenue from gold business showed significant increase of \$8.78 million or 60.93% from \$14.41 million in FY 2020 to \$23.19 million in FY 2021 because of change in consumer behavior during these uncertain times where gold is possibly considered as a safe and good investment opportunity. In addition, our gold shop remained closed during the festive period of Hari Raya in the prior FY 2020 as all non-essential workplaces were closed from 7 April 2020 to 18 June 2020 ("Circuit Breaker") due to enhanced safe distancing measures taken to reduce the risk of further local transmission of COVID-19 (the "Enhanced Measures"). This also contributed to lower revenue from this business segment in FY 2020.

Rental revenue from properties increased by \$0.45 million to \$4.65 million in FY 2021 from \$4.20 million in FY 2020. In the current FY 2021, the rental actually dropped due to loss of rental income from sale of 7 investment properties as well as lower rentals received on some lease renewals. However, this effect was off-set as in the prior FY 2020, the rental income had already dropped more 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 whereas that was not the situation in the current FY 2021.

The securities business witnessed significant increase in revenue of \$3.65 million from \$3.58 million in FY 2020 to \$7.23 million in FY 2021. This was because the Group invested substantially in equity securities classified as financial assets, at fair value through other comprehensive income in current year and has received dividends on the same. The Group invested an amount of \$135.27 million in these securities in FY 2021.

# FINANCIAL REVIEW 2021

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



## PROFIT

The Group net profit increased by \$5.37 million from \$4.45 million in FY 2020 to \$9.82 million in FY 2021.

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

Profit	FY 2021 S\$ million	FY 2020 S\$ million	Variance S\$ million	%
Apparel	(0.93)	(0.74)	(0.19)	nm
Gold	4.07	3.41	0.66	19.35
Properties	2.50	3.07	(0.57)	nm
Securities	7.12	(0.44)	7.56	nm

The loss from apparel business increased by \$0.19 million from \$0.74 million in FY 2020 to \$0.93 million in FY 2021 mainly because of lower sales volume as well as the unchanged fixed costs despite decreased revenue from this business segment.

The gold business contributed \$4.07 million in FY 2021 which was higher by \$0.66 million from the \$3.41 million generated in FY 2020. The increased revenue which was attributable to good business witnessed in FY 2021 resulted in increased profit from this segment.

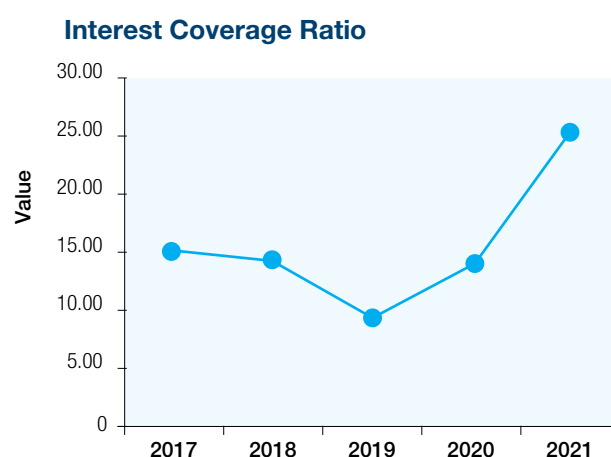
Properties segment contributed \$2.50 million in FY 2021 as compared to \$3.07 million in FY 2020. Though the revenue from this segment increased in FY 2021, the contribution from this business segment decreased mainly due to unrealised loss on revaluation of properties of \$1.44 million in current FY 2021 as compared to \$1.11 million in prior FY 2020. This was partially off-set by gain of

\$0.68 million on disposal of investment properties in FY 2021 as compared to gain of \$0.18 million in FY 2020.

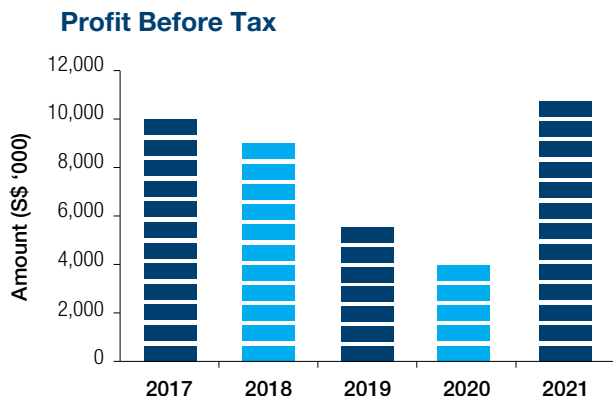
Securities segment recorded a gain of \$7.12 million in FY 2021 as compared to a loss of \$0.44 million in FY 2020. In addition to the increased revenue from this business on account of higher dividend income in the current year, the unrealised loss of only \$0.02 million recorded on financial assets, 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 \$4.19 million in the prior year contributed to substantial increase in profits from this segment.

## FINANCE COSTS

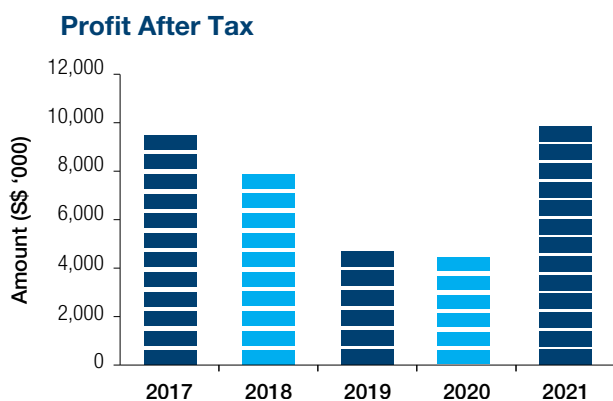
Interest expenses increased from \$0.28 million in FY 2020 to \$0.44 million in FY 2021 mainly because of increase in the amount of short-term borrowings from \$31.10 million as at 31 August 2020 to \$115.32 million as at 31 August 2021.



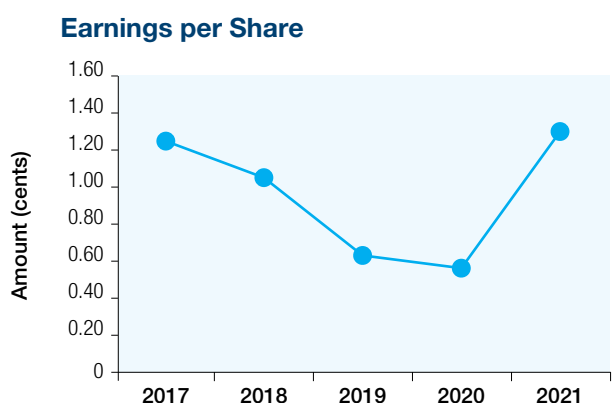
Below is a graphical representation of the profit before tax for the past five years:



There was income tax expense of \$0.91 million in FY 2021 as compared to credit of \$0.72 million in FY 2020. 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 prior year as the tax rebate was claimed in FY 2020. In addition, income tax credit on account of group relief claimed in prior year also contributed to the above tax credit in FY 2020.



The earnings per share for FY 2021 was 1.30 cents as compared to 0.59 cents in FY 2020. Below is a comparison of the earnings per share for the past five years:



## ADJUSTED EBITDA

Adjusted EBITDA increased by \$7.54 million from \$4.97 million in FY 2020 to \$12.51 million in FY 2021. An unrealised loss of \$4.19 million recorded on financial assets, at fair value through profit or loss in the prior year as compared to unrealised loss of only \$0.02 million in the current year mainly contributed to this increase. In addition, revenue from all business segments except apparels increased in the current FY 2021 resulting in higher adjusted EBITDA as compared to prior year.

The details of Adjusted EBITDA calculation are as below:

Adjusted EBITDA*	FY 2021 \$ '000	FY 2020 \$ '000
Net Profit	9,823	4,445
Add/(Less):		
Interest expenses	442	275
Tax expense/(credit)	914	(719)
Depreciation	134	143
Fair value losses on properties	2,027	1,110
Gain on divestment of investment property	(675)	(180)
Exchange differences	(156)	(102)
	<b>12,509</b>	<b>4,972</b>

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

## DIVIDENDS

For FY 2021, the Directors have declared a tax-exempt (one-tier) dividend of 0.5 cents plus a special dividend of 5 cents totalling 5.5 cents per ordinary share. Shareholders will have the option to either receive the dividends in cash or scrip or a combination of both.

The dividend yield for FY 2021 amounts to 19.64% based on the market price of 28 cents per share as at 31 August 2021 and the dividend payout ratio is 423.08% considering the earnings per share of 1.30 cents.



# FINANCIAL REVIEW 2021

## CASH FLOW

The net cash flow from operating activities was \$11.15 million in FY 2021.

Proceeds from cash offer for financial assets, at fair value through other comprehensive income including capital distribution generated \$14.03 million. In addition, proceeds from disposal of financial assets, at fair value through profit or loss generated \$2.46 million. This included redemption of bonds amounting to \$0.52 million and sale of equities amounting to \$1.94 million. An amount of \$15.55 million was generated on disposal of investment properties. Further, the Group had drawn down an amount of \$264.11 million from banks during the year.

Of the above, an amount of \$135.27 million was used for investing in quoted securities classified as financial assets, at fair value through other comprehensive income. Share buyback amounted to \$0.85 million and an amount of \$179.72 million was utilized to repay bank borrowings.

Cash and cash equivalents at the end of the period i.e. 31 August 2021 was \$0.35 million while it was \$8.89 million at the beginning of the period i.e. 31 August 2020. Thus, there was a decrease of \$8.54 million through the year.

## FINANCIAL POSITION AS AT 31 AUGUST 2021

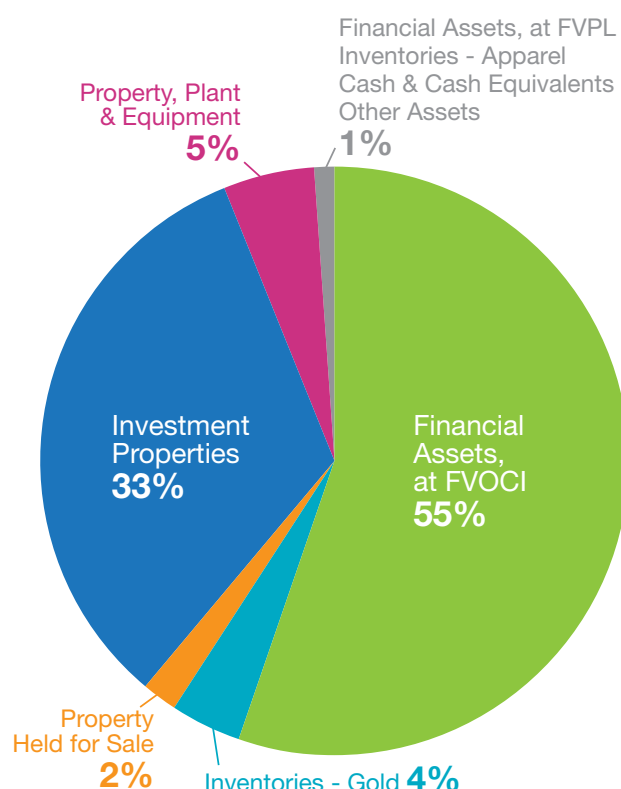
Investment properties of the group in Singapore totalled \$130.76 million. In addition, \$18.76 million worth of property owned by the group in Malaysia was classified as Property, plant and equipment because it was self-occupied. Further, investment property carrying value of \$9.60 million were classified as Property held-for-sale. Thus the total value of the properties was \$159.12 million.

As at 31 August 2021, financial assets, at fair value through other comprehensive income comprised of shares valued at \$223.14 million while financial assets, at fair value through profit or loss comprised of fixed income securities and equities valued at \$1 million and \$0.11 million respectively. There was an increase of \$26.03 million in the market value of financial assets, at fair value through other comprehensive income as at 31 August 2021 and this unrealised gain 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 \$0.02 million during the current financial year which was taken to the income statement.

Inventories at financial year ended 31 August 2021 totalled \$17.38 million of which \$16.23 million was gold stock.

The asset allocation of the group as at 31 August 2021 is shown in the below chart:



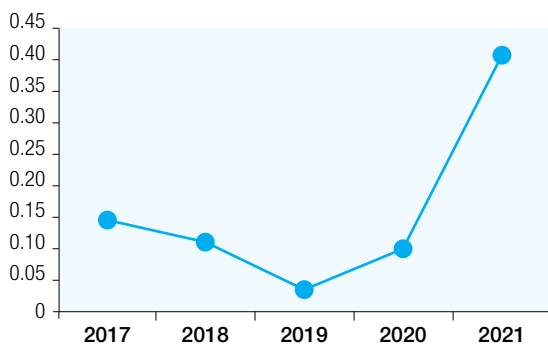
## WORKING CAPITAL

The Group had a negative working capital of \$89.54 million as at 31 August 2021 as compared to a positive working capital of \$10.12 million as at 31 August 2020. This was because the group utilised short-term borrowing facilities in order to benefit from lower interest rates. These loans are rolled over on maturity and have the flexibility of repayment at anytime.

## BANK BORROWINGS

As at 31 August 2021, the Group has short-term borrowings of \$115.32 million as compared to \$31.10 million as at prior year ended 31 August 2020. The gearing ratio of the Group stood at 0.41 as at 31 August 2021 as against 0.09 as at 31 August 2020.

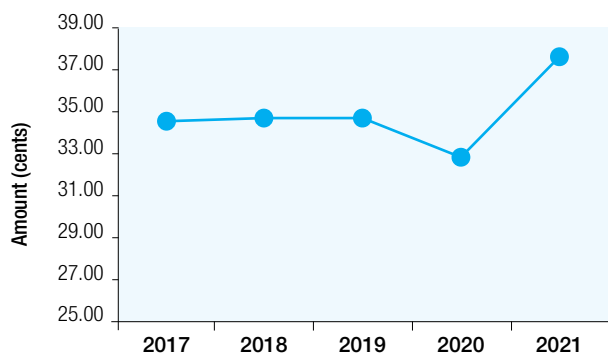
### Gearing



## SHARE CAPITAL

Share capital stood at \$137.45 million as at 31 August 2021 as compared to \$138.31 million as at 31 August 2020. The movement in share capital was due to share buyback of \$0.85 million during FY 2021. There were 751.91 million shares in float as at 31 August 2021 as compared to 755.27 million as at 31 August 2020. Total shareholders' equity stood at \$283.22 million and NTA per share was 37.67 cents as at 31 August 2021.

### 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	87.30	34.60	39.63%
STL-securities/ bonds	111.00	80.71	72.71%
Overdraft	0.95	-	0.00%
Performance guarantee	0.05	-	0.00%
	<b>199.30</b>	<b>115.31</b>	<b>57.86%</b>

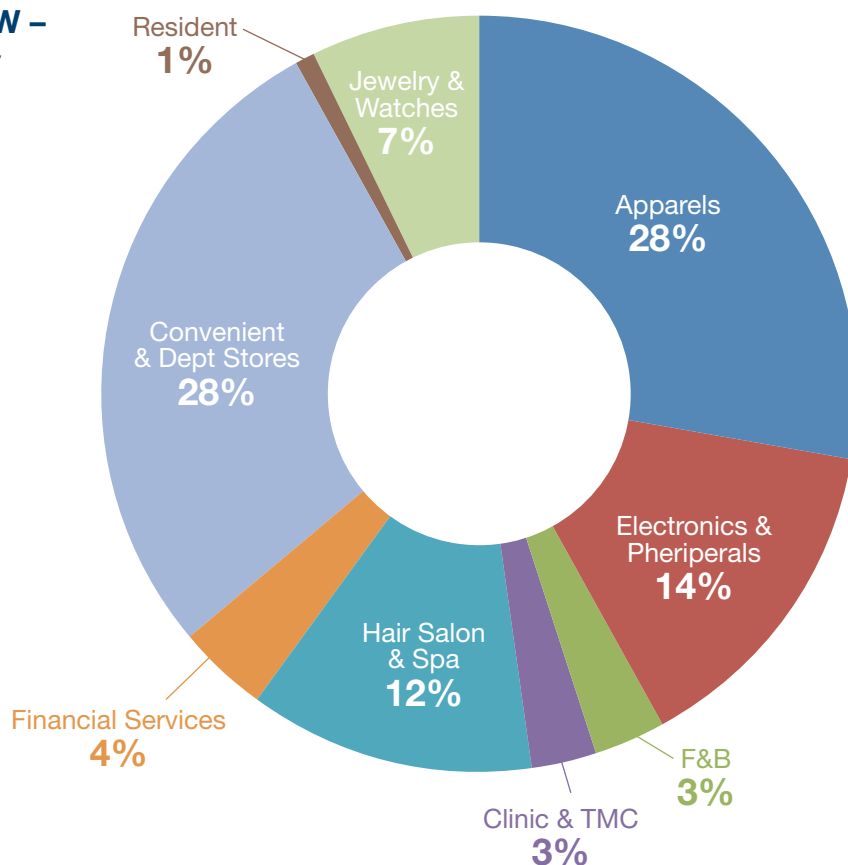


# PROPERTY PORTFOLIO & TENANTS' OPERATIONS REVIEW

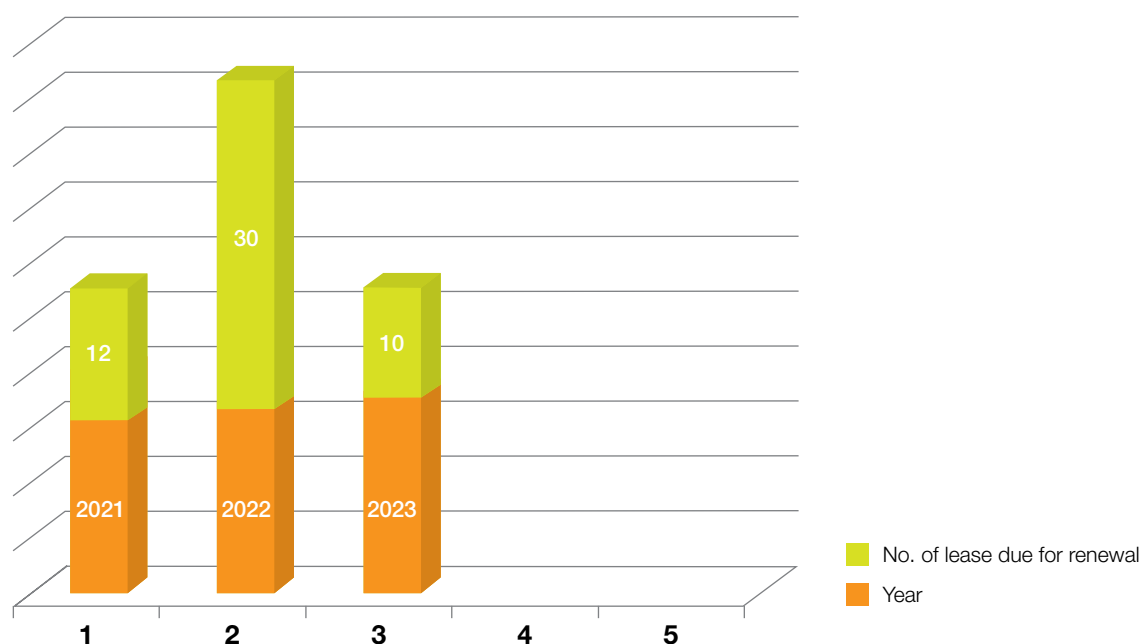
## PROPERTY PORTFOLIO REVIEW – Commercial

FY 2021 Appraised Value	<b>S\$140.36 Million</b>
Net Lettable Area- (Singapore)	<b>28,007 Sq ft</b>
Current Utilisation	<b>Rented Out</b>
Occupancy Rate	<b>96.42%</b>

## TENANTS' OPERATION REVIEW – Rental Income Contribution By Tenant Trade Sector

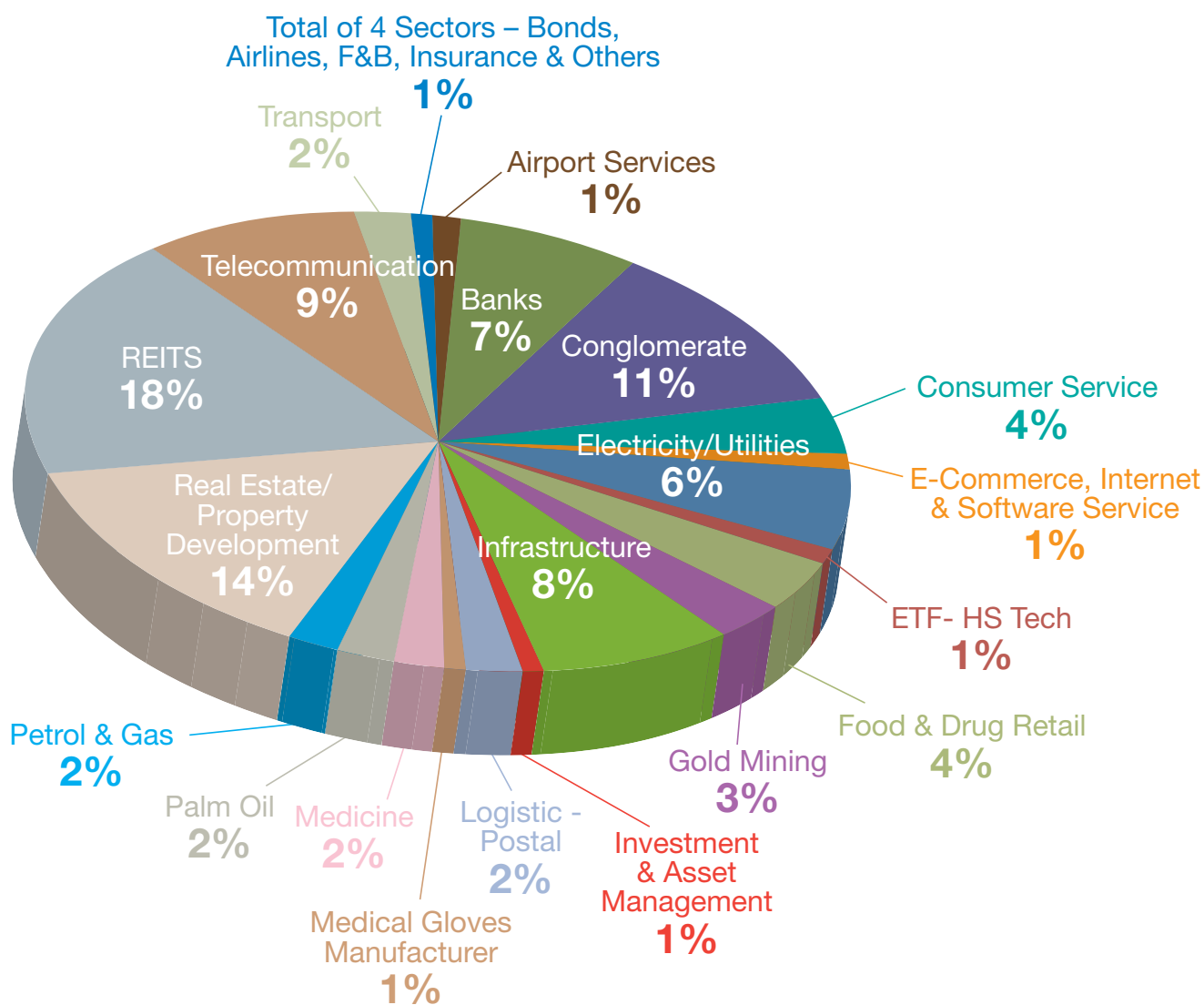


## Lease Expiry Profile



# QUOTED SECURITIES INVESTMENT OVERVIEW

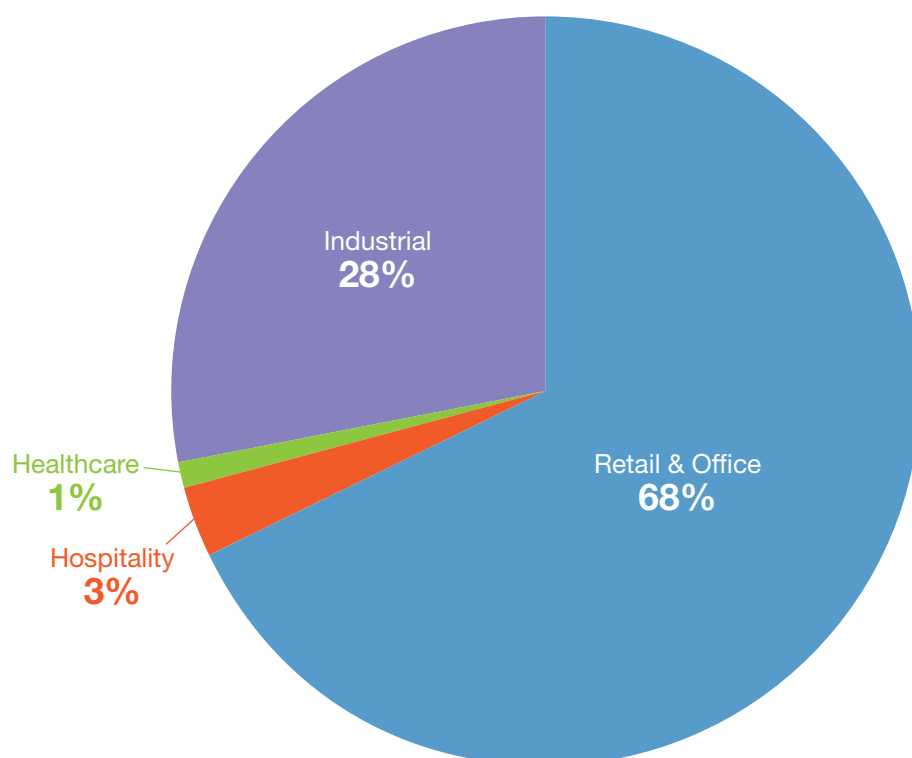
## OVERVIEW OF QUOTED SECURITIES INVESTMENT BY SECTOR AS AT 31 AUGUST 2021



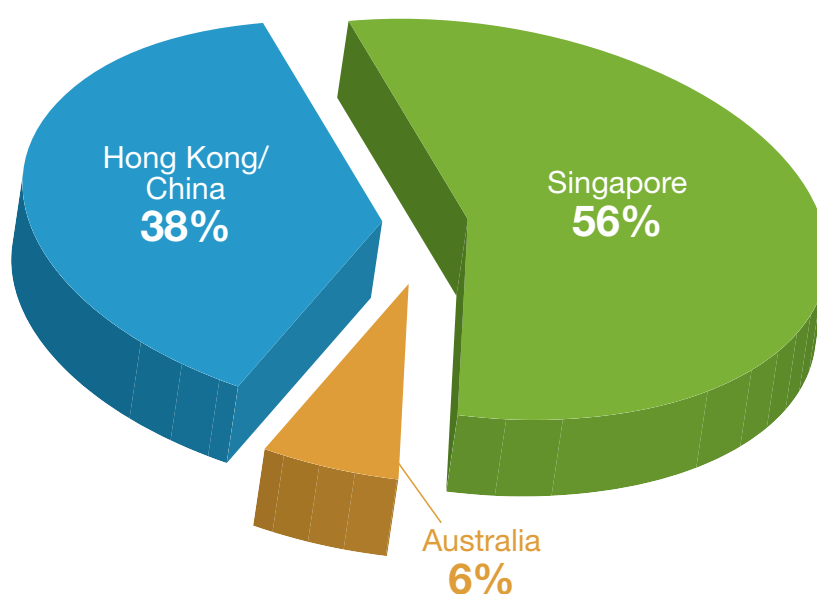


# QUOTED SECURITIES INVESTMENT OVERVIEW

## OVERVIEW OF REITS INVESTMENT BY SECTORS



## OVERVIEW OF QUOTED SECURITIES INVESTMENT BY GEOGRAPHY





## 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



## Distribution of Chinese New Year Hongbao for Geylang East Aged Home

We distributed Hongbao monetary gift to all the residents of the Home at their premise in Geylang East during the Chinese New Year of 2021



## AMP - 2ND CHANCE STEM STUDY AWARD 2021



**Nur Hannani Rakinah  
Binte Rahmat**

SIT Bachelor of Engineering  
(Pharmaceutical Engineering)



**Muhammad Amir Shah  
Bin Sadik**

SIT Bachelor of Engineering  
(Chemical Engineering)



**Nur Fitri Shazwina  
Binte Rosli**

NUS Bachelor of Engineering  
(Biomedical Engineering)



**Abdul Kadir Bin  
Anwar Bahajjaj**

SUTD Bachelor of Engineering  
(Engineering Product  
Development)



**Haziq Bin Zailani**

SIT Bachelor of Engineering  
(Sustainable Infrastructure, Land)

## Bursary Fund

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

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

# PROPERTY LOCATIONS IN SINGAPORE



- 26 Blk 190 Toa Payoh Lor 6 #01-560
- 27 Blk 190 Toa Payoh Lor 6 #01-562
- 28 Blk 505 Tampines Central 1 #01-355
- 29 Blk 505 Tampines Central 1 #01-357
- 30 Blk 201B Tampines St 21 #01-1063
- 31 1 Rochor Canal Road #05-36 Sim Lim Square
- 32 1 Rochor Canal Road #05-53 Sim Lim Square
- 33 1 Rochor Canal Road #05-54 Sim Lim Square
- 34 1 Rochor Canal Road #05-61 Sim Lim Square
- 35 1 Rochor Canal Road #05-62 Sim Lim Square
- 36 1 Rochor Canal Road #05-63 Sim Lim Square
- 37 1 Rochor Canal Road #05-64 Sim Lim Square
- 38 1 Rochor Canal Road #05-65 Sim Lim Square
- 39 1 Rochor Canal Road #05-72 Sim Lim Square
- 40 1 Rochor Canal Road #05-73 Sim Lim Square
- 41 1 Rochor Canal Road #05-74 Sim Lim Square







MEGA  
**First Lady**

165-169 JLN TUANKU ABDUL RAHMAN, KL





## **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)  [@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

### THE BOARD’S CONDUCT OF AFFAIRS

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

#### Provision 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.

## **Provision 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 2021 ("**FY 2021**").

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 2021, 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 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.

## **Provision 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.

## **Provision 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.

## **Provision 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 ("**AGM**") and any Extraordinary General Meetings ("**EGM**") 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. 27 November 2020 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><u>EGM</u></b>
<b>No. of meetings</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</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>	2 <sup>#</sup>	1	1
Mr Mohamed Hasan Marican s/o Kadir Mohideen Saibu Maricar	3	2 <sup>#</sup>	2 <sup>#</sup>	2 <sup>#</sup>	1	1
Mr Devnarayanan s/o K.R. Pisharody	3	NA	NA	2 <sup>#</sup>	1	1
Dr Ahmad Bin Mohamed Magad, JP	3	2	2	2	1	1
Ms Geetha Padmanabhan	3	2	2	2	1	1
Mr Tan Lye Heng Paul	3	2	2	2	1	1

<sup>#</sup> By Invitation

All Directors are required to declare their board representations. Where a Director has multiple board representations, and in considering the nomination of Directors for appointment, the NC will evaluate whether or not the Director is able to and has been adequately carrying out his or her duties as a Director, as well as sufficient time and attention are given to the affairs of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

## Provision 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.

## Provision 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 and/or her representatives 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 the 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.

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.

## **BOARD COMPOSITION AND GUIDANCE**

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

The Board 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

## Provision 2.1 - 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 substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment of the Group's affairs with a view to the best interests of the Company.

The independence of each Independent Non-Executive Director is reviewed annually by the NC.

Each Independent Non-Executive Director is required to disclose any relationships or appointments which would impair their independence. Each Independent Non-Executive 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 Non-Executive Director of his/her independence, the Board considers each of the Independent Non-Executive 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 reappointment and independence of Independent Non-Executive Directors who have served on the Board for more than nine years from the date of their first appointment. All the three Independent Non-Executive Directors namely, Mr Tan Lye Heng Paul, Dr Ahmad Bin Mohamed Magad and Ms Geetha Padmanabhan have served as Independent Non-Executive Directors of the Company for an aggregate term of more than nine (9) years since 29 November 2002, 20 December 1996 and 1 March 2012 respectively. 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, Dr Ahmad Bin Mohamed Magad and Ms Geetha Padmanabhan 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. All of them have demonstrated strong independent character and judgement over the years in discharging their duties and responsibilities as Independent Non-Executive 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 Non-Executive Directors of the Company and their ability to discharge their duties as Independent Non-Executive 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, Dr Ahmad Bin Mohamed Magad and Ms Geetha Padmanabhan 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.

In addition, the Company will seek the approval of (i) shareholders excluding shareholders who are also the Directors, the Managing Director and the associates of the Directors and the Managing Director and (ii) all shareholders, in separate resolutions, for the continued appointment of such Independent Non-Executive Directors at the forthcoming AGM, pursuant to Rule 210(5)(d) of the Listing Manual of the SGX-ST.

# CORPORATE GOVERNANCE

## **Provision 2.2 - Proportion of Independent Non-Executive Directors**

The Company endeavours to maintain a strong independent element on the Board with the Independent Non-Executive Directors making up at least one-third of the Board. The current Chairman is independent and Independent Non-Executive Directors currently make up half of the Board. In view of this, the current number of Independent Non-Executive Directors complies with Rule 210(5)(c) of the Listing Manual of the SGX-ST, which requires the Board to have at least one-third of the Directors who are independent and free of any material business or financial connection with the Company.

## **Provision 2.3 - Proportion of Non-Executive Directors**

The Non-Executive Directors do not make up a majority of the Board as proposed in Provision 2.3 of the 2018 Code. Nevertheless, the NC and the Board have identified a suitable candidate to onboard as Non-Executive Director and he will be appointed with effect from 22 December 2021, thereby further enhancing the standard of corporate governance.

## **Provision 2.4 - Board Composition, Size and 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 Non-Executive Director, namely Ms Geetha Padmanabhan. Ms Geetha Padmanabhan has been a member of the Board since 2013.

The NC is of the view that no individual or small group of individuals dominates the Board's decision-making process. The NC is also of the view that the Board has a good balance of Directors who have extensive business, financial, accounting and management experience. 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.

## **Provision 2.5 - Meeting of Non-Executive Director and Independent Non-Executive Directors without Management**

Independent Non-Executive 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. During FY 2021, the Independent Non-Executive Directors have met informally at least once without the presence of Management to discuss matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Directors and key management personnel ("**KMP**").

# CORPORATE GOVERNANCE

## ***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 Directors led by the Independent Non-Executive Chairman 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 Non-Executive 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.

To ensure that Non-Executive Directors 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 Non-Executive 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 Non-Executive 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 Non-Executive Directors at any time for them to meet regularly without the presence of the management.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")**

***Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.***

### **Provisions 3.1 and 3.2 - Roles of the Chairman and CEO**

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 Independent 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. The Chairman and the CEO are not related.

The Chairman is responsible for the effective functioning of the Board and exercises control over the quality, quantity and timeliness of information flow between the Board and Management and effective communication with Shareholders. In addition, the Chairman encourages constructive relations among the Directors and the Board's interaction with Management, as well as facilitates effective contribution of Non-Executive Directors. The Chairman's responsibilities in respect of the Board proceedings include:



# CORPORATE GOVERNANCE

- a. in consultation with the CEO, setting the agenda (with the assistance of the Company Secretary and her representatives) and ensuring that adequate time is available for discussion of all agenda items, in particular, strategic issues;
- b. ensuring that all agenda items are adequately and openly debated at the Board meetings;
- c. ensuring that all Directors receive complete, adequate and timely information; and
- d. assisting in ensuring that the Group complies with the 2018 Code and maintains high standards of corporate governance.

The Chairman, Dr Ahmad Bin Mohamed Magad as Independent Non-Executive Director exercises objective judgment 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.

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.

All the Board Committees are chaired by Independent Non-Executive Directors and at least half of Board consists of Independent Non-Executive 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.

## **Provision 3.3 - Lead Independent Director**

The Company did not appoint a lead independent director as the Chairman is an Independent Director and the Chairman and the CEO are not immediate family members.

## **BOARD MEMBERSHIP**

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

## **Provisions 4.1 and 4.2**

### *Nominating Committee ("NC") Composition*

The NC comprises of three members, all of whom are Independent Non-Executive 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 was established for the purpose of ensuring that there is a formal and transparent process for all board appointments.

# CORPORATE GOVERNANCE

## *Roles and Duties of NC*

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. 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. 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.

### **Provision 4.3 - Nomination and Selection of Directors**

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.

The Group also releases announcements on the appointment or cessation of Directors via SGXNET.

# CORPORATE GOVERNANCE

## **B. Review and recommend to the Board on re-elections and 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 AGM and a newly appointed Director must submit himself for re-election at the AGM immediately following his appointment.

The NC has recommended to the Board that Mr Devnarayanan s/o K.R. Pisharody and Ms Geetha Padmanabhan (collectively, the **"Retiring Directors"**) be nominated for re-election at the upcoming AGM. In making the recommendation, the NC had considered each of the Retiring Directors' contribution and performance to the Board and the Group. The Retiring Directors, being the members of the NC, have each abstained from making any recommendation and/or participating in any deliberation of the NC in respect of the assessment of their own performance or re-election as a Director.

Mr Devnarayanan s/o K.R. Pisharody will, upon re-election as a Director, remain as Executive Director of the Company. Ms Geetha Padmanabhan will, upon re-election as a Director, remain as Independent Non-Executive Director, Chairman of AC, member of RC and NC.

Details of the Retiring Directors seeking for re-election at the upcoming AGM are set out on pages 58 to 61 of the Annual Report in compliance with the Rule 720(6) of the Listing Manual of the SGX-ST.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, a director will not be independent if he/she has served for an aggregate of more than nine (9) years unless his/her continued appointment as an independent director has been sought and approved in separate resolutions by (a) all shareholders; and (b) shareholders, excluding the directors and chief executive officer of the issuer, and associates of such directors and chief executive officer (the **"Two-Tier Voting"**). For the purpose of the resolution referred to in (b), the directors and chief executive officer of the issuer, and their respective associates, must not accept appointment as proxies unless specific instructions as to voting are given. Such resolutions approved by a Two-Tier Voting may remain in force for three (3) years from the conclusion of the AGM following the passing of the resolutions or the retirement or resignation of the director, whichever the earlier.

The Board (with the concurrence of the NC) has recommended that the approval of Shareholders be sought through a Two-Tier Voting process at the forthcoming AGM for the continuation of office of Mr Tan Lye Heng Paul, Dr Ahmad Bin Mohamed Magad and Ms Geetha Padmanabhan as Independent Non-Executive Directors of the Company. Mr Tan Lye Heng Paul, Dr Ahmad Bin Mohamed Magad and Ms Geetha Padmanabhan have served as Independent Non-Executive Directors of the Company for an aggregate term of more than nine (9) years since 29 November 2002, 20 December 1996 and 1 March 2012 respectively, and would not be considered independent unless their continued appointment as Independent Non-Executive Director of the Company has been sought and approved by a Two-Tier Voting process at the forthcoming AGM.

The Board (with the concurrence of the NC) has determined that Mr Tan Lye Heng Paul, Dr Ahmad Bin Mohamed Magad and Ms Geetha Padmanabhan continue to remain objective and independent-minded in Board deliberations. Their vast experience enables them to provide the Board and the various Board Committees, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interest of the Company.

# CORPORATE GOVERNANCE

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.

## *Alternate Director*

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.

## **Provision 4.4 - Continuous Review of Directors' Independence**

### **C. Determine the independent status of the Independent Non-Executive 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 Director's 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 Non-Executive Directors and is of the view that they are in compliance with the 2018 Code's definition of independence.

## **Provision 4.5 - Directors' Commitments**

### **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.

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.



# CORPORATE GOVERNANCE

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.

## **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 63 of this Annual Report.

## **BOARD PERFORMANCE**

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

### **Provisions 5.1 and 5.2 - Performance Criteria**

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.

For FY2021, 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.

# CORPORATE GOVERNANCE

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

#### Provisions 6.1, 6.2 and 6.3

##### *Remuneration Committee ("RC") Composition*

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

##### *Roles and Duties of RC and Remuneration Framework*

The RC is responsible for ensuring a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual Directors, KMP and any employee who is related to a Director or substantial shareholder of the Group.. 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 KMP 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 KMP.
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 KMP'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.

#### Provision 6.4 - Engagement of Remuneration Consultants

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 2021.

# CORPORATE GOVERNANCE

## LEVEL AND MIX OF REMUNERATION

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

### Provisions 7.1 and 7.3 - Remuneration of Executive Directors and KMPs

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 KMP (including CEO) to successfully manage the Company for the long term.

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 2021 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.

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.

The remuneration packages for employees who are related to any Director, CEO or substantial shareholder of the Company and the responsibilities and performance of each such related employee are also reviewed. The RC reviews and recommends the remuneration packages of such related employees for the Board's approval.

### Provision 7.2 - Remuneration of Independent Non-Executive Directors

In case of Independent Non-Executive 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 Non-Executive Directors are appropriate to their level of contribution taking into account factors such as effort, time spent and their responsibilities. The payment of Directors' fees is subject to shareholders' approval at the forthcoming AGM of the Company.

#### *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.

# CORPORATE GOVERNANCE

## DISCLOSURE ON REMUNERATION

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

### Provisions 8.1 and 8.2 - Remuneration Policy and Criteria

The Company requires disclosure of the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (i) each individual director and the CEO; and (ii) at least the top five KMP (who are not directors or the CEO) in bands no wider than \$250,000 and in aggregate the total remuneration paid to these KMP. The policy and criteria used in setting the level of remuneration is based on various factors including performance of the Group, industry practices and the individual's performance and time commitment, contributions towards achievement of corporate objectives and targets, integrity and accountability.

#### Remuneration of Directors and CEO

A breakdown showing the level and mix of each individual Director's remuneration payable for FY 2021 is as follows:

Remuneration Bands	Number of Directors		
	2019	2020	2021
\$1,000,000 to \$1,250,000	-	-	-
\$750,000 to \$1,000,000	-	-	-
\$500,000 to \$750,000	1	1	2
\$250,000 to \$500,000	1	1	-
Less than \$250,000	4	4	4
	6	6	6

A summary remuneration table for the Directors for FY 2021:

Name	Remuneration Band	Salary*	Bonus	Fees	Total
	S\$	%	%	%	%
Mr Mohamed Salleh	\$500,000 to \$750,000	25.31	74.69	-	100
Mr Mohamed Hasan #	\$500,000 to \$750,000	28.68	71.32	-	100
Mr Dev Pisharody	Less than \$250,000	60.86	39.14	-	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	685,159
Mr Mohamed Hasan	541,783
Mr Dev Pisharody	217,695
Dr Ahmad Bin Mohamed Magad	47,472
Mr Tan Lye Heng Paul	34,680
Ms Geetha Padmanabhan	36,683
	<b>1,563,472</b>

## *Remuneration of Key Management Personnel*

A summary remuneration table of 4 executives for FY 2021:

<b>Name</b>	<b>Remuneration Band</b>	<b>Salary*</b>	<b>Bonus</b>	<b>Total</b>
	<b>S\$</b>	<b>%</b>	<b>%</b>	<b>%</b>
Mr Jainulabedeen Raj Mohamed	Below \$250,000	71.83	28.17	100
Mr Azlan Bin Mohd Shafie	Below \$250,000	76.90	23.10	100
Mr Amal Marican	Below \$250,000	77.42	22.58	100
Mr Safie Hussain	Below \$250,000	72.44	27.56	100

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

The total remuneration of the KMP for FY 2021 was S\$304,268/-.

The Board is of the view that given the sensitive and confidential nature of employees' remuneration and to maintain good morale and a strong team spirit within the Group, detailed disclosure on the remuneration paid to the top key management personnel is not in the best interests of the Company and the Group. Such disclosure would disadvantage the Group in relation to its competitors and may affect adversely the cohesion and spirit of team work prevailing among the employees of the Group.

## **Provision 8.2 - Remuneration of Substantial Shareholder or Immediate Family Members of Director and CEO**

None of the employee is related to the director whose remuneration exceeded S\$100,000 during FY 2021.

For FY2021, 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.

# CORPORATE GOVERNANCE

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

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

#### Provisions 9.1 and 9.2

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.

The Management provides the Board with detailed management accounts, operation review, related explanation and any other information on half-yearly basis as per the requirement of Board thus keeping the 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.

# CORPORATE GOVERNANCE

## ***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.

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 audit reports and management controls in place, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective as at 31 August 2021 in its current business.

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 AC'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.

# CORPORATE GOVERNANCE

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.

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.

## ***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.



# CORPORATE GOVERNANCE

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.

## ***Risk Management (Listing Rule 1207(4)(b)(iv))***

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 Group's risk management framework and policies.

## **AUDIT COMMITTEE**

***Principle 10: The Board has an Audit Committee which discharges its duties objectively.***

### **Provisions 10.1, 10.2 and 10.3**

#### *AC Composition*

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.

#### *Roles and Duties of AC*

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.

# CORPORATE GOVERNANCE

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 consolidated financial statements of the Group, 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;
- (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;
- (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; and
- (m) generally undertake such other functions and duties which may be required by statute or the rules of the Listing Manual of the SGX-ST, and by such amendments made thereto from time to time.

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.

## **External Audit**

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.

# CORPORATE GOVERNANCE

The AC has reviewed the work performed by the external auditors, Nexia TS Public Accounting Corporation, after taking into consideration the relevant guidelines issued to the AC by the SGX-ST and/or the Singapore Accounting & Corporate Regulatory Authority.

After taking into consideration the adequacy of the resources and experience of Nexia TS Public Accounting Corporation (including the audit partner in charge of auditing the Company), the number and experience of supervisory and professional staff assigned to review the Group as well as the Group's size and structure, the AC and the Board are of the view that Nexia TS Public Accounting Corporation has been able to assist the Company in meeting its audit obligations and the Company is in compliance with Rule 712 of the Listing Manual.

Also, 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.

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 2021 is S\$69,740 and there is no non-audit fee incurred.

There were no IPT in the financial year under review.

# CORPORATE GOVERNANCE

## *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>
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>
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 emphasises the importance of clear identification and non-mixing of financial assets classified under either FVPL and/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 property, plant and equipment	<p>Due to the material financial impact and subjectivity of valuation of freehold land and buildings included under property, plant and equipment, 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 accounting treatment of the management regarding revaluation adjustment</li> <li>(vi) The approach and methodologies of the external auditor in their audit of the assets</li> </ul>

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



# CORPORATE GOVERNANCE

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 2021. Refer to pages 66 to 68 of this Annual Report for the auditor's comments.

## **Provision 10.4 - 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 2021 RSM Risk Advisory Pte Ltd which meets the Institute of Internal Auditors ("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:

- Rental and Tenancy Management;
- Financial Investment;
- Personal Data Protection; and
- Follow up of Prior Year IA Issues.

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. Hence, the Board and the AC are of the view that internal audit function is independent, effective and adequately resourced.

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.

# CORPORATE GOVERNANCE

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 IIA) 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.

## **Provision 10.5 - Meeting Auditors without the Management**

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

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

### **SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS**

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

### **Provisions 11.1, 11.2, 11.3 and 11.4 - Shareholders' Participation and Conduct of General Meetings**

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.

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.

# CORPORATE GOVERNANCE

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. All Directors attended the AGM and EGM of the Company held during FY 2021. The external auditors are also present to assist the Directors on any queries on the financial statements.

Due to the COVID-19 situation, the Company's last AGM held on 30 December 2020 ("**2020 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means", pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**"). The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's corporate website, in accordance with the alternative arrangements for holding of the AGM pursuant to the COVID-19 Order. The Company had also published a notice to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2020 AGM.

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. Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. Separate resolutions are proposed for each substantially separate issue at general meetings. 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.

## **Provision 11.5 - Minutes of General Meetings**

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 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, will be available on the Company's website

## **Provision 11.6 - Dividend Policy**

The Group has a dividend policy of distributing at least 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 Company had declared and paid out interim dividend of 0.45 Singapore cent per ordinary share for the financial year ended 31 August 2020. For FY 2021, the Board had proposed first and final dividend of 0.50 Singapore cent per ordinary share, and special dividend of 5.00 Singapore cents per ordinary share, subject to the approval from the Shareholders at the forthcoming AGM.

# CORPORATE GOVERNANCE

## ENGAGEMENT WITH SHAREHOLDERS

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

### Provisions 12.1, 12.2 and 12.3 - Investor Relations Practices and Disclosures of Information

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. Price and/or trade sensitive information is first publicly released before the Company meets with any group of investors or analysts.

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

### ENGAGEMENT WITH STAKEHOLDERS

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

### Provisions 13.1 and 13.2 - Stakeholders' Engagement

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 and the Group has regularly engaged its stakeholders through various medium and channels to ensure that the business interests are aligned with those of the stakeholders, to understand and address the concerns so as to improve services and products' standards, as well as to sustain business operations for long-term growth.

# CORPORATE GOVERNANCE

The stakeholders have been identified as those who are impacted by the Group's business and operations and those who are similarly able to impact the Group's business and operations. Four stakeholders' groups have been identified through an assessment of their significance to the business operations. They are namely, shareholders, employees, customers and suppliers.

Detailed approach to the stakeholder engagement and materiality assessment will be disclosed in the Group's sustainability report for FY2021, which will be published by the Company on SGXNet by 31 January 2022, to keep stakeholders informed on the Group's business and operations.

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 pages 47 to 48.

## **Provision 13.3 - Corporate Website**

The Company maintains a corporate website at [www.secondchance.com.sg](http://www.secondchance.com.sg) to communicate and engage with its stakeholders. The website provides annual reports, financial information, stock information, profiles of the Group, and contact details of the investor relations of the Group.

## **ADDITIONAL INFORMATION**

### **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, in compliance with Rule 1207(19) of the Listing Manual SGX-ST.

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 one month before the announcement of the half yearly results and 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 (Listing Rule 1207(8))**

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 (Listing Rule 907)**

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 2021.

On a half yearly basis, management reports to the AC on the IPTs

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 2021, 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

Mr Devnarayanan s/o K.R. Pisharody and Ms Geetha Padmanabhan are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 21 December 2021 (“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:

	MR DEVNARAYANAN S/O K.R. PISHARODY	MS GEETHA PADMANABHAN
Date of Appointment	2 March 1987	1 March 2012
Date of last re-appointment	27 December 2018	27 December 2018
Age	64	48
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 Mr Devnarayanan s/o K.R. Pisharody for re-appointment as Executive Director of the Company. The Board have reviewed and concluded that Mr Devnarayanan s/o K.R. Pisharody 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 contribution, performance and suitability of Ms Geetha Padmanabhan for re-appointment as Independent Non-Executive Director of the Company. The Board have reviewed and concluded that Ms Geetha Padmanabhan possess the experience, expertise, knowledge and skills to continue contributing towards the existing businesses and core competencies of the Board.
Whether appointment is executive, and if so, the area of responsibility	Executive, Responsible for properties business and overall general administration	Non-Executive.
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Non-Executive Director, Chairman of Audit Committee, member of Remuneration Committee and Nominating Committee
Professional qualifications	Nil	Bachelor of Science from Bangalore University, India  Chartered Accountant from Institute of Chartered Accountants of India

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	<b>MR DEVNARAYANAN S/O K.R. PISHARODY</b>	<b>MS GEETHA PADMANABHAN</b>
Working experience and occupation(s) during the past 10 years	<p>Director in Second Chance Investments Pte Ltd</p> <p>Director in First Lady Apparels (Malaysia) Sdn Bhd</p>	<p>May 2021 to present – Self Owned Firm Synergies</p> <p>July 2013 to April 2021t: Managing Director in self-owned firm, SVP Consultants &amp; Advisors</p> <p>April 2003 - January 2012: Group Finance Manager at Second Chance Properties Ltd</p>
Shareholding interest in the listed issuer and its subsidiaries	4,370,816 shares (direct interest)	1,040,052 (deemed 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><u>Directorship</u></b> Nil</p> <p><b><u>Other Principal Commitment</u></b> Nil</p>	<p><b><u>Directorship</u></b> 2020-2021 – Ikigai Enablers Pte Ltd</p> <p><b><u>Other Principal Commitment</u></b> Nil</p>
Present	<p><b><u>Directorship</u></b></p> <ul style="list-style-type: none"> <li>• Second Chance Investments Pte Ltd</li> <li>• First Lady Apparels (Malaysia) Sdn Bhd</li> </ul> <p><b><u>Other Principal Commitment</u></b></p> <ul style="list-style-type: none"> <li>• City Plaza Management Corporation Strata Title No.669 - Chairman</li> <li>• Sim Lim Management Corporation Strata Title No.1440 - Member</li> </ul>	<p><b><u>Directorship</u></b></p> <ul style="list-style-type: none"> <li>• Phoenix Consultants and Advisors Pte Ltd</li> </ul> <p><b><u>Other Principal Commitment</u></b> Nil</p>

# 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.

	<b>MR DEVNARAYANAN S/O K.R. PISHARODY</b>	<b>MS GEETHA PADMANABHAN</b>
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

# DISCLOSURE OF INFORMATION ON DIRECTORS SEEKING RE-ELECTION

		<b>MR DEVNARAYANAN S/O K.R. PISHARODY</b>	<b>MS GEETHA PADMANABHAN</b>
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 of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- <ul style="list-style-type: none"> <li>i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</li> <li>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</li> <li>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</li> <li>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</li> </ul> in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

# DIRECTORS' STATEMENT

*FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021*

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 2021 and the balance sheet of the Company as at 31 August 2021.

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 2021 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 and 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 2021

## Directors' interests in shares or debentures

According to the register of directors' shareholdings, the directors holding office at the end of the financial year who has interest in the shares or debentures of the Company or its related corporations, are as follows:

	Holdings registered in the name of director		Holdings in which a director is deemed to have an interest	
	At 31.8.2021	At 1.9.2020	At 31.8.2021	At 1.9.2020
<b>The Company</b>				
(Ordinary shares)				
Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	514,476,961	444,517,234	6,346,158	69,736,485
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	517,045	517,045	-	-
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 2021 were the same as those as at 31 August 2021.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 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.

## 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 2021 and the consolidated financial statements of the Group for the financial year ended 31 August 2021 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.

# DIRECTORS' STATEMENT

*FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021*

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.

## **Independent auditor**

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

On behalf of the directors

Mohamed Salleh s/o  
Kadir Mohideen Saibu Maricar

Mohamed Hasan Marican s/o  
Kadir Mohideen Saibu Maricar

**26 November 2021**

# 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 2021, 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 2021 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 for 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 (continued)

Key Audit Matters	How our audit addressed the Key Audit Matters
<b><i>Valuation of investment properties</i></b>	
<p>We focused on this area given the significance of its balance as at 31 August 2021 and the involvement of significant judgement on the determination of fair value of investment properties and application of valuation methodology.</p> <p>Investment properties represent 32.54% of the Group's total assets. Management engaged an independent valuer, Colliers International Consultancy &amp; Valuation (Singapore) Pte Ltd, to perform a combination of full and 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 2021 which amounted to \$130.76 million. Fair value loss of \$1.44 million was recognised in the Group's consolidated statement of comprehensive income as a result of this valuation exercise.</p>	<p>Our procedures included the following:</p> <p>We reviewed the valuation of the investment properties to ensure they are carried at appropriate amounts and to determine if management's assessment on impairment is reasonable.</p> <p>We assessed the competency and capabilities of the independent professional valuer and noted that Colliers International Consultancy &amp; Valuation (Singapore) Pte Ltd has good standing in the industry and has relevant expertise and experience in the property valuation in Singapore.</p> <p>We reviewed and discussed with the valuer on the reasonableness of their assumptions used in the computation of fair value.</p> <p>We assessed that the criteria for properties transferred to properties held for sale are in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations.</p> <p>We assessed if the investment properties have been properly accounted for in accordance with SFRS(I) 40 Investment Property.</p>
<b><i>Valuation of financial assets at fair value through profit or loss ("FVPL") and financial assets at fair value through other comprehensive income ("FVOCI")</i></b>	
<p>We focused on this area given the significance of its balance as at 31 August 2021 and the involvement of management's judgements for the classification of the financial assets at FVPL and FVOCI.</p> <p>As at 31 August 2021, financial assets, at FVPL were valued at \$1.11 million and financial assets, at FVOCI were valued at \$223.14 million, representing 0.28% and 55.53% of the total assets respectively.</p>	<p>Our procedures included the following:</p> <p>We reviewed the basis of management's assessment on measurement of these financial assets for accounting in accordance with SFRS(I) 9 Financial Instruments.</p> <p>We have obtained bank confirmations and verified the existence and accuracy of the financial assets.</p> <p>We assessed if the gain/loss for the disposal of both the financial assets are accounted properly in accordance with SFRS(I) 9 Financial Instruments.</p>



# 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")*** (continued)

As at 31 August 2021, fair value loss on financial assets, at FVPL recognised in profit or loss amounted to \$0.02 million and fair value gain on financial assets, at FVOCI recognised in total comprehensive income amounted to \$26.03 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 \$18.77 million which represent 4.67% of the Group's total assets as at 31 August 2021. Revaluation loss of \$1.30 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 2021 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 assessed if the financial assets are stated at its fair value as at year end.

We reviewed management's assessment for the classification of the financial assets and the proper accounting treatment on these financial assets, at fair value through profit or loss and through other comprehensive income.

Our procedures included the following:

We reviewed the competency and capabilities of the independent professional valuer, Stockers Roberts & Gupta Sdn. Bhd. to assess if they have the relevant expertise and experience in property valuation in Malaysia.

We reviewed management's assessment and the reasonableness of the assumptions used in the computation of fair value and revaluation adjustments recognised for the current financial year.

# 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** (continued)

- 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 Lee Tze Shiong.

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

**Singapore**  
**26 November 2021**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

	Note	2021 \$	2020 \$
Revenue	4	36,583,614	23,953,098
Cost of sales	7	(19,049,343)	(11,537,371)
Gross profit		17,534,271	12,415,727
Other losses – net	5	(916,364)	(3,965,374)
Expenses			
- Administrative	7	(3,241,791)	(2,914,169)
- Distribution	7	(686,778)	(473,278)
- Finance	6	(442,064)	(274,791)
- Apparel operating	7	(197,801)	(403,304)
- Property operating	7	(860,585)	(535,042)
- Gold and jewellery operating	7	(156,958)	(121,437)
- Others	7	(293,954)	(1,706)
		(5,879,931)	(4,723,727)
Profit before income tax		10,737,976	3,726,626
Income tax (expense)/credit	9	(914,466)	718,505
<b>Net profit for the financial year</b>		<b>9,823,510</b>	<b>4,445,131</b>
<b>Other comprehensive income/(loss):</b>			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation		583,830	(209,451)
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation loss on property, plant and equipment		(1,298,897)	(860,640)
- Fair value gain/(loss) on financial assets, at FVOCI		26,028,640	(13,176,630)
<b>Other comprehensive income/(loss), net of tax</b>		<b>25,313,573</b>	<b>(14,246,721)</b>
<b>Total comprehensive income/(loss) attributable to equity holders</b>		<b>35,137,083</b>	<b>(9,801,590)</b>
<b>Earnings per share attributable to equity holders (cents per share)</b>			
Basic earnings per share	10	1.30	0.59
Diluted earnings per share	10	1.30	0.59

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



# BALANCE SHEETS

AS AT 31 AUGUST 2021

	Note	The Group		The Company	
		2021	2020	2021	2020
		\$	\$	\$	\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		347,792	8,891,042	96,517	106,091
Financial assets, at FVPL	11	1,105,045	17,574,664	-	-
Trade and other receivables	12	379,485	751,353	603,162	5,589,494
Inventories	13	17,384,263	16,934,270	493,083	700,515
Other current assets	14	163,852	404,268	56,696	58,286
Income tax receivables		63,748	19,571	-	-
		19,444,185	44,575,168	1,249,458	6,454,386
Properties held-for-sale	15	9,600,000	-	-	-
		29,044,185	44,575,168	1,249,458	6,454,386
<b>Non-current assets</b>					
Amount due from subsidiary corporations	16	-	-	190,231,985	152,199,483
Financial assets, at FVOCI	17	223,138,947	61,870,586	40,885,889	34,869,870
Investments in subsidiary corporations	18	-	-	17,230,914	17,230,914
Property, plant and equipment	19	18,795,286	20,262,608	17,079	20,538
Investment properties	20	130,755,000	156,665,000	13,750,000	13,750,000
Deferred income tax assets	24	68,238	67,032	-	-
		372,757,471	238,865,226	262,115,867	218,070,805
<b>Total assets</b>		401,801,656	283,440,394	263,365,325	224,525,191
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables	21	1,540,610	1,748,552	159,827	189,878
Other payables	22	915,354	1,455,366	682,951	1,334,054
Borrowings	23	115,319,471	31,100,166	39,714,262	9,540,785
Current income tax liabilities		804,769	156,100	-	12,000
		118,580,204	34,460,184	40,557,040	11,076,717
<b>Non-current liability</b>					
Deferred income tax liabilities	24	4,409	46,619	2,903	3,491
		4,409	46,619	2,903	3,491
<b>Total liabilities</b>		118,584,613	34,506,803	40,559,943	11,080,208
<b>Net assets</b>		283,217,043	248,933,591	222,805,382	213,444,983
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	26	137,453,869	138,307,500	137,453,869	138,307,500
Retained profits	27	132,206,407	118,380,706	82,256,409	78,256,156
Other reserves	28	13,556,767	(7,754,615)	3,095,104	(3,118,673)
<b>Total equity</b>		283,217,043	248,933,591	222,805,382	213,444,983

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

Note	Other reserves*						Total equity
	Share capital	Retained profits	Fair value reserve	Asset revaluation reserve	Currency translation reserve	Total other reserves	
	\$	\$	\$	\$	\$	\$	\$
<b>2021</b>							
<b>Beginning of financial year</b>	138,307,500	118,380,706	(8,785,132)	7,220,408	(6,189,891)	(7,754,615)	248,933,591
Total comprehensive income/(loss) for the financial year	-	9,823,510	26,028,640	(1,298,897)	583,830	25,313,573	35,137,083
Share buyback 26	(853,631)	-	-	-	-	-	(853,631)
Total transactions with owners, recognised directly in equity	(853,631)	-	-	-	-	-	(853,631)
Transfer upon disposal of investments in financial assets, at FVOCI 28(b(i))	-	4,002,191	(4,002,191)	-	-	(4,002,191)	-
<b>End of financial year</b>	137,453,869	132,206,407	13,241,317	5,921,511	(5,606,061)	13,556,767	283,217,043
<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 26	59,778	-	-	-	-	-	59,778
Dividend paid 29	-	(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 28(b(i))	-	(52,945)	52,945	-	-	52,945	-
<b>End of financial year</b>	138,307,500	118,380,706	(8,785,132)	7,220,408	(6,189,891)	(7,754,615)	248,933,591

\* 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 2021

	Note	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Net profit		9,823,510	4,445,131
Adjustments for:			
- Income tax expense/(credit)	9	914,466	(718,505)
- Depreciation of property, plant and equipment	7	133,688	143,229
- Gain on disposal of investment properties	5	(675,000)	(180,000)
- Fair value loss on financial assets, at FVPL	5	20,816	4,192,549
- Fair value loss on investment properties	5	1,440,000	1,110,001
- Fair value loss on property, plant and equipment	5	586,988	-
- Interest income from bank deposits	5	(98,718)	(383,028)
- Gain on disposal of financial assets, at FVPL	5	(153,240)	(23,060)
- Loss on redemption of financial assets, at FVPL	5	140,034	21,935
- Finance expense	6	442,064	274,791
- Unrealised currency translation differences		(156,880)	(173,831)
		12,417,728	8,709,212
Changes in working capital:			
- Trade and other receivables		371,483	(361,878)
- Inventories		(455,557)	(2,244,691)
- Other current assets		13,114	86,417
- Trade and other payables		(725,689)	(773,265)
Net cash generated from operations		11,621,079	5,415,795
Interest received		325,438	383,028
Interest paid		(438,395)	(274,791)
Income tax paid		(354,190)	(130,232)
<b>Net cash provided by operating activities</b>		<b>11,153,932</b>	<b>5,393,800</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of financial assets, at FVOCI	17	144,748	21,456
Redemption of financial assets, at FVOCI by issuers	17	13,886,009	542,500
Proceeds from disposal of financial assets, at FVPL		14,001,486	919,115
Redemption of financial assets, at FVPL by issuers		2,460,523	2,116,949
Proceeds from disposal of investment properties		15,545,000	1,950,000
Purchases of financial assets, at FVOCI	17	(149,270,478)	(19,137,467)
Purchases of financial assets, at FVPL	11	-	(757,449)
Additions to property, plant and equipment	19	(4,012)	-
<b>Net cash used in by investing activities</b>		<b>(103,236,724)</b>	<b>(14,344,896)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	26	-	59,778
Share buyback	26	(853,631)	-
Proceeds from bank borrowings		264,109,997	150,533,591
Repayment of bank borrowings		(179,716,824)	(140,469,196)
Cash dividends paid to equity holders of the Company	29	-	(3,398,722)
<b>Net cash provided by financing activities</b>		<b>83,539,542</b>	<b>6,725,451</b>

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

	Note	2021 \$	2020 \$
<b>Net decrease in cash and bank balances</b>		(8,543,250)	(2,225,645)
<b>Cash and bank balances</b>			
Beginning of financial year		8,891,042	11,116,687
<b>End of financial year</b>		<u>347,792</u>	<u>8,891,042</u>

## Reconciliation of liability arising from financing activities

	1 September 2020	Proceeds	Principal and interest payments	Non-cash changes		31 August 2021
				Interest expense	Foreign exchange movement	
	\$	\$	\$	\$	\$	\$
Bank borrowings	31,100,166	264,109,997	(180,155,219)	442,064	(177,537)	115,319,471

	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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

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 18 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 2021

On 1 September 2020, 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.

### 2.2 Revenue recognition

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

Revenue is recognised when the Group 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 2021

## 2. Significant accounting policies (continued)

### 2.2 Revenue recognition (continued)

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 Group 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 Group 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 Group 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 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.

Government grants relating to assets are deducted against the carrying amount of the assets.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 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 the paragraph "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 2021

## 2. Significant accounting policies (continued)

### 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 an 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.

Increases 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. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. 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 2021

## 2. Significant accounting policies (continued)

### 2.5 Property, plant and equipment (continued)

#### (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 within "Other losses - net". Any amount in revaluation reserve relating to that asset is transferred to retained profits directly.

### 2.6 Borrowing costs

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

### 2.7 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 annually 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.

### 2.8 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 2021

## 2. Significant accounting policies (continued)

### 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.

### 2.10 Financial assets

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

The 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 2.10 Financial assets (continued)

#### (a) Classification and measurement (continued)

##### 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 bank balances 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 losses - net". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".
- 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 investments

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 losses - net", 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".

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 2.10 Financial assets (continued)

#### (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 31(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.

### 2.11 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.

### 2.12 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 2.13 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.

### 2.14 Leases

#### (a) 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.

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

The Group leases investment properties under operating leases to non-related parties.

##### *Lessor - Operating leases*

Leases 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 lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

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

### 2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using weighted average and first-in, first-out method. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 2.16 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 and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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.

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.

### 2.17 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 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 Group's shareholders after certain adjustments. The Group recognises an accrual 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 accrual 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 Dollars, 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.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within "finance expense". 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 2.19 Currency translation (continued)

#### (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 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.

### 2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

### 2.22 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 2. Significant accounting policies (continued)

### 2.23 Dividends to Company's shareholders

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

### 2.24 Properties held-for-sale

Properties which were previously classified as investment properties are classified as properties held-for-sale if their carrying amount is recovered principally through a sale transaction rather than held for long-term rental yields and/or for capital appreciation and are carried at fair value. Any gain or loss on disposal on properties held-for-sale is recognised in profit or loss.

## 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 19 and 20 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 19);
- (ii) the assessment of adequacy of provisions for current and deferred income taxes (Notes 9 and 24 respectively);
- (iii) the determination of net realisable value of inventories (Note 13); and
- (iv) the valuation of the investment properties (Note 20)

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 2021

## 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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<b><u>At a point of time</u></b>		
Sale of goods		
- Singapore	23,963,382	14,998,316
- Malaysia	737,900	1,168,971
	<u>24,701,282</u>	<u>16,167,287</u>
Dividend/coupon income		
- Singapore	<u>7,235,045</u>	<u>3,584,549</u>
<b><u>Over time</u></b>		
Rental income		
- Singapore (Note 20)	4,546,676	4,041,150
- Malaysia	100,611	160,112
	<u>4,647,287</u>	<u>4,201,262</u>
Total	<u>36,583,614</u>	<u>23,953,098</u>

## 5. Other losses – net

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Fair value loss on investment properties (Note 20)	(1,440,000)	(1,110,001)
Fair value loss on property, plant and equipment	(586,988)	-
Fair value loss on financial assets, at FVPL (Note 11)	(20,816)	(4,192,549)
Gain on disposal of financial assets, at FVPL	153,240	23,060
Loss on redemption of financial assets, at FVPL	(140,034)	(21,935)
Gain on disposal of investment properties	675,000	180,000
Interest income from bank deposits	98,718	383,028
Government grant income:		
- Rental relief framework	20,961	322,423
- Jobs support scheme	40,725	212,904
Currency exchange gain – net	156,635	101,753
Others	126,195	135,943
	<u>(916,364)</u>	<u>(3,965,374)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 5. Other losses – net (continued)

Grant income of \$20,961 (2020: \$322,423) and \$40,725 (2020: \$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

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest on bank borrowings	442,064	274,791

## 7. Expenses by nature

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Purchases of inventories	19,504,900	13,779,860
Employee compensation (Note 8)	2,514,533	2,291,090
Rental expense (Note 25(a))	226,859	308,889
Property tax	341,726	223,417
Changes in inventories	(455,557)	(2,242,489)
Advertising	514,182	355,028
Donation	177,694	47,005
Depreciation of property, plant and equipment (Note 19)	133,688	143,229
Commission	300,995	29,990
Fees on audit services paid/payable to:		
- Auditor of the Company	62,900	57,900
- Other auditor	6,840	6,564
Maintenance and services	198,671	223,230
Professional charges	151,492	199,887
Public utilities board expenses	82,217	128,239
Withholding tax expense	293,658	-
Other expenses	432,412	434,468
	<u>24,487,210</u>	<u>15,986,307</u>

## 8. Employee compensation

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Salaries and wages	2,345,548	2,093,337
Employer's contribution to defined contribution plans	126,435	151,638
Other benefits	42,550	46,115
	<u>2,514,533</u>	<u>2,291,090</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 9. Income taxes

*Income tax expenses/(credit)*

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Tax expense/(credit) attributable to profit is made up of:		
Profit for the financial year:		
Current income tax		
- Singapore	856,626	240,773
- Malaysia	23,923	91,913
	<u>880,549</u>	<u>332,686</u>
Deferred income tax (Note 24)	29,131	(214,974)
	<u>909,680</u>	<u>117,712</u>
Under/(over) provision in prior financial years:		
Current income tax		
- Singapore	5,513	(370,940)
- Malaysia	231	450
	<u>5,744</u>	<u>(370,490)</u>
Deferred income tax (Note 24)	(958)	(465,727)
	<u>4,786</u>	<u>(836,217)</u>
	<u>914,466</u>	<u>(718,505)</u>

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:

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Profit before income tax	<u>10,737,976</u>	<u>3,726,626</u>
Tax calculated at tax rate of 17% (2020: 17%)	1,825,456	633,526
Effects of:		
- expenses not deductible for tax purposes	601,747	22,816
- income not subject to tax	(1,198,206)	(513,027)
- effect of different tax rate for a subsidiary corporation in another jurisdiction	(34,308)	37,790
- deferred tax assets not recognised	-	126,442
- tax incentives	(284,249)	(189,835)
- under/(over) provision of tax in prior years	4,786	(836,217)
- others	(760)	-
	<u>914,466</u>	<u>(718,505)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 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>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Net profit attributable to equity holders of the Company (\$)	9,823,510	4,445,131
Weighted average number of ordinary shares outstanding for basic earnings per share	753,217,046	755,191,633
Weighted average number of ordinary shares outstanding for diluted earnings per share	753,217,046	755,191,633
Basic earnings per share (cents per share)	1.30	0.59
Diluted earnings per share (cents per share)	1.30	0.59

## 11. Financial assets, at FVPL

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Beginning of financial year	17,574,664	24,044,703
Additions	-	757,449
Fair value loss recognised in profit or loss (Note 5)	(20,816)	(4,192,549)
Redeemed by issuers	(2,447,316)	(2,138,884)
Disposals	(14,001,487)	(896,055)
End of financial year	1,105,045	17,574,664
Listed securities:		
Equity securities – Singapore	114,115	15,897,392
Bonds – Singapore	990,930	1,677,272
	1,105,045	17,574,664

The bonds bear interest rates ranging from 5.25% to 5.35% (2020: 4.00% to 6.125%) per annum and have maturity dates from 20 years to perpetuity (2020: 3 months to perpetuity) from the balance sheet date.

The financial assets, at FVPL are pledged as security for bank borrowings (Note 23).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 12. Trade and other receivables

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade receivables:				
- subsidiary corporations	-	-	557,948	5,491,319
- non-related parties	306,873	388,554	28,591	25,029
	<u>306,873</u>	<u>388,554</u>	<u>586,539</u>	<u>5,516,348</u>
Advances to suppliers	20,337	-	-	-
Other receivables - non-related parties	52,275	362,799	16,623	73,146
	<u>379,485</u>	<u>751,353</u>	<u>603,162</u>	<u>5,589,494</u>

## 13. Inventories

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Finished goods	<u>17,384,263</u>	<u>16,934,270</u>	<u>493,083</u>	<u>700,515</u>

The cost of inventories recognised as an expense and included in “cost of sales” amounted to \$19,049,343 (2020: \$11,537,371).

## 14. Other current assets

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Rental & utilities deposits	125,739	129,181	56,561	58,286
Fixed deposits interest	-	226,720	-	-
Prepayments	19,399	19,992	-	-
Other deposits	18,714	28,375	135	-
	<u>163,852</u>	<u>404,268</u>	<u>56,696</u>	<u>58,286</u>

## 15. Properties held-for-sale

During the current financial year, the Group’s subsidiary corporations and prospective buyers entered into options to purchase the subsidiary corporations’ investment properties with option price totalling \$10,200,000. As at 31 August 2021, the sale of the properties has not been completed and the subsidiary corporations have not recognised the sale and corresponding gain or loss, if any. The investment properties (Note 20) with fair value of \$9,600,000 were transferred to and presented as properties held-for-sale.

One of the sale of properties was subsequently completed on 7 September 2021.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 16. 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 0.6% (2020: 1.50%) 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.

## 17. Financial assets, at FVOCI

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Beginning of financial year	61,870,586	56,526,650	34,869,870	44,575,247
Additions	149,270,478	19,137,467	213,306	266,860
Fair value gain/(loss) recognised in other comprehensive income/(loss) (Note 28(b)(i))	26,028,640	(13,229,575)	6,136,573	(9,409,198)
Redeemed by issuers	(13,886,009)	(542,500)	(189,112)	(541,583)
Disposal	(144,748)	(21,456)	(144,748)	(21,456)
End of financial year	<u>223,138,947</u>	<u>61,870,586</u>	<u>40,885,889</u>	<u>34,869,870</u>

Financial assets, at FVOCI are analysed as follows:

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Listed equity securities:				
- Singapore	123,770,351	61,870,586	40,885,889	34,869,870
- Hong Kong	85,241,922	-	-	-
- Australia	14,126,674	-	-	-
	<u>223,138,947</u>	<u>61,870,586</u>	<u>40,885,889</u>	<u>34,869,870</u>

- The financial assets, at FVOCI assets are pledged as security for bank borrowings (Note 23).
- During the financial year, there were cash acquisition of two securities at fair value of \$13,613,675 (2020: \$Nil). The cumulative gain on disposal of \$4,079,395 (2020: \$Nil) was reclassified from fair value reserve to retained profits.
- During the financial year, the Group has 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 \$144,748 (2020: \$21,456) at the date of disposal, and the loss on disposal amounted to \$77,204 (2020: \$52,945), net of tax. The cumulative loss on disposal was reclassified from fair value reserve to retained profits.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 18. Investments in subsidiary corporations

	<b>The Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>Equity investments at cost</i>		
Beginning of financial year	17,230,914	17,230,916
Written off	-	(2)
End of financial year	<u>17,230,914</u>	<u>17,230,914</u>

The Group has the following subsidiary corporations as at 31 August 2021 and 2020:

<b><u>Name of companies</u></b>	<b><u>Principal activities</u></b>	<b><u>Country of business/ incorporation</u></b>	<b><u>Proportion of ordinary shares held</u></b>	
			<b>2021</b>	<b>2020</b>
			%	%
<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), (3)</sup>	Retail of ready-made garments	Malaysia	100	100
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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 18. Investments in subsidiary corporations (continued)

The Group has the following subsidiary corporations as at 31 August 2021 and 2020:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of business/ incorporation</u>	<u>Proportion of ordinary shares held</u>	
			<u>2021</u> %	<u>2020</u> %
<b><u>Held directly by the Company</u></b> (continued)				
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 and other investment holdings	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>(4)</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> Audited by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes.

<sup>(4)</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 2021

## 19. 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>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2021</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
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
Additions	-	-	-	-	4,012	-	4,012
Currency translation differences	(114,400)	(49,624)	(5,084)	-	(3,244)	-	(172,352)
Revaluation adjustment	(970,200)	(323,400)	-	-	-	-	(1,293,600)
End of financial year	13,018,827	5,738,000	1,810,240	186,551	966,086	89,216	21,808,920
Representing:							
Cost	-	-	1,810,240	186,551	966,086	89,216	3,052,093
Valuation	13,018,827	5,738,000	-	-	-	-	18,756,827
	13,018,827	5,738,000	1,810,240	186,551	966,086	89,216	21,808,920
<i>Accumulated depreciation</i>							
Beginning of financial year	-	2,450	1,780,890	177,793	957,903	89,216	3,008,252
Currency translation differences	-	(3,278)	(5,369)	-	(3,235)	-	(11,882)
Depreciation charge (Note 7)	-	117,252	6,626	2,974	6,836	-	133,688
Revaluation adjustment	-	(116,424)	-	-	-	-	(116,424)
End of financial year	-	-	1,782,147	180,767	961,504	89,216	3,013,634
<b>Net book value</b>							
<b>Beginning of financial year</b>	14,103,427	6,108,574	34,434	8,758	7,415	-	20,262,608
<b>End of financial year</b>	13,018,827	5,738,000	28,093	5,784	4,582	-	18,795,286

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 19. Property, plant and equipment (continued)

	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 2021

## 19. Property, plant and equipment (continued)

	Renovation, furniture and fittings	Shop and office equipment	Computers and peripherals	Motor vehicles	Total
	\$	\$	\$	\$	\$
<b>The Company</b>					
<b>2021</b>					
<i>Cost</i>					
Beginning of financial year	822,296	87,574	378,256	89,216	1,377,342
Additions	-	-	2,505	-	2,505
End of financial year	822,296	87,574	380,761	89,216	1,379,847
<i>Accumulated depreciation</i>					
Beginning of financial year	806,751	83,959	376,878	89,216	1,356,804
Depreciation charge	2,546	2,032	1,386	-	5,964
End of financial year	809,297	85,991	378,264	89,216	1,362,768
<b>Net book value</b>					
<b>Beginning of financial year</b>	15,545	3,615	1,378	-	20,538
<b>End of financial year</b>	12,999	1,583	2,497	-	17,079
<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

(a) Fair value of freehold land and building

### Fair value hierarchy

As at 31 August 2021 and 31 August 2020, 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 2021

## 19. Property, plant and equipment (continued)

- (a) Fair value of freehold land and building (continued)

### 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 2021 and 31 August 2020, 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:

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Freehold land	12,333,523	12,432,680
Building	6,672,272	6,843,274

## 20. Investment properties

	<b>Freehold properties</b>	<b>Leasehold properties</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>The Group</b>			
<b>2021</b>			
Beginning of financial year	54,760,000	101,905,000	156,665,000
Disposal	(9,020,000)	(5,850,000)	(14,870,000)
Transfer to properties held-for-sale (Note 15)	-	(9,600,000)	(9,600,000)
Fair value loss (Note 5)	-	(1,440,000)	(1,440,000)
End of financial year	45,740,000	85,015,000	130,755,000
<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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 20. Investment properties (continued)

	<b>Leasehold property \$</b>
<b><u>The Company</u></b>	
<b>2021</b>	
Beginning and end of financial year	13,750,000
<b>2020</b>	
Beginning and 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 \$4,546,676 (2020: \$4,041,150) and \$596,348 (2020: \$426,417) respectively. Direct operating expenses of the Group and the Company arising on the investment properties during the year amounted to \$860,585 (2020: \$535,042) and \$60,914 (2020: \$106,594).

The Group and the Company have mortgaged investment properties to secure bank overdraft and short-term bank loan facilities (Note 23).

### Fair value hierarchy – Recurring fair value measurements

	<b><u>Fair value measurement using</u></b>		
	<b>Quoted price in active markets for identical asset (Level 1) \$</b>	<b>Significant other observable inputs (Level 2) \$</b>	<b>Significant unobservable inputs (Level 3) \$</b>
<b><u>The Group</u></b>			
<b>2021</b>			
Investment properties:			
- Retail spaces – Singapore	-	130,755,000	-
<b>2020</b>			
Investment properties:			
- Retail spaces – Singapore	-	156,665,000	-
<b><u>The Company</u></b>			
<b>2021 and 2020</b>			
Investment properties:			
- Retail spaces – Singapore	-	13,750,000	-

As at 31 August 2021 and 31 August 2020, 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 2021

## 20. Investment properties (continued)

The Group's investment properties consist of the following:

Location of properties	Description	Tenure of land	2021 (\$)	2020 (\$)
<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 approximately 137 square metres	86-year lease from July 1993	10,000,000	10,000,000
Blk 214 Bedok North Street 1 #01-161 Singapore 460214 <sup>(2)</sup>	A leasehold unit of approximately 148 square metres	86-year lease from October 1992	-	3,400,000
No. 810 Geylang Road City Plaza #01-43/44/45/46/47 <sup>(1)</sup> /56/ 57/60/61/81 <sup>(1)</sup> /107 <sup>(1)</sup> #02-49/50/51/81 <sup>(1)</sup> /82 <sup>(1)</sup> /86/ 88/105/106/107/108 Singapore 409286	22 freehold units of approximately 837 square metres	Freehold	28,840,000	37,860,000
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	21,110,000	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	4,050,000	4,350,000
No. 14 Scotts Road Far East Plaza #02-40/42 Singapore 228213	2 freehold units of approximately 70 square metres	Freehold	5,300,000	5,300,000
Blk 190 Toa Payoh Lorong 6 #01-562 Singapore 310190	A leasehold unit of approximately 96 square metres	79-year lease from July 1992	11,000,000	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 2021

## 20. Investment properties (continued)

The Group's investment properties consist of the following:

Location of properties	Description	Tenure of land	2021 (\$)	2020 (\$)
<b>The Group</b>				
Blk 505 Tampines Central 1 #01-355 Singapore 520505 <sup>(2)</sup>	A leasehold unit of approximately 55 square metres	99-year lease from January 1991	-	3,200,000
Blk 505 Tampines Central 1 #01-357 Singapore 520505 <sup>(2)</sup>	A leasehold unit of approximately 53 square metres	99-year lease from January 1991	-	3,000,000
Blk 221 Boon Lay Shopping Centre #01-114 Singapore 640221 <sup>(1)</sup>	A leasehold unit of approximately 55 square metres	85-year lease from April 1993	-	3,050,000
Blk 221 Boon Lay Shopping Centre #01-122 Singapore 640221 <sup>(1)</sup>	A leasehold unit of approximately 55 square metres	999-year lease from October 1992	-	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 #05-61 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> These investment properties have been disposed during the financial year.

<sup>(2)</sup> These investment properties have been transferred to properties held-for-sale as at 31 August 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 21. Trade payables

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Trade payables				
- non-related parties	291,481	248,642	12,072	-
Rental deposits	1,147,753	1,388,585	147,755	147,155
Rental received in advance	91,641	66,784	-	42,723
Customers' deposits	9,735	4,035	-	-
Others	-	40,506	-	-
	<u>1,540,610</u>	<u>1,748,552</u>	<u>159,827</u>	<u>189,878</u>

## 22. Other payables

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Accruals for operating expenses	255,905	225,043	146,509	119,767
Directors' bonus and fees payable	498,781	569,765	495,676	569,765
Amount due to a director	17,123	619,877	17,123	619,877
Security deposits	23,211	29,211	12,211	13,212
Other payables				
- non-related parties	120,334	11,470	11,432	11,433
	<u>915,354</u>	<u>1,455,366</u>	<u>682,951</u>	<u>1,334,054</u>

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

## 23. Borrowings

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Bank borrowings	<u>115,319,471</u>	<u>31,100,166</u>	<u>39,714,262</u>	<u>9,540,785</u>

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>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Less than 12 months	<u>115,319,471</u>	<u>31,100,166</u>	<u>39,714,262</u>	<u>9,540,785</u>

- (i) The current bank borrowings bear interest rates ranging from 0.45% to 1.08% (2020: 0.52% to 0.70%) per annum, which represent a fixed margin above the Singapore Interbank Offer Rate.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 23. Borrowings (continued)

- (ii) The bank borrowings of the Group and the Company are secured over investment properties, (Note 20), financial assets, at FVPL (Note 11) and financial assets, at FVOCI (Note 17).

## 24. 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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Deferred income tax assets	68,238	67,032	-	-
Deferred income tax liabilities	(4,409)	(46,619)	(2,903)	(3,491)
Net deferred income tax assets/(liabilities)	63,829	20,413	(2,903)	(3,491)

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

	<b>Accelerated tax depreciation</b>	<b>Asset revaluation reserve</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>The Group</b>			
At 1 September 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 2020/1 September 2020	173,967	(194,380)	(20,413)
(Credited)/charged to profit or loss (Note 9(a))	(919)	30,050	29,131
Over provision in prior financial years (Note 9(a))	-	(958)	(958)
Currency translation differences	-	(71,589)	(71,589)
At 31 August 2021	173,048	(236,877)	(63,829)

	<b>Accelerated tax depreciation</b>
	<b>\$</b>
<b>The Company</b>	
At 1 September 2019	5,284
Charged to profit or loss	(1,793)
At 31 August 2020/1 September 2020	3,491
Charged to profit or loss	(588)
At 31 August 2021	2,903



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 25. 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*

	2021 \$	2020 \$
Lease expense – short-term leases (Note 7)	226,859	308,889

- b) *Total cash outflow for all the leases was \$226,859 (2020: \$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 20.

The table below discloses the undiscounted lease payments to be received by the Group for its leases after the reporting date are as follows:

	2021 \$	2020 \$
Less than one year	3,271,884	3,734,450
One to two years	682,521	2,008,758
Two to three years	22,820	417,724
Total	3,977,225	6,160,932

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 26. Share capital

	<b>No. of ordinary shares</b>		<b>Amount</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
			\$	\$
<b>The Group and Company</b>				
At beginning of financial year	755,271,338	755,032,224	138,307,500	138,247,722
Share buyback	(3,364,700)	-	(853,631)	-
Warrants exercised	-	239,114	-	59,778
At end of financial year	<u>751,906,638</u>	<u>755,271,338</u>	<u>137,453,869</u>	<u>138,307,500</u>

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 2021 and 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. In the previous financial year, the Company exercised 239,114 warrants pursuant to the warrants issued on 23 January 2017 at the exercise price of \$0.25.

The Company acquired 3,364,700 (2020: Nil) shares in the Company in the open market during the financial year. The total amount paid to acquire the shares was \$853,631 (2020: \$Nil) and this was presented as a component within shareholder's equity.

## 27. 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:

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	\$	\$	\$	\$
At beginning of financial year	118,380,706	117,387,242	78,256,156	80,290,434
Net profit	9,823,510	4,445,131	4,077,457	1,417,389
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI	4,002,191	(52,945)	(77,204)	(52,945)
Dividends paid	-	(3,398,722)	-	(3,398,722)
At end of financial year	<u>132,206,407</u>	<u>118,380,706</u>	<u>82,256,409</u>	<u>78,256,156</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 28. Other reserves

### (a) Composition:

	<b>The Group</b>		<b>The Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Fair value reserve	13,241,317	(8,785,132)	3,095,104	(3,118,673)
Asset revaluation reserve	5,921,511	7,220,408	-	-
Currency translation reserve	(5,606,061)	(6,189,891)	-	-
	<u>13,556,767</u>	<u>(7,754,615)</u>	<u>3,095,104</u>	<u>(3,118,673)</u>

### (b) Movements:

	<b>The Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>(i) Fair value reserve</i>		
Beginning of financial year	(8,785,132)	4,391,498
Financial assets, at FVOCI - fair value gain/(loss) (Note 17)	26,028,640	(13,229,575)
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI	(4,002,191)	52,945
End of financial year	<u>13,241,317</u>	<u>(8,785,132)</u>
<i>(ii) Asset revaluation reserve</i>		
Beginning of financial year	7,220,408	8,081,048
Revaluation loss	(1,298,897)	(860,640)
End of financial year	<u>5,921,511</u>	<u>7,220,408</u>
<i>(iii) Currency translation reserve</i>		
Beginning of financial year	(6,189,891)	(5,980,440)
Net currency translation difference of financial statements for foreign subsidiary corporations	583,830	(209,451)
End of financial year	<u>(5,606,061)</u>	<u>(6,189,891)</u>
	<b>The Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<i>(iv) Fair value reserve</i>		
Beginning of financial year	(3,118,673)	6,237,580
Financial assets, at FVOCI - fair value gain/(loss) (Note 17)	6,136,573	(9,409,198)
Transfer to retained profits upon disposal of equity investment in financial assets, at FVOCI	77,204	52,945
End of financial year	<u>3,095,104</u>	<u>(3,118,673)</u>

Other reserves are non-distributable.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 29. Dividends

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

	<b>The Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
One-tier tax-exempt cash dividend of 0.45 cents per share in respect of financial year ended 31 August 2020	-	3,398,722

At the Annual General Meeting on 21 December 2021, a final dividend of 0.50 cents per share and special dividend of 5 cents per ordinary share amounting to a total of \$41,354,865 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 August 2022.

## 30. Commitments

*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 lease agreements. The leases have varying terms, escalation clauses and renewal rights.

As at 31 August 2021 and 2020, the portfolio of committed short-term leases remains similar to the short-term lease expenses not capitalised in lease liabilities (Note 25(a)) for both financial years.

## 31. 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"), Hong Kong Dollar ("HKD") and Australian Dollar ("AUD"). Currency exposure to the transactions of the Group that are denominated in USD, HKD and AUD are managed primarily through borrowings denominated in their respective currencies.

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 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

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

	<b>SGD</b>	<b>USD</b>	<b>MYR</b>	<b>HKD</b>	<b>AUD</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 31 August 2021</b>						
<b>Financial assets</b>						
Cash and bank balances	333,894	-	13,898	-	-	347,792
Financial assets, at FVPL	114,115	990,930	-	-	-	1,105,045
Financial assets, at FVOCI	113,800,097	9,970,254	-	85,241,922	14,126,674	223,138,947
Trade and other receivables	130,901	12,752	27,869	187,626	-	359,148
Receivables from subsidiary corporations	188,674,190	-	2,115,743	-	-	190,789,933
Other current assets	98,889	-	45,564	-	-	144,453
	<u>303,152,086</u>	<u>10,973,936</u>	<u>2,203,074</u>	<u>85,429,548</u>	<u>14,126,674</u>	<u>415,885,318</u>
<b>Financial liabilities</b>						
Borrowings	(20,589,535)	(6,728,566)	-	(72,475,940)	(15,525,430)	(115,319,471)
Trade and other payables	(2,275,661)	-	(88,662)	-	-	(2,364,323)
Payables to subsidiary corporations	(188,674,190)	-	(2,115,743)	-	-	(190,789,933)
	<u>(211,539,386)</u>	<u>(6,728,566)</u>	<u>(2,204,405)</u>	<u>(72,475,940)</u>	<u>(15,525,430)</u>	<u>(308,473,727)</u>
<b>Net financial assets/ (liabilities)</b>	91,612,700	4,245,370	(1,331)	12,953,608	(1,398,756)	107,411,591
Add: Net non-financial assets	156,224,455	-	19,580,997	-	-	175,805,452
<b>Currency profile including non-financial assets and liabilities</b>	<b>247,837,155</b>	<b>4,245,370</b>	<b>19,579,666</b>	<b>12,953,608</b>	<b>(1,398,756)</b>	<b>283,217,043</b>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<b>-</b>	<b>4,245,370</b>	<b>2,115,743</b>	<b>12,953,608</b>	<b>(1,398,756)</b>	<b>17,915,965</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

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 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

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>HKD</u></b>	<b><u>Total</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>At 31 August 2021</b>				
<b>Financial assets</b>				
Cash and bank balances	96,517	-	-	96,517
Financial assets, at FVOCI	40,885,889	-	-	40,885,889
Trade and other receivables	45,214	557,948	-	603,162
Amount due from subsidiary corporations	188,674,190	1,557,795	-	190,231,985
Other current assets	56,696	-	-	56,696
	<u>229,758,506</u>	<u>2,115,743</u>	<u>-</u>	<u>231,874,249</u>
<b>Financial liabilities</b>				
Borrowings	(5,110,036)	-	(34,604,226)	(39,714,262)
Trade and other payables	(842,778)	-	-	(842,778)
	<u>(5,952,814)</u>	<u>-</u>	<u>(34,604,226)</u>	<u>(40,557,040)</u>
<b>Net financial assets/(liabilities)</b>	<b>223,805,692</b>	<b>2,115,743</b>	<b>(34,604,226)</b>	<b>191,317,209</b>
Add: Net non-financial assets	<u>31,488,173</u>	<u>-</u>	<u>-</u>	<u>31,488,173</u>
<b>Currency profile including non-financial assets and liabilities</b>	<b><u>255,293,865</u></b>	<b><u>2,115,743</u></b>	<b><u>(34,604,226)</u></b>	<b><u>222,805,382</u></b>
<b>Currency exposure of financial assets net of those denominated in the respective entities' functional currencies</b>	<b><u>-</u></b>	<b><u>2,115,743</u></b>	<b><u>(34,604,226)</u></b>	<b><u>(32,488,483)</u></b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

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

	<b>SGD</b>	<b>MYR</b>	<b>Total</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
	<u>185,761,586</u>	<u>7,061,638</u>	<u>192,823,224</u>
<b>Financial liabilities</b>			
Borrowings	(9,540,785)	-	(9,540,785)
Trade and other payables	(1,481,209)	-	(1,481,209)
	<u>(11,021,994)</u>	<u>-</u>	<u>(11,021,994)</u>
<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	<u>31,643,753</u>	<u>-</u>	<u>31,643,753</u>
<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>	<u>-</u>	<u>7,061,638</u>	<u>7,061,638</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (i) Currency risk (continued)

If the USD, MYR, HKD and AUD change against SGD by 4%, 3%, 4% and 8% (2020: 6%, 3%, Nil, Nil) 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)			
	2021		2020	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$	\$	\$	\$
<b>The Group</b>				
USD against SGD				
-Strengthened	140,946	-	63,499	-
-Weakened	(140,946)	-	(63,499)	-
MYR against SGD				
- Strengthened	-	52,682	-	175,834
- Weakened	-	(52,682)	-	(175,834)
HKD against SGD				
- Strengthened	-	430,060	-	-
- Weakened	-	(430,060)	-	-
AUD against SGD				
- Strengthened	-	92,877	-	-
- Weakened	-	(92,877)	-	-
<b>The Company</b>				
MYR against SGD				
- Strengthened	-	52,682	-	175,834
- Weakened	-	(52,682)	-	(175,834)
HKD against SGD				
- Strengthened	1,148,860	-	-	-
- Weakened	(1,148,860)	-	-	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (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, Hong Kong and Australia. 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.

If prices for equity securities and bonds listed in Singapore, Hong Kong and Australia had changed by 31%, 23% and 30% (2020: 30%, Nil, Nil) 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) →			
	2021		2020	
	Profit after tax	Other comprehensive income	Profit after tax	Other comprehensive income
	\$	\$	\$	\$
<b><u>The Group</u></b>				
Listed in Singapore				
- increased by	284,328	38,368,809	4,376,091	18,561,176
- decreased by	(284,328)	(38,368,809)	(4,376,091)	(18,561,176)
Listed in Hong Kong				
- increased by	-	19,213,605	-	-
- decreased by	-	(19,213,605)	-	-
Listed in Australia				
- increased by	-	4,264,355	-	-
- decreased by	-	(4,264,355)	-	-
<b><u>The Company</u></b>				
Listed in Singapore				
- increased by	-	12,674,626	-	10,460,961
- decreased by	-	(12,674,626)	-	(10,460,961)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (a) Market risk (continued)

##### (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, USD, HKD and AUD. 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, USD, HKD and AUD interest rates had all increased/decreased by 0.5% (2020: 0.5%) with all other variables including tax rate being held constant, the profit after tax as a result of higher/lower interest expense on these borrowings will be as follows:

	← Increase/(decrease) →	
	2021 Profit after tax \$	2020 Profit after tax \$
<b><u>The Group</u></b>		
SGD		
- increased by	85,447	94,377
- decreased by	(85,447)	(94,377)
USD		
- increased by	27,924	34,689
- decreased by	(27,924)	(34,689)
HKD		
- increased by	300,775	-
- decreased by	(300,775)	-
AUD		
- increased by	64,431	-
- decreased by	(64,431)	-
<b><u>The Company</u></b>		
SGD		
- increased by	21,207	39,594
- decreased by	(21,207)	(39,594)
AUD		
- increased by	143,608	-
- decreased by	(143,608)	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### **Financial risk factors** (continued)

#### *(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 2021 and 31 August 2020, the other receivables are not subject to any material credit loss.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### **Financial risk factors** (continued)

#### (b) Credit risk (continued)

##### (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 2021 and 31 August 2020, 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 31(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 2021

## 31. Financial risk management (continued)

### **Financial risk factors** (continued)

#### (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.

	<b>The Group</b> <b>Less than 1 year</b> <b>\$</b>	<b>The Company</b> <b>Less than 1 year</b> <b>\$</b>
<b>At 31 August 2021</b>		
Trade and other payables	2,364,323	842,778
Borrowings	117,102,618	39,896,553
	<hr/>	<hr/>
<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/>

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (d) Capital risk (continued)

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>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Net debt	117,427,642	25,413,042	40,460,523	10,958,626
Total equity	283,217,043	248,933,591	222,805,382	213,444,983
Total capital	400,644,685	274,346,633	263,265,905	224,403,609
<b>Gearing ratio</b>	29%	9%	15%	5%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 August 2021 and 31 August 2020.

#### (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 17 for disclosure of financial assets, at FVPL and financial assets at FVOCI that are measured at fair value under level 1. See Note 19 for disclosure of the property, plant and equipment that are measured at fair value under level 2. See Note 20 for disclosure of the investment properties that are measured at fair value under level 2.

As at 31 August 2021 and 31 August 2020, 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 31. Financial risk management (continued)

### Financial risk factors (continued)

#### (f) Financial instruments by category

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

	<u>The Group</u>		<u>The Company</u>	
	2021	2020	2021	2020
	\$	\$	\$	\$
Financial assets at amortised cost	851,393	10,026,671	190,988,360	157,926,354
Financial assets, at FVOCI	223,138,947	61,870,586	40,885,889	34,896,870
Financial assets, at FVPL	1,105,045	17,574,664	-	-
Financial liabilities at amortised cost	117,683,794	34,237,300	40,557,040	11,021,994

## 32. 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 2021 and 31 August 2020, 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

	<u>The Group</u>	
	2021	2020
	\$	\$
<u>Directors' remuneration:</u>		
Salaries, bonus and fees	1,542,117	1,262,789
Employer's contribution to defined contribution plans	24,482	24,483
	<u>1,566,599</u>	<u>1,287,272</u>

## 33. 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 33. Segment information (continued)

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

	Singapore				Malaysia	
	Wearing apparel	Gold and jewellery	Investment dealing	Property rental	Wearing apparel	The Group
	\$	\$	\$	\$	\$	\$
<b>2021</b>						
<b><u>The Group</u></b>						
<b>Revenue</b>						
- external parties	775,748	23,187,634	7,235,045	4,647,287	737,900	36,583,614
Segment results	(926,073)	4,067,759	7,118,106	2,499,985	(3,742)	12,756,035
<b>Expenses</b>						
Administrative and other operating expenses						(1,575,995)
Finance expenses						(442,064)
Profit before income tax						10,737,976
Income tax expense						(914,466)
<b>Net profit</b>						<u>9,823,510</u>
Net profit includes:						
Depreciation	5,966	2,620	-	-	125,102	133,688
<b>Segment assets</b>	<u>672,532</u>	<u>16,500,548</u>	<u>224,455,672</u>	<u>140,504,574</u>	<u>19,536,344</u>	<u>401,669,670</u>
Segment assets includes:						
Additions to property, plant and equipment	3,340	672	-	-	-	4,012
Purchases of financial assets, at FVOCI	-	-	149,270,478	-	-	149,270,478
<b>Segment liabilities</b>	<u>106,577</u>	<u>336,160</u>	<u>115,315,803</u>	<u>1,336,120</u>	<u>88,661</u>	<u>117,183,321</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 33. Segment information (continued)

	Singapore				Malaysia	
	Wearing apparel	Gold and jewellery	Investment dealing	Property rental	Wearing apparel	The Group
	\$	\$	\$	\$	\$	\$
<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

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 2021

## 33. Segment information (continued)

### (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 income tax assets.

Reconciliation of reportable segments' assets to total assets:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Segment assets for reportable segments	401,669,670	283,353,791
Unallocated:		
Income tax receivables	63,748	19,571
Deferred income tax assets	68,238	67,032
	<u>401,801,656</u>	<u>283,440,394</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

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Segment liabilities for reportable segments	117,183,321	33,114,442
Unallocated:		
Director's fees and bonus payable	498,781	569,765
Amount due to director	17,123	619,877
Current income tax liabilities	804,769	156,100
Deferred income tax liabilities	4,409	46,619
	<u>118,508,403</u>	<u>34,506,803</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 33. Segment information (continued)

### (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 and rental of properties.

	<b>Revenue</b>		<b>Non-current assets</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Singapore	35,745,103	22,624,015	353,951,339	218,566,926
Malaysia	838,511	1,329,083	18,806,132	20,298,300
	<u>36,583,614</u>	<u>23,953,098</u>	<u>372,757,471</u>	<u>238,865,226</u>

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

## 34. Events occurring after the balance sheet

Subsequent to the financial year ended 31 August 2021, 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 505 Tampines Central 1 #01-355 Singapore 520505 <sup>(1)</sup>	3,500,000	3,200,000	300,000
Blk 505 Tampines Central 1 #01-357 Singapore 520505	3,300,000	3,000,000	300,000
Blk 214 Bedok North Street 1 #01-161 Singapore 460214	3,400,000	3,400,000	-

The disposal of the investment properties will result in net gain of \$600,000.

- <sup>(1)</sup> Sale of disposal of investment property was completed on 7 September 2021.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

## 35. Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Singapore which have been affected by the spread of COVID-19 in 2020.

Set out below is the impact of COVID-19 on the Group's financial performance reflected in this set of financial statements for the year ended 31 August 2021:

- (a) The Group has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.
- (b) In 2021, border and workplace closures have resulted in periods where the Group's operations were temporarily suspended to adhere to the respective governments' movement control measures. These did not have material impact to the business in 2021.
- (c) The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 August 2021. There is no impairment of trade and other receivables and non-financial assets required.
- (d) In 2021, the Group has received government grants relating to the Jobs Support Scheme ("JSS"), which is a financial assistance scheme introduced by the Singapore Government to help employers retain their local employees during the COVID-19 pandemic period with economic uncertainty. The effects of such grants received are disclosed in Note 5 to the financial statements.
- (e) As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 August 2022. If the situation persists beyond management's current expectations, the Group's assets may be subject to impairment in the subsequent financial periods.

## 36. New or revised accounting standards

The Group has not early adopted any mandatory standards, amendments and interpretations to existing standards that have been published but are only effective for the Group's accounting periods beginning on or after 1 September 2021. However, management anticipates that the adoption of these standards, amendments and interpretations will not have a material impact on the financial statements of the Group in the period of their initial adoption.

## 37. 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 26 November 2021.

# STATISTICS OF SHAREHOLDING

AS AT 12 NOVEMBER 2021

Issued and Fully Paid-Up Capital	:	S\$137,453,869.09
No. of Shares Issued	:	751,906,638
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 12 NOVEMBER 2021

Size of Shareholdings	No. of Holders	% of Holders	No. of Shares	% of Shares
1 - 99	133	5.62	6,112	0.00
100 - 1,000	228	9.63	129,829	0.02
1,001 - 10,000	822	34.73	4,398,570	0.58
10,001 - 1,000,000	1,157	48.88	67,677,294	9.00
1,000,001 and above	27	1.14	679,694,833	90.40
<b>Grand Total</b>	<b>2,367</b>	<b>100.00</b>	<b>751,906,638</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS (AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 12 NOVEMBER 2021)

Substantial Shareholder	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mohamed Salleh s/o Kadir Mohideen Saibu Maricar	515,308,561	68.53	6,346,158	0.84

Notes:

Mr Mohamed Salleh s/o Kadir Mohideen Saibu Maricar is deemed to be interested in 6,346,158 ordinary shares in the capital of the Company which are held by his spouse, Mdm. Sapiyah Abu Bakar.

# STATISTICS OF SHAREHOLDING

AS AT 12 NOVEMBER 2021

## SHAREHOLDINGS HELD IN HANDS OF PUBLIC

Based on the information provided and to the best knowledge of the Directors, approximately 15.18% of the issued ordinary shares in the capital of the Company are held in the hands of the public as at 12 November 2021. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has therefore been complied with.

## THIRTY LARGEST SHAREHOLDERS AS AT 12 NOVEMBER 2021

NO.	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHARES
1	MOHAMED SALLEH S/O KADIR MOHIDEEN SAIBU MARICAR	515,308,561	68.53
2	RADIAH BINTE MOHAMED SALLEH MARICAR	36,729,353	4.88
3	OCBC SECURITIES PRIVATE LTD	31,012,814	4.12
4	SOFIA BINTE MOHAMED SALLEH MARICAR	25,811,050	3.43
5	MOHAMED AMAL BIN MOHAMED SALLEH MARICAR	7,045,156	0.94
6	LIEW CHIAP KONG	6,603,232	0.88
7	DBS NOMINEES PTE LTD	6,431,630	0.86
8	NADIA D/O MOHAMED SALLEH MARICAR OR SAPIYAH ABU BAKAR	6,346,158	0.84
9	MOHAMED HASAN MARICAN S/O K M S M OR SALEHA BINTE A K	6,300,688	0.84
10	KOH CHENG TECK OR PNG PECK ENG	5,375,360	0.71
11	DEVNARAYANAN S/O K R PISHARODY @ SHAH ABDULLAH PISHARODY	4,370,816	0.58
12	JOHARABEE BINTE KADIR M S M OR KADIR MAIDEEN BIN MOHAMED	4,001,065	0.53
13	TAN WOI @TAN SIEW HWA	2,964,729	0.39
14	WEE HIAN KOK	2,601,178	0.35
15	KHONG LAI CHEONG	2,416,011	0.32
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,202,878	0.29
17	RAFFLES NOMINEES (PTE) LIMITED	1,968,148	0.26
18	KUANG SHIHAO	1,681,702	0.22
19	OCBC NOMINEES SINGAPORE PTE LTD	1,406,833	0.19
20	CITIBANK NOMINEES SINGAPORE PTE LTD	1,405,792	0.19
21	WONG KAI YEEN	1,354,232	0.18
22	MAYBANK KIM ENG SECURITIES PTE.LTD	1,148,378	0.15
23	NG LENG SAN	1,058,700	0.14
24	RAHAMAT BIN MOHD ISMAIL	1,048,425	0.14
25	PHILLIP SECURITIES PTE LTD	1,040,407	0.14
26	TAN BOON SON @TAN TECK LONG	1,036,591	0.14
27	HARRY HALIM @ LIM ENG LIAN	1,024,946	0.14
28	TAN CHUAN SENG	904,200	0.12
29	LIM LIANG THIAM	900,646	0.12
30	NOMURA SINGAPORE LIMITED	890,052	0.12
<b>TOTAL</b>		<b>682,389,731</b>	<b>90.74</b>

# STATISTICS OF WARRANTHOLDERS

AS AT 12 NOVEMBER 2021

## DISTRIBUTION OF WARRANTHOLDERS BY SIZE OF WARRANTHOLDINGS (W230307) AS AT 12 NOVEMBER 2021

Size Of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	94	3.66	4,083	0.00
100 - 1,000	114	4.44	43,241	0.00
1,001 - 10,000	454	17.69	2,232,921	0.10
10,001 - 1,000,000	1,724	67.16	214,328,435	9.46
1,000,001 and above	181	7.05	2,049,205,334	90.44
<b>Grand Total</b>	<b>2,567</b>	<b>100.00</b>	<b>2,265,814,014</b>	<b>100.00</b>

## THIRTY LARGEST WARRANTHOLDERS (W230307) AS AT 12 NOVEMBER 2021

NO.	NAME OF WARRANTHOLDER	NO. OF WARRANTS	% OF WARRANTS
1	RADIAH BINTE MOHAMED SALLEH MARICAR	326,756,142	14.42
2	TEO TAT BENG	245,900,000	10.85
3	PHILLIP SECURITIES PTE LTD	152,726,289	6.74
4	DBS NOMINEES PTE LTD	122,897,159	5.42
5	LIM CHEE SAN	50,000,000	2.21
6	LIM KOK YONG	42,150,000	1.86
7	SOFIA BINTE MOHAMED SALLEH MARICAR	40,659,950	1.79
8	SIM CHONG YANG	40,000,000	1.77
9	MAYBANK KIM ENG SECURITIES PTE.LTD	37,728,534	1.67
10	TEOH HAI THOW	30,000,000	1.32
11	OCBC NOMINEES SINGAPORE PTE LTD	29,262,082	1.29
12	MORPH INVESTMENTS LTD	28,500,000	1.26
13	LEE PENG SHARMAYNE MRS.SHARMAYNE SHUM	27,000,000	1.19
14	TENG JEE CHENG	26,000,000	1.15
15	ONG YEW GUAN	22,000,000	0.97
16	RAFFLES NOMINEES (PTE) LIMITED	20,960,810	0.93
17	YEO CHIEN PENG (YANG JIANPING)	20,665,700	0.91
18	CHEW BEE SEE	20,000,000	0.88
19	SEOW MING LIANG	20,000,000	0.88
20	MOHAMED HASAN MARICAN S/O K M S M OR SALEHA BINTE A K	18,902,064	0.83
21	IFAST FINANCIAL PTE LTD	17,523,531	0.77
22	OCBC SECURITIES PRIVATE LTD	17,358,642	0.77
23	KOH CHENG TECK OR PNG PECK ENG	16,126,080	0.71
24	NADIA D/O MOHAMED SALLEH MARICAR OR SAPIYAH ABU BAKAR	15,836,674	0.70
25	MOHAMED AMAL BIN MOHAMED SALLEH MARICAR	15,199,568	0.67
26	LIM AND TAN SECURITIES PTE LTD	15,034,128	0.66
27	NG NGEE HUNG	15,000,100	0.66
28	LOW CHEN PENG	14,862,200	0.66
29	CITIBANK NOMINEES SINGAPORE PTE LTD	14,548,864	0.64
30	LEW WING KIT	14,370,100	0.63
<b>TOTAL</b>		<b>1,477,968,617</b>	<b>65.21</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 Tuesday, 21 December 2021 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 2021 together with the Auditors’ Report thereon. *(Resolution 1)*
2. To declare a first and final dividend of 0.5 Singapore cents and special dividend of 5 Singapore cents per ordinary share tax-exempt (one-tier) for the financial year ended 31 August 2021. *(Resolution 2)*
3. To approve the payment of Directors’ fees of S\$118,835 for the financial year ended 31 August 2021. (2020: S\$110,856) *(Resolution 3)*
4. To re-elect Mr Devnarayanan s/o K.R. Pisharody, who retires by rotation pursuant to Regulation 107 of the Company’s Constitution, as Director of the Company. *(Resolution 4)*  
*[See Explanatory Note (i)]*
5. To re-elect Ms Geetha Padmanabhan, who retires by rotation pursuant to Regulation 107 of the Company’s Constitution, as Director of the Company. *(Resolution 5)*  
*[See Explanatory Note (ii)]*
6. That, subject to and contingent upon the passing of Resolution 7, and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGXST**”), which will take effect from 1 January 2022, shareholders of the Company to approve the continued appointment of Dr Ahmad Bin Mohamed Magad as an Independent Non-Executive Director of the Company, and the authority conferred by this Resolution shall remain in force until the earlier of the following: (a) the retirement or resignation of Dr Ahmad Bin Mohamed Magadas; or (b) the conclusion of the third Annual General Meeting (“**AGM**”) of the Company following the passing of this Resolution. *(Resolution 6)*  
*[See Explanatory Note (iii)]*
7. That, subject to and contingent upon the passing of Resolution 6, and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022, shareholders of the Company (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates) to approve the continued appointment of Dr Ahmad Bin Mohamed Magadas as an Independent Non-Executive Director of the Company, and the authority conferred by this Resolution shall remain in force until the earlier of the following: (a) the retirement or resignation of Dr Ahmad Bin Mohamed Magadas; or (b) the conclusion of the third AGM of the Company following the passing of this Resolution. *(Resolution 7)*  
*[See Explanatory Note (iii)]*
8. That, subject to and contingent upon the passing of Resolution 9, and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022, shareholders of the Company to approve the continued appointment of Mr Tan Lye Heng Paul an Independent Non-Executive Director of the Company, and the authority conferred by this Resolution shall remain in force until the earlier of the following: (a) the retirement or resignation of Mr Tan Lye Heng Paul; or (b) the conclusion of the third AGM of the Company following the passing of this Resolution. *(Resolution 8)*  
*[See Explanatory Note (iv)]*



# NOTICE OF ANNUAL GENERAL MEETING

9. That, subject to and contingent upon the passing of Resolution 8, and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022, shareholders of the Company (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates) to approve the continued appointment of Mr Tan Lye Heng Paul as an Independent Non-Executive Director of the Company, and the authority conferred by this Resolution shall remain in force until the earlier of the following: (a) the retirement or resignation of Mr Tan Lye Heng Paul; or (b) the conclusion of the third AGM of the Company following the passing of this Resolution. *(Resolution 9)*

*[See Explanatory Note (iv)]*

10. That, subject to and contingent upon the passing of Resolutions 5 and 11, and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022, shareholders of the Company to approve the continued appointment of Ms Geetha Padmanabhan an Independent Non-Executive Director of the Company, and the authority conferred by this Resolution shall remain in force until the earlier of the following: (a) the retirement or resignation of Ms Geetha Padmanabhan; or (b) the conclusion of the third AGM of the Company following the passing of this Resolution. *(Resolution 10)*

*[See Explanatory Note (v)]*

11. That, subject to and contingent upon the passing of Resolutions 5 and 10, and pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST, which will take effect from 1 January 2022, shareholders of the Company (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates) to approve the continued appointment of Ms Geetha Padmanabhan as an Independent Non-Executive Director of the Company, and the authority conferred by this Resolution shall remain in force until the earlier of the following: (a) the retirement or resignation of Ms Geetha Padmanabhan; or (b) the conclusion of the third AGM of the Company following the passing of this Resolution. *(Resolution 11)*

*[See Explanatory Note (v)]*

12. 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 12)*

13. To transact any other ordinary business which may properly be transacted at the AGM.

## AS SPECIAL BUSINESS

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

14. **General Mandate to Directors to Issue Shares** *(Resolution 13)*

“That, pursuant to Section 161 of the Companies Act, Cap. 50 (the “**Act**”) and the rules, guidelines and measures issued by the 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 AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier."

[See Explanatory Note (vi)]

# NOTICE OF ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

**Shirley Tan Sey Liy**  
Company Secretary

Singapore, 6 December 2021

## EXPLANATORY NOTES:

- i. Mr Devnarayanan s/o K.R. Pisharody will, upon re-election as a Director, remain as Executive Director of the Company. Detailed information on Mr Devnarayanan s/o K.R. Pisharody 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. Ms Geetha Padmanabhan will, upon re-election as a Director, remain as Independent Non-Executive Director of the Company, Chairman of Audit Committee, member of Remuneration 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 Ms Geetha Padmanabhan 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. Resolutions 6 and 7, which are subject to the continued appointment of Dr Ahmad Bin Mohamed Magad as a Director of the Company, are proposed in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Dr Ahmad Bin Mohamed Magadas, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered an Independent Non-Executive Director on 1 January 2022 unless his appointment as an Independent Non-Executive Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their respective associates.

The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their respective associates prior to 1 January 2022 as required for his continued appointment as an Independent Non-Executive Director of the Company.

Resolutions 6 and 7 above, if passed, will enable Dr Ahmad Bin Mohamed Magadas to continue his appointment as an Independent Non-Executive Director of the Company (unless his appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018 and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company following the passing of the Resolutions 6 and 7. Resolution 6 is conditional upon Resolution 7 being duly approved, else Dr Ahmad Bin Mohamed Magadas will be designated as Non-Independent Director of the Company with immediate effect and the Board will consider other alternative including refreshment of the Board.

- iv. Resolutions 8 and 9, which are subject to the continued appointment of Mr Tan Lye Heng Paul as a Director of the Company, are proposed in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Mr Tan Lye Heng Paul, having served on the Board beyond nine (9) years from the date of his first appointment, will not be considered an Independent Non-Executive Director on 1 January 2022 unless his appointment as an Independent Non-Executive Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their respective associates.

The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their respective associates prior to 1 January 2022 as required for his continued appointment as an Independent Non-Executive Director of the Company.

Resolutions 8 and 9 above, if passed, will enable Mr Tan Lye Heng Paul to continue his appointment as an Independent Non-Executive Director of the Company (unless his appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018 and the approvals shall remain in force until the earlier of (a) his retirement or resignation; or (b) the conclusion of the third AGM of the Company following the passing of the Resolutions 8 and 9. Resolution 8 is conditional upon Resolution 9 being duly approved, else Mr Tan Lye Heng Paul will be designated as Non-Independent Director of the Company with immediate effect and the Board will consider other alternative including refreshment of the Board.

- v. Resolutions 10 and 11, which are subject to the continued appointment of Ms Geetha Padmanabhan as a Director of the Company (if Resolution 5 is duly approved), are proposed in anticipation of Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST.

# NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST which will take effect from 1 January 2022, Ms Geetha Padmanabhan, having served on the Board beyond nine (9) years from the date of her first appointment, will not be considered an Independent Non-Executive Director on 1 January 2022 unless her appointment as an Independent Non-Executive Director is approved in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their respective associates.

The Company is seeking at this AGM to obtain the required approval in separate resolutions by (A) all Shareholders and (B) Shareholders, excluding the directors, the chief executive officer and their respective associates prior to 1 January 2022 as required for his continued appointment as an Independent Non-Executive Director of the Company.

Resolutions 10 and 11 above, if passed, will enable Ms Geetha Padmanabhan to continue her appointment as an Independent Non-Executive Director of the Company (unless his appointment has been changed subsequent to the AGM) pursuant to Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST and to Provisions 2.1 of the Code of Corporate Governance 2018 and the approvals shall remain in force until the earlier of (a) her retirement or resignation; or (b) the conclusion of the third AGM of the Company following the passing of the Resolutions 10 and 11. Resolution 10 is conditional upon Resolution 11 being duly approved, else Ms Geetha Padmanabhan will be designated as Non-Independent Director of the Company (if Resolution 5 is duly approved) with immediate effect and the Board will consider other alternative including refreshment of the Board.

- vi. Resolution 13 above, 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 AGM, or the date by which the next AGM 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 a 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 AGM are set out in the Company's announcement dated 6 December 2021 entitled "Important Notice to Shareholders Regarding the Company's AGM to be held on 21 December 2021" 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 AGM will be held by way of electronic means and a member will be able to watch the proceedings of the AGM 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 18 December 2021, at the URL <https://conveneagm.sg/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 AGM by 20 December 2021. 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 AGM. 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 AGM. To do so, all questions must be submitted by 11.00 a.m. on 18 December 2021:

- (a) via the pre-registration website at the URL <https://conveneagm.sg/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 AGM as received from members either before or during the AGM.

Please note that members will not be able to ask questions at the AGM "live" during the webcast and the audio feed, and therefore it is important for members to submit their questions in advance of the AGM.

# NOTICE OF 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 AGM must appoint Chairman of the AGM to act as proxy and direct the vote at the AGM. The Chairman of the AGM, as proxy, need not be a member of the Company.
3. The instrument appointing the Chairman of the AGM 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 AGM 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 AGM 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 AGM 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 AGM (i.e. by 11.00 a.m. on 9 December 2021).
5. The instrument appointing the Chairman of the AGM 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 18 December 2021 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 AGM of the Company and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the AGM of the Company via live audio-visual webcast or audio-only stream, or (c) submitting any question prior to the AGM 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 AGM 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 AGM 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 AGM of the Company and providing them with any technical assistance where necessary;
- iii. addressing substantial and relevant questions from members received before the AGM 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.

**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 6 December 2021, 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 Tuesday, 21 December 2021 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.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 August 2021, together with the Auditor's Report thereon			
2.	Payment of proposed first and final dividend of 0.5 Singapore cents and special dividend of 5.0 Singapore cents per ordinary share tax-exempt (one-tier) for the financial year ended 31 August 2021			
3.	Approval of the payment of Directors' fees			
4.	Re-election of Mr Devnarayanan s/o K.R. Pisharody as a Director of the Company			
5.	Re-election of Ms Geetha Padmanabhan as a Director of the Company			
6.	Approval of Dr Ahmad Bin Mohamed Magadas's continued appointment as an Independent Non-Executive Director of the Company by shareholders			
7.	Approval of Dr Ahmad Bin Mohamed Magadas's continued appointment as an Independent Non-Executive Director of the Company by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates)			
8.	Approval of Mr Tan Lye Heng Paul's continued appointment as an Independent Non-Executive Director of the Company by shareholders			
9.	Approval of Mr Tan Lye Heng Paul's continued appointment as an Independent Non-Executive Director of the Company by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates)			
10.	Approval of Ms Geetha Padmanabhan's continued appointment as an Independent Non-Executive Director of the Company by shareholders			
11.	Approval of Ms Geetha Padmanabhan's continued appointment as an Independent Non-Executive Director of the Company by shareholders (excluding the Directors and the Chief Executive Officer of the Company, and their respective associates)			
12.	Re-appointment of Messrs Nexia TS Public Accounting Corporation Certified Public Accountants as Auditors of the Company and authority to Directors of the Company to fix their remuneration			
	<b>Special Business</b>			
13.	Authority to issue shares in the capital of the Company			

\*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 \_\_\_\_\_ 2021

\_\_\_\_\_  
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 9 December 2021).
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 18 December 2021 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 6 December 2021.

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

Shirley Tan

## 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  
Lee Tze Shiong  
(appointed since the financial year ended  
31 August 2021)

## 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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845 Geylang Road #04-22  
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