

POLLUX PROPERTIES LTD.*(Company Registration No. 199904729G)***HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2020 (UNAUDITED)***This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("Sponsor").**This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.**The details of the contact person for the Sponsor is Ms. Tay Sim Yee, at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542, telephone (65) 6532 3210***The current financial period covers 6 months from 1 April 2020 to 30 September 2020 ("current financial period" or "1H2021") and the comparative financial period covers 6 months from 1 April 2019 to 30 September 2019 ("previous financial period" or "1H2020").****1(a) Consolidated income statement**

	Group			
	1H2021	1H2020	Change	
	S\$'000	S\$'000	S\$'000	%
Revenue	4,387	7,382	(2,995)	(40.6)
Cost of sales	(683)	(1,234)	(551)	(44.7)
Gross profit	3,704	6,148		
Interest income	458	2	456	>100
Other income	473	9	464	>100
Marketing and distribution expenses	(5)	(23)	(18)	(78.3)
General and administrative expenses	(1,237)	(1,795)	(558)	(31.1)
Profit from operations	3,393	4,341		
Finance costs	(1,126)	(2,320)	(1,194)	(51.5)
Share of results of an associate	(4)	-	(4)	N/M
Share of results of a joint venture	2	(1,629)	(1,631)	N/M
Profit before tax	2,265	392		
Income tax expense	(374)	-	(374)	N/M
Profit for the financial period, net of tax	1,891	392		

N/M - Not meaningful

1(a) Consolidated income statement (cont'd)

	Group			
	1H2021	1H2020	Change	
	S\$'000	S\$'000	S\$'000	%
Profit attributable to:				
Owners of the Company	<u>1,891</u>	<u>392</u>	1,499	>100

Note:

The following items have been included in arriving at profit:

	Group			
	1H2021	1H2020	Change	
	S\$'000	S\$'000	S\$'000	%
Depreciation of plant and equipment	18	264	(246)	(93.2)
Interest expense	1,120	2,320	(1,200)	(51.7)
Interest income	458	2	456	>100

1(a) Consolidated statement of comprehensive income

	Group			
	1H2021	1H2020	Change	
	S\$'000	S\$'000	S\$'000	%
Profit for the financial period, net of tax	1,891	392	1,499	>100
Other comprehensive income for the financial period, net of tax	-	-	-	-
Total comprehensive income for the financial period	1,891	392	1,499	>100
Total comprehensive income attributable to:				
Owners of the Company	1,891	392	1,499	>100

1(b)(i) Balance Sheets

	Group		Company	
	As at 30 September 2020 S\$'000	As at 31 March 2020 S\$'000	As at 30 September 2020 S\$'000	As at 31 March 2020 S\$'000
Non-current assets				
Plant and equipment	53	63	-	-
Investment properties	338,535	338,535	-	-
Investment in subsidiaries	-	-	141,232	141,232
Investment in a joint venture	2,908	2,906	*	*
Investment in an associate	858	862	847	847
Investment in unquoted securities	503	1,219	503	1,219
	342,857	343,585	142,582	143,298
Current assets				
Trade receivables	79	110	-	-
Contract assets	1,706	1,706	-	-
Other receivables and deposits	63	129	15	43
Prepaid operating expenses	28	35	-	-
Due from subsidiaries	-	-	25,868	28,725
Due from related companies	-	30,226	-	27,156
Investment in securities	144	144	-	-
Cash and cash equivalents	31,222	11,497	21,748	1,846
	33,242	43,847	47,631	57,770
Total assets	376,099	387,432	190,213	201,068
<u>Equity attributable to the owners of the Company</u>				
Share capital	140,100	140,100	140,100	140,100
Revenue reserve	57,214	55,323	(28,055)	(28,034)
Total equity	197,314	195,423	112,045	112,066
Non-current liabilities				
Loans and borrowings	146,747	146,747	-	-
Loan from joint venture	3,747	14,491	3,747	14,491
Deferred tax liabilities	8	8	-	-
	150,502	161,246	3,747	14,491

* Amount less than S\$1,000

1(b)(i) Balance Sheets (cont'd)

	Group		Company	
	As at 30 September 2020 S\$'000	As at 31 March 2020 S\$'000	As at 30 September 2020 S\$'000	As at 31 March 2020 S\$'000
Current liabilities				
Trade payables	2,380	2,313	-	-
Contract liabilities	901	510	-	-
Other payables and accruals	2,827	4,516	489	427
Provision for taxation	1,073	1,149	-	-
Loans and borrowings	21,102	22,265	-	-
Due to related party	*	10	-	-
Due to subsidiaries	-	-	73,932	74,084
	28,283	30,763	74,421	74,511
Total liabilities	178,785	192,009	78,168	89,002
Total equity and liabilities	376,099	387,432	190,213	201,068

*Amount less than S\$1,000

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30 September 2020		As at 31 March 2020	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
21,102	-	22,265	-

Amount repayable after one year

As at 30 September 2020		As at 31 March 2020	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
146,747	3,747	146,747	14,491

Details of collaterals:

The above secured borrowings are from financial institutions and are secured by the following:

1. First legal mortgage over the related property held for investment;
2. Corporate guarantees by the Company; and
3. Legal assignment over all rights, title, and interests in the related tenancy agreements, current and future rental income relating to the specified property pledged in respect of investment properties.

Cash and cash equivalents consist of the following:

	As at 30 September 2020 S\$'000	As at 31 March 2020 S\$'000
Cash at bank and cash on hand	26,038	6,313
Cash in pledge deposit	5,030	5,030
Cash in project account	154	154
	31,222	11,497

The use of the cash in project account is restricted to payments for development expenditure incurred for development properties.

1(c) Consolidated cash flow statement

	Group	
	First Half Year Ended	
	30 September	30 September
	2020	2019
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	2,265	392
Adjustments:		
Depreciation of plant and equipment	18	264
Share of results of a joint venture	(2)	1,629
Share of results of an associate	4	-
Interest income	(458)	(2)
Interest expense	1,120	2,320
Operating cash flows before changes in working capital	2,947	4,603
Changes in working capital:		
Trade receivables and contract assets	31	2,771
Other receivables, deposits and prepayments	73	75
Trade payables	67	(434)
Contract liabilities	391	(5)
Other payables and accruals	(2,063)	(458)
Cash flows from operations	1,446	6,552
Interest paid	(1,120)	(2,320)
Interest received	458	2
Income tax paid	(5)	(351)
Net cash flows from operating activities	779	3,883

1(c) Statement of cash flows (cont'd)

	Group	
	First Half Year Ended	
	30 September	30 September
	2020	2019
	S\$'000	S\$'000
Cash flows from investing activities		
Purchase of plant and equipment	(8)	(15)
Increase in amount due from related companies	-	(703)
Return of capital from investment in unquoted securities	716	1,379
Net cash flows from investing activities	708	661
Cash flows from financing activities		
Proceeds from amount due from related companies	19,401	-
Repayment of loans and borrowings	(1,163)	(3,477)
Net cash flows from/(used in) financing activities	18,238	(3,477)
Net increase in cash and cash equivalents	19,725	1,067
Cash and cash equivalents at beginning of financial year	11,497	9,081
Cash and cash equivalents at end of financial period	31,222	10,148

1(d)(i) Statement of changes in equity

	Attributable to owners of the Company		
	Share capital	Revenue reserve	Total equity
	S\$'000	S\$'000	S\$'000
Group			
At 1 April 2019	140,100	53,070	193,170
Profit net of tax, representing total comprehensive income for the financial period	-	392	392
At 30 September 2019	140,100	53,462	193,562
At 1 April 2020	140,100	55,323	195,423
Profit net of tax, representing total comprehensive income for the financial period	-	1,891	1,891
At 30 September 2020	140,100	57,214	197,314
Company			
At 1 April 2019	140,100	(26,252)	113,848
Profit net of tax, representing total comprehensive income for the financial period	-	(557)	(557)
At 30 September 2019	140,100	(26,809)	113,291
At 1 April 2020	140,100	(28,034)	112,066
Profit net of tax, representing total comprehensive income for the financial period	-	(21)	(21)
At 30 September 2020	140,100	(28,055)	112,045

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous financial period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and paid-up ordinary shares	Number of Shares	Issued and paid-up share capital (S\$'000)
Balance as at 30 September 2020 and 31 March 2020	2,759,468,325	140,100

There was no change in the Company's issued and paid-up share capital from 1 April 2020 to 30 September 2020.

There were no outstanding convertibles, treasury shares or subsidiary holdings held by the Company as at 30 September 2020 and 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares (excluding treasury shares) as at 30 September 2020 is 2,759,468,325 shares (31 March 2020: 2,759,468,325 shares).

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of current financial period reported on.

Not applicable as the Company does not have any treasury shares.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the Company does not have any subsidiary holdings.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty related to going concern.

Not applicable. The Group's latest audited financial statements for the financial year ended 31 March 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial information has been prepared in accordance with the same accounting policies and methods of computation adopted in the most recent audited annual financial statement.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	1H2021	1H2020
Basic (cents)	0.07	0.01
Diluted (cents)	0.07	0.01
Profit attributable to owners of the Company (in S\$'000)	1,891	392
Weighted average number of ordinary shares for basic and diluted earnings per share computation (in '000)	2,759,468	2,759,468

Earnings per ordinary share is calculated by dividing the consolidated profit after tax attributable to owners of the Company over the weighted average number of ordinary shares in issue during the period.

The basic and diluted earnings per share are the same for 1H2021 and 1H2020 as the Company has no dilutive equity instruments as at 30 September 2020 and 30 September 2019.

7. Net assets value (for the issuer and group) per ordinary shares based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	As at	
	30 September 2020	31 March 2020
Net asset value per ordinary share (cents) – Group	7.15	7.08
Net asset value per ordinary share (cents) – Company	4.06	4.12

The calculations of net asset value per ordinary share of the Group and the Company were based on (i) the net asset value of the Group and the Company as at 30 September 2020 and 31 March 2020 respectively; and (ii) 2,759,468,325 shares as at 30 September 2020 and 31 March 2020.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

Consolidated income statement

The Group	1H2021 S\$'000	%	1H2020 S\$'000	%
Type of Revenue:				
Income from serviced apartment	1,203	27	2,665	36
Rental Income				
- Residential units	621	14	570	8
- Commercial units	2,563	59	4,147	56
Total Revenue	4,387		7,382	
Cost of Sales:				
Serviced apartment	683	100	1,234	100

Revenue

The Group's revenue in 1H2021 comprised of income from serviced apartment and rental income. Rental income consists of income derived from the leasing of residential units and commercial units. The Group's revenue decreased by S\$3.00 million or 41% from S\$7.38 million in 1H2020 to S\$4.39 million in 1H2021.

The S\$1.46 million decline in income from serviced apartment was largely due to the reduced average daily rate for the current financial period due to outbreak of COVID-19. Occupancy rate has been maintained at 79.5% in 1H2021 as compared to 78.3% in 1H2020. The S\$1.53 million decline in rental income was mainly due to the expiry of leases for former tenanted units in the commercial office building, Macdonald House.

Cost of sales and Gross profit

The Group's cost of sales decreased by S\$0.55 million or 45% from S\$1.23 million in 1H2020 to S\$0.68 million in 1H2021. The cost of sales was associated with the cost incurred to operate the serviced apartment. The decrease was in tandem with the decrease in the income from the serviced apartment. Gross profit margin maintained fairly consistent in 1H2021 at 84% as compared to 83% in 1H2020.

Interest income

Interest income mainly pertains to interest received from amount due from a related company and fixed deposits placed in bank.

Other income

Other income in 1H2021 mainly consists of income obtained from government grants such as property tax rebate and cash grant under the COVID-19 rental relief framework.

General and administrative expenses

General and administrative expenses include staff costs, depreciation expenses, professional fees, directors' fees and office expenses. The decline of S\$0.56 million or 31% was mainly attributable to lower depreciation expense during 1H2021 as majority of the plant and equipment were fully depreciated as at 31 March 2020.

Finance costs

The decrease in finance costs of S\$1.20 million from S\$2.32 million in 1H2020 to S\$1.12 million in 1H2021 was mainly due to lower interest rates charged by the banks.

Share of result of a joint venture

The decline in share of loss of a joint venture was mainly due to the completion of the Pavilion Square project in 1H2021 and the Certificate of Statutory Completion was obtained during the current financial period.

Share of result of an associate

The share of loss in 1H2021 was mainly due to lower performance fees being recognized by the real estate fund managed by the associate company.

Income tax expense

The increase in income tax expense was attributable to the higher taxable income in 1H2021.

Balance sheets

The financial position of the Group remained strong with net assets of S\$197.31 million as at 30 September 2020. The Group's cash and cash equivalents stood at S\$31.22 million as at 30 September 2020 as compared to S\$11.50 million as at 31 March 2020.

Assets

Total assets stood at S\$376.10 million as at 30 September 2020 as compared to S\$387.43 million as at 31 March 2020

The decrease of S\$11.33 million was mainly due to (i) repayment of the amount due from related companies; (ii) proceeds received from investment in unquoted securities and (iii) collection of trade and other receivables.

Liabilities

Total liabilities stood at S\$178.79 million as at 31 September 2020 as compared to S\$192.01 million as at 31 March 2020.

The decrease of S\$13.22 million was mainly due to (i) the repayment of the current portion of loans and borrowings; (ii) decrease in other payables from the payment settlement of non-trade vendors and suppliers and (iii) the partial settlement of the loan from joint venture.

Consolidated cash flow statement

The Group's cash and cash equivalents increased by S\$19.72 million from S\$11.50 million as at 31 March 2020 to S\$31.22 million as at 30 September 2020 mainly due to the following:-

- 1) Net cash flows from operating activities of S\$0.78 million was mainly due to (i) collection of trade receivables and other receivables; (ii) increase in receipts received in advance which were partially offset by (iii) payments made for other payables and accruals.
- 2) Net cash flows generated from investing activities of S\$0.71 million due to return of capital from investment in unquoted securities partially offset by the purchase of plant and equipment.
- 3) Net cash flows generated from financing activities of S\$18.24 million was mainly due to (i) proceeds from amount due from related companies which were partially offset by (ii) repayment of loans and borrowings.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any know factors or events that may affect the group in the next reporting period and the next 12 months.

On an annual basis, Singapore's GDP contracted 7% in 3Q2020, an improvement from the 13.3% contraction in 2Q2020¹. The improved performance of Singapore economy was mainly attributable to the phased re-opening of the economy following the circuit breaker measures implemented in April 2020.

Based on the news release published by the Urban Redevelopment Authority on 23 October 2020², the price index for private residential property and office space increased by 0.8% and 0.2% respectively in 3Q2020 compared to 2Q2020. The increase in the price index may seem at odds despite with the rising unemployment and the decline in the local economy, however due to the strength of the underlying property market attributed by the low interest rate environment, local government's unprecedented fiscal stimulus and buoyant public housing market, buyers are able to upgrade to affordable new private homes.

Looking ahead, the real estate industry in Singapore is expected to remain subdued in the near term given the uncertainties of the ongoing COVID-19 pandemic. The Group is exercising prudence in cash flow management and taking initiatives to defer non-essential capital expenditure. The Group will monitor the situation closely and continue to actively engage tenants for appropriate tenant support measures.

In addition, the Group wishes to highlight that as announced on 9 October 2020, the Group had entered into a share transfer agreement with the vendors of Stirling Fort Capital Pte. Ltd ("SFCPL") to acquire 300,000 ordinary shares, representing an aggregate of 49.99% of the issued share capital of SFCPL. Following the completion of the acquisition, SFCPL becomes a wholly-owned subsidiary of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

¹ https://www.mti.gov.sg/-/media/MTI/Newsroom/Press-Releases/2020/10/AdvEst_3Q20.pdf

² <https://www.ur.gov.sg/Corporate/Media-Room/Media-Releases/pr20-29>

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 30 September 2020 as cash flows are being directed to fund the Group's operating activities and the Company was in an accumulated loss position as at 30 September 2020.

13. If the group obtained a general mandate from shareholders for IPT's, the aggregate value of such transactions as required under Rule 920 (1)(a)(ii), If no IPT mandate has been obtained, a statement to that effect.

The Group does not have any general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**").

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers pursuant to Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured all the required undertakings from all directors and executive officers of the Company under Rule 720(1) of the Catalist Rules.

15. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The board of directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the board of directors which may render the unaudited financial results for the six months ended 30 September 2020 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD OF DIRECTORS

Nico Purnomo Po
Executive Director and CEO

11 November 2020