



Service You Trust
SINGAPORE

PROPNE X LIMITED

Company Registration Number: 201801373N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2022

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
A. Condensed Interim Consolidated Statement of Profit or Loss	2
B. Condensed Interim Consolidated Statement of Comprehensive Income	3
C. Condensed Interim Statements of Financial Position	4
D. Condensed Interim Consolidated Statement of Cash Flows	5
E. Condensed Interim Consolidated Statement of Changes in Equity	7
F. Notes to the Condensed Interim Consolidated Financial Statements	10
G. Other Information Required by Listing Rule Appendix 7.2	22

PROPnex LIMITED

Company Registration Number: 201801373N

**INTERIM FINANCIAL INFORMATION
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2022**

The Board of Directors (the “**Board**”) of PropNex Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following interim financial information of the Group for the second quarter and half year ended 30 June 2022.

A. Condensed Interim Consolidated Statement of Profit or Loss

	Group			Group		
	2Q2022 S\$'000	2Q2021 S\$'000	Change (%)	1H2022 S\$'000	1H2021 S\$'000	Change (%)
Continuing operations						
Revenue	230,705	260,479	(11.4)	472,334	481,057	(1.8)
Cost of services rendered	(207,045)	(232,642)	(11.0)	(424,557)	(429,943)	(1.3)
Gross profits	23,660	27,837	(15.0)	47,777	51,114	(6.5)
Finance income	162	96	68.8	253	190	33.2
Finance costs	(16)	(11)	45.5	(24)	(26)	(7.7)
Other income	1,954	1,761	11.0	4,779	3,924	21.8
Staff costs	(4,363)	(4,056)	7.6	(9,138)	(7,832)	16.7
Depreciation of plant and equipment	(242)	(273)	(11.4)	(508)	(526)	(3.4)
Depreciation of right-of-use assets	(601)	(555)	8.3	(1,141)	(1,110)	2.8
Amortisation of intangible assets	(75)	(8)	NM	(149)	(15)	NM
Other expenses	(4,294)	(2,716)	58.1	(7,688)	(4,906)	56.7
Gain on disposal of discontinued operation	–	–	–	–	637	NM
Share of loss of associate	–	(47)	NM	–	(47)	NM
Profit before tax	16,185	22,028	(26.5)	34,161	41,403	(17.5)
Tax expense	(2,772)	(3,844)	(27.9)	(5,886)	(7,058)	(16.6)
Profit from continuing operations	13,413	18,184	(26.2)	28,275	34,345	(17.7)
Discontinuing operations						
Profit from discontinued operation (net of tax)	–	–	–	–	19	NM
Profit for the period	13,413	18,184	(26.2)	28,275	34,364	(17.7)
Profit attributable to:						
Owners of the Company	13,106	16,518	(20.7)	27,021	31,343	(13.8)
Non-controlling interests	307	1,666	(81.6)	1,254	3,021	(58.5)
Profit for the period	13,413	18,184	(26.2)	28,275	34,364	(17.7)

NM – Not meaningful

B. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	2Q2022 S\$'000	2Q2021 S\$'000	Change (%)	1H2022 S\$'000	1H2021 S\$'000	Change (%)
Profit for the period	13,413	18,184	(26.2)	28,275	34,364	(17.7)
Other comprehensive income, net of tax						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences						
- foreign operation	1	1	-	2	1	100.0
Other comprehensive income for the period, net of tax	1	1	-	2	1	100.0
Total comprehensive income for the period	13,414	18,185	(26.2)	28,277	34,365	(17.7)
Total comprehensive income attributable to:						
Owners of the Company	13,107	16,519	(20.7)	27,023	31,344	(13.8)
Non-controlling interests	307	1,666	(81.6)	1,254	3,021	(58.5)
Total comprehensive income for the period	13,414	18,185	(26.2)	28,277	34,365	(17.7)

NM – not meaningful

Profit from discontinuing operation

On 1 February 2021, the Company entered into a share sale and purchase agreement with a third party to dispose its entire 75% equity interests in PropNex Property Management Consultants Pte Ltd (“PPMC”) for a cash consideration of \$763,500. Consequently, PPMC ceased to be a subsidiary of the Company.

	Group	
	1H2022 S\$'000	1H2021 S\$'000
Discontinued operation		
Revenue	-	177
Cost of services rendered	-	(102)
Other income	-	1
Staff costs	-	(43)
Depreciation of plant and equipment	-	(1)
Depreciation of right-of-use assets	-	(3)
Other expenses	-	(10)
Profit before tax	-	19
Tax expense	-	-
Profit from discontinued operation (net of tax)	-	19

C. Condensed Interim Statements of Financial Position

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Plant and equipment	1,689	2,032	3	4
Intangible assets	752	900	75	90
Right-of-use assets	2,107	2,888	–	–
Subsidiaries	–	–	17,548	17,548
Associates	–	–	–	–
Other investment	6,350	362	5,988	–
Non-current assets	10,898	6,182	23,614	17,642
Trade and other receivables	161,098	142,739	2,059	6,945
Cash and cash equivalents	133,893	145,646	66,422	75,184
Current assets	294,991	288,385	68,481	82,129
Total assets	305,889	294,567	92,095	99,771
Equity				
Share capital	57,491	57,491	57,491	57,491
Merger reserve	(17,663)	(17,663)	–	–
Translation reserve	2	–	–	–
Capital reserve	607	607	–	–
Retained earnings	70,121	69,000	31,642	38,987
Equity attributable to owners of the Company	110,558	109,435	89,133	96,478
Non-controlling interests	1,298	3,143	–	–
Total equity	111,856	112,578	89,133	96,478
Liabilities				
Deferred tax liabilities	177	177	–	–
Lease liabilities	1,041	1,310	–	–
Non-current liabilities	1,218	1,487	–	–
Trade and other payables	177,349	164,299	2,885	3,196
Current tax liabilities	12,656	13,486	77	97
Deferred income	1,739	1,119	–	–
Lease liabilities	1,071	1,598	–	–
Current liabilities	192,815	180,502	2,962	3,293
Total liabilities	194,033	181,989	2,962	3,293
Total equity and liabilities	305,889	294,567	92,095	99,771

D. Condensed Interim Consolidated Statements of Cash Flows

	Group		Group	
	2Q2022 S\$'000	2Q2021 S\$'000	1H2022 S\$'000	1H2021 S\$'000
Cash flows from operating activities				
Profit for the period	13,413	18,184	28,275	34,364
Adjustments for:				
Amortisation of trademark	75	8	149	15
Bad debts written off	239	56	257	125
Depreciation of plant and equipment	242	273	508	527
Depreciation of right-of-use assets	601	555	1,141	1,113
Gain on disposal of discontinued operation	–	–	–	(637)
Impairment losses on trade and other receivables	1,288	302	1,714	345
Interest expense	16	11	24	26
Interest income	(162)	(96)	(253)	(190)
Share of loss of associate	–	47	–	47
Tax expense	2,772	3,844	5,886	7,058
	18,484	23,184	37,701	42,793
Changes in:				
- trade and other receivables	(24,801)	(46,059)	(20,331)	(101,343)
- trade and other payables	13,950	45,784	13,052	95,322
- deferred income	507	283	620	378
Cash generated from operations	8,140	23,192	31,042	37,150
Tax paid	(6,701)	(3,039)	(6,716)	(4,031)
Net cash from operating activities	1,439	20,153	24,326	33,119
Cash flows from investing activities				
Net cash outflows arising from acquisition of a subsidiary	–	(979)	–	(979)
Acquisition of plant and equipment	(69)	(112)	(166)	(115)
Deposit pledged	–	(1)	–	(1)
Disposal of discontinued operation, net of cash disposed (Note)	–	–	–	585
Interest received	162	96	253	190
Addition in other investment	13	–	(5,988)	–
Proceeds from sale of plant and equipment	1	–	1	–
Net cash from/(used in) investing activities	107	(996)	(5,900)	(320)
Cash flows from financing activities				
Dividends paid to owners	(25,900)	(14,800)	(25,900)	(14,800)
Dividends paid to non-controlling interests	(3,099)	(1,972)	(3,099)	(1,972)
Interest paid	(16)	(11)	(24)	(26)
Repayment of lease liabilities	(610)	(560)	(1,156)	(1,119)
Net cash used in financing activities	(29,625)	(17,343)	(30,179)	(17,917)
Net (decrease)/increase in cash and cash equivalents	(28,079)	1,814	(11,753)	14,882
Cash and cash equivalents at beginning of the financial period	161,910	118,809	145,584	105,741
Cash and cash equivalents at end of the financial period	133,831	120,623	133,831	120,623
<u>Additional information:</u>				
Cash at bank and on hand	133,893	120,685	133,893	120,685
Less: bank deposits pledged	(62)	(62)	(62)	(62)
Total cash and cash equivalents	133,831	120,623	133,831	120,623

Note:

Analysis of assets and liabilities of discontinued operation were as follows:

	1H2021 S\$'000
Plant and equipment	61
Right-of-use assets	118
Trade and other receivables	361
Cash and cash equivalents	44
Deferred tax liabilities	(2)
Lease liabilities	(116)
Trade and other payables	(280)
Current tax liabilities	(18)
Net assets	<u>168</u>
Non-controlling interests	<u>(42)</u>
Identified net assets	126
Gain on disposal of discontinued operation, recognised in the consolidated statement of profit or loss	<u>637</u>
Selling proceeds	<u><u>763</u></u>
Selling proceeds are represented by:	
- Cash consideration received	629
- Deferred consideration to be received	134
	<u><u>763</u></u>
Net cash outflows arising from the disposal of discontinued operation:	
- Cash consideration received	629
- Cash and cash equivalents disposed off	(44)
	<u><u>585</u></u>

E. Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 January 2022	57,491	(17,663)	607	–	69,000	109,435	3,143	112,578
Profit for the period	–	–	–	–	27,021	27,021	1,254	28,275
Other comprehensive income								
– Foreign currency translation	–	–	–	2	–	2	–	2
Total comprehensive income	–	–	–	2	27,021	27,023	1,254	28,277
Transaction with owner, recognised directly in equity								
Dividend paid	–	–	–	–	(25,900)	(25,900)	(3,099)	(28,999)
Total transaction with owners of the Company	–	–	–	–	(25,900)	(25,900)	(3,099)	(28,999)
As at 30 June 2022	57,491	(17,663)	607	2	70,121	110,558	1,298	111,856

E. Condensed Interim Consolidated Statement of Changes in Equity (Cont'd)

	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 January 2021	57,491	(17,663)	607	(1)	44,122	84,556	3,032	87,588
Profit for the period	–	–	–	–	31,343	31,343	3,021	34,364
Other comprehensive income								
– Foreign currency translation	–	–	–	1	–	1	–	1
Total comprehensive income	–	–	–	1	31,343	31,344	3,021	34,365
Transaction with owner, recognised directly in equity								
Disposal of discontinued operation with non-controlling interest	–	–	–	–	–	–	(42)	(42)
Dividend paid	–	–	–	–	(14,800)	(14,800)	(1,972)	(16,772)
Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	–	11	11
Total transaction with owners of the Company	–	–	–	–	(14,800)	(14,800)	(2,003)	(16,803)
As at 30 June 2021	57,491	(17,663)	607	–	60,665	101,100	4,050	105,150

E. Condensed Interim Consolidated Statement of Changes in Equity (Cont'd)

COMPANY – 2022	Attributable to owners of the Company		
	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
As at 1 January 2022	57,491	38,987	96,478
Profit for the period	–	18,555	18,555
Total comprehensive income	–	18,555	18,555
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividend paid	–	(25,900)	(25,900)
Total transaction with owners of the Company	–	(25,900)	(25,900)
As at 30 June 2022	57,491	31,642	89,133
Attributable to owners of the Company			
COMPANY – 2021	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
As at 1 January 2021	57,491	15,743	73,234
Profit for the period	–	18,187	18,187
Total comprehensive income	–	18,187	18,187
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividend paid	–	(14,800)	(14,800)
Total transaction with owners of the Company	–	(14,800)	(14,800)
As at 30 June 2021	57,491	19,130	76,621

F. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate information

PropNex Limited is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries.

The primary activities of the Group are involved in the provision of real estate agency services, real estate project marketing services, property management services, administrative support services and training/courses.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting the following standards:

- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)*
- *Reference to the Conceptual Framework (Amendments to SFRS(I) 3)*
- *Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)*
- *Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)*
- *Annual Improvements to SFRS(I)s 2018-2020*

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no critical judgements in the application of accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next period is measurement of ECL allowance for trade and other receivables: Key assumptions in determining the weighted-average loss rate.

3 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4 Segment and revenue information

The Group has the following five strategic divisions, which are its reportable segments. These divisions offer different services, and are managed separately because they require different marketing strategies. The Group's CEO (the chief operating decision maker) reviews internal management reports of each division at least quarterly. The following summary describes the operations in each of the Group's reportable segments:

- Agency services Real estate agency services relate to services rendered in the sale and lease of public and private residential and commercial/industrial properties, including Housing and Development Board flats and executive condominium, private condominiums, landed properties, retail shops, offices and factories.
- Project marketing services Real estate project marketing services relate to services rendered in the sale of new private residential development projects for third-party property developers in Singapore as well as overseas.
- Administrative support services Administrative support services relate to use of space and other ancillary services.
- Training services Training services relate mainly to real estate related courses and training programmes organised by the Group to salespersons.
- Property management services (Discontinued operation) Property management services relate mainly to real estate management services rendered to private residential properties.

Information regarding the results of each reportable segment is included below. Performance is measured based on profit/(loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

4.1 Reportable segments

Group	Agency services S\$'000	Project marketing services S\$'000	Administrative support services S\$'000	Training services S\$'000	Others S\$'000	Total S\$'000
1H2022						
Revenue	454,720	183,422	1,885	1,048	23,414	664,489
Inter-segment revenue	(167,814)	–	(946)	–	(23,395)	(192,155)
External revenues	286,906	183,422	939	1,048	19	472,334
Finance income	33	6	–	–	214	253
Depreciation expense	(472)	(77)	(1,038)	(61)	(1)	(1,649)
Amortisation expense	–	–	–	–	(149)	(149)
Finance costs	–	(1)	(13)	–	(10)	(24)
Segment profit/(loss) before tax	27,953	5,515	242	674	(223)	34,161
Other material non-cash items:						
- Bad debts written off	123	–	–	–	134	257
- Impairment losses on trade and other receivables	924	785	3	2	–	1,714
- Net foreign exchange loss	–	7	–	–	–	7
Reportable segment assets	130,098	97,796	2,486	1,849	73,660	305,889
Capital expenditure	117	34	–	15	–	166
Reportable segment liabilities	183,018	4,227	3,026	1,049	2,713	194,033

Group	< ----- Continued operations ----- >					Discontinued operation	Total
	Agency services S\$'000	Project marketing services S\$'000	Administrative support services S\$'000	Training services S\$'000	Others S\$'000	Property management services S\$'000	
1H2021							
Revenue	461,340	225,127	1,617	639	22,136	177	711,036
Inter-segment revenue	(206,599)	–	(962)	(110)	(22,131)	–	(229,802)
External revenues	<u>254,741</u>	<u>225,127</u>	<u>655</u>	<u>529</u>	<u>5</u>	<u>177</u>	<u>481,234</u>
Finance income	20	2	–	–	168	–	190
Depreciation expense	(491)	(17)	(1,067)	(59)	(2)	(4)	(1,640)
Amortisation expense	–	–	–	–	(15)	–	(15)
Finance costs	–	–	(25)	(1)	–	–	(26)
Segment profit before tax	<u>27,405</u>	<u>12,980</u>	<u>22</u>	<u>210</u>	<u>786</u>	<u>19</u>	<u>41,422</u>
Other material non-cash items:							
- Bad debts written off	125	–	–	–	–	–	125
- Impairment losses on trade and other receivables	208	130	1	2	4	–	345
- Net foreign exchange loss	–	7	–	–	–	–	7
Reportable segment assets	124,749	122,096	3,228	1,015	56,382	–	307,470
Capital expenditure	99	6	–	7	3	–	115
Reportable segment liabilities	<u>192,501</u>	<u>4,201</u>	<u>2,421</u>	<u>689</u>	<u>2,508</u>	<u>–</u>	<u>202,320</u>

4.2 Disaggregation of revenue

	Group	
	1H2022 S\$'000	1H2021 S\$'000
Types of goods or service:		
Commission income from real estate agency services	286,906	254,741
Commission income from real estate project marketing services	183,422	225,127
Administrative support fee income	939	655
Courses and related fee income from training services	1,048	529
Technology platform income from services providers	12	5
Dividend income from investment securities	7	–
	472,334	481,057
Timing of revenue recognition:		
Services transferred at a point in time	471,672	480,402
Services transferred over time	662	655
	472,334	481,057

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

		Carrying amount			
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Group					
30 June 2022					
Financial assets					
Equity investments – at FVOCI	10	6,350	–	–	6,350
Trade and other receivables*		–	159,201	–	159,201
Cash and cash equivalents		–	133,893	–	133,893
		6,350	293,094	–	299,444
Financial liabilities					
Trade and other payables^		–	–	(176,780)	(176,780)
Lease liabilities		–	–	(2,112)	(2,112)
		–	–	(178,892)	(178,892)
31 December 2021					
Financial assets					
Equity investments – at FVOCI	10	362	–	–	362
Trade and other receivables*		–	142,137	–	142,137
Cash and cash equivalents		–	145,646	–	145,646
		362	287,783	–	288,145
Financial liabilities					
Trade and other payables^		–	–	(163,951)	(163,951)
Lease liabilities		–	–	(2,908)	(2,908)
		–	–	(166,859)	(166,859)

		Carrying amount			
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Company					
30 June 2022					
Financial assets					
Equity investments – at FVOCI	10	5,988	–	–	5,988
Trade and other receivables*		–	1,965	–	1,965
Cash and cash equivalents		–	66,422	–	66,422
		<u>5,988</u>	<u>68,387</u>	<u>–</u>	<u>74,375</u>
Financial liabilities					
Trade and other payables^		–	–	(2,566)	(2,566)
31 December 2021					
Financial assets					
Trade and other receivables*		–	6,889	–	6,889
Cash and cash equivalents		–	75,184	–	75,184
		<u>–</u>	<u>82,073</u>	<u>–</u>	<u>82,073</u>
Financial liabilities					
Trade and other payables^		–	–	(3,009)	(3,009)

* Excludes prepayments.

^ Excludes liability for short-term accumulating compensated absence.

5.1 ECL allowance for trade and other receivables

Expected credit loss assessment for trade receivables of real estate agency services

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers of real estate agency services, which comprise a very large number of small balances.

The following table provides information about the exposure to credit risk and ECLs for trade receivables of real estate agency services:

	Weighted average loss rate %	Gross carrying amount S\$'000	Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 June 2022					
Past due					
- Past due 1 to 30 days	0.01	44,621	–	(2)	(2)
- Past due 31 to 90 days	0.06	16,272	–	(9)	(9)
- Past due 91 to 180 days	0.08	7,243	–	(6)	(6)
- Past due 181 to 270 days	0.37	2,743	–	(10)	(10)
- Past due more than 270 days	0.76	3,303	(2,422)	(7)	(2,429)
		<u>74,182</u>	<u>(2,422)</u>	<u>(34)</u>	<u>(2,456)</u>

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
31 December 2021					
Past due					
- Past due 1 to 30 days	0.01	32,535	–	(1)	(1)
- Past due 31 to 90 days	0.06	20,177	–	(12)	(12)
- Past due 91 to 180 days	0.08	6,194	–	(5)	(5)
- Past due 181 to 270 days	0.37	1,764	–	(7)	(7)
- Past due more than 270 days	0.76	2,703	(1,617)	(8)	(1,625)
		<u>63,373</u>	<u>(1,617)</u>	<u>(33)</u>	<u>(1,650)</u>

Loss rates are based on actual credit loss experience over the past 3 years. These rates are adjusted by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. These scalar factors are calculated using statistical models that determine numeric co-relation of loss rates with relevant economic variables.

Scalar factors are based on actual and forecast gross domestic products at 0.97 (31 December 2021: 0.97) for Singapore.

Expected credit loss assessment for trade receivables of real estate project marketing services, administrative support services and training services

These trade receivables comprise mainly recurring customers. The Group assessed the expected credit loss exposure of these receivables to be insignificant based on the historical default rates, the Group's view of current and future conditions corresponding with default rates pertaining to group of customers. The Group applies the published independent default rate of real estate industry and monitors changes in the default rate by tracking to the published independent research report.

The following table provides information about the exposure to credit risk and ECLs for trade receivables of real estate project marketing services, administrative support services, property management services and training services:

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 June 2022					
Not past due					
	1.82	7	–	–	–
Past due					
- Past due 1 to 30 days	1.82	45,231	–	(91)	(91)
- Past due 31 to 90 days	1.82	24,473	–	(49)	(49)
- Past due 91 to 180 days	1.82	5,827	–	(12)	(12)
- Past due 181 to 270 days	1.82	6,415	–	(13)	(13)
- Past due more than 270 days	1.82	4,391	(712)	(7)	(719)
		<u>86,344</u>	<u>(712)</u>	<u>(172)</u>	<u>(884)</u>

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
31 December 2021					
Not past due	0.13 – 1.14	–	–	–	–
Past due					
- Past due 1 to 30 days	0.13 – 1.14	36,618	–	(46)	(46)
- Past due 31 to 90 days	0.13 – 1.14	25,577	–	(32)	(32)
- Past due 91 to 180 days	0.13 – 1.14	12,183	–	(16)	(16)
- Past due 181 to 270 days	0.13 – 1.14	4,027	–	(5)	(5)
- Past due more than 270 days	0.13 – 1.14	892	–	(1)	(1)
		<u>79,297</u>	<u>–</u>	<u>(100)</u>	<u>(100)</u>

Expected credit loss assessment for other receivables and deposits

The Group and the Company assessed the credit exposure of these receivables to be insignificant based on the historical default rates, the Group's and the Company's view of current and future conditions corresponding with default rates pertaining to group of customers. The Group and the Company apply the published independent default rate of real estate industry and monitor changes in the default rate by tracking to the published independent research report.

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 June 2022					
Not past due					
Other receivables and deposits	1.82	1,824	(85)	(32)	(117)
		<u>1,824</u>	<u>(85)</u>	<u>(32)</u>	<u>(117)</u>
31 December 2021					
Not past due					
Other receivables and deposits	1.14	1,434	(85)	(15)	(100)
		<u>1,434</u>	<u>(85)</u>	<u>(15)</u>	<u>(100)</u>
Company					
30 June 2022					
Not past due					
Other receivables and deposits	1.82	250	–	(5)	(5)
		<u>250</u>	<u>–</u>	<u>(5)</u>	<u>(5)</u>
31 December 2021					
Not past due					
Other receivables and deposits	1.14	388	–	(4)	(4)
		<u>388</u>	<u>–</u>	<u>(4)</u>	<u>(4)</u>

Movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January	1,850	1,452	(4)	–
Impairment loss recognised	1,714	867	–	(4)
Amounts written off against receivables	(107)	(469)	–	–
At 30 June and 31 December	<u>3,457</u>	<u>1,850</u>	<u>(4)</u>	<u>(4)</u>

6 Profit before taxation

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
Income		
Interest income	(253)	(190)
Expenses		
Amortisation of intangible assets	149	15
Bad debts written off	257	125
Depreciation of plant and equipment	508	526
Depreciation of right-of-use assets	1,141	1,110
Foreign exchange loss	7	7
Impairment losses on trade and other receivables	1,714	345
Interest expense	<u>24</u>	<u>26</u>

6.1 Related party transactions

Transactions with related parties

The transactions with related parties based on terms agreed between the parties during the financial year are as follows:

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
Related corporations		
Administration support income	(67)	–
Trainer fee expense	<u>3</u>	<u>4</u>
Non-controlling shareholder of a subsidiary		
Commission fee expense	<u>–</u>	<u>50</u>
Directors		
Administrative support income	(3)	(3)
Commission fee income	<u>(4)</u>	<u>(23)</u>

9 Net asset value

	Group		Company	
	30 Jun 22	31 Dec 21	30 Jun 22	31 Dec 21
Net asset value per ordinary share (cents)	29.88	29.58	24.09	26.08

Net asset value per ordinary share was computed based on issued ordinary share capital of 370,000,000 shares at the end of the financial period/year.

10 Financial assets at fair value through other comprehensive income

10.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (**Level 2**); and
- c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) (**Level 3**)

The carrying amount of financial assets and financial liabilities not measured at fair value are approximate fair value. The financial assets carried at fair value are as following:

	Level 3 S\$'000
Group	
30 June 2022	
Financial assets	
Unquoted equity investments – at FVOCI	<u>6,350</u>
31 December 2021	
Financial assets	
Unquoted equity investments – at FVOCI	<u>362</u>
Company	
30 June 2022	
Financial assets	
Unquoted equity investments – at FVOCI	<u>5,988</u>
31 December 2021	
Financial assets	
Unquoted equity investments – at FVOCI	<u>–</u>

The fair values were derived based on the discounted cashflow method. Significant unobservable inputs include discount rate of 10%. The estimated fair value would increase/(decrease) if the discount rate were lower/(higher).

There were no transfers between Level 1, Level 2 and Level 3 in either direction.

11 Plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$166,230 (30 June 2021: \$114,767) and disposed assets amounting to \$837 (30 June 2021: \$34,660).

12 Share capital

	Number of shares		Amount	
	30 June 2022 '000	31 December 2021 '000	30 June 2022 S\$'000	31 December 2021 S\$'000
Group and Company				
Fully paid ordinary shares, with no par value:				
At 30 June and 31 December	370,000	370,000	57,491	57,491

The Company did not hold any treasury shares as at 30 June 2022.

The Company's subsidiaries did not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

13 Subsequent event

There is no known subsequent event which has led to adjustment on this set of interim financial statements.

G. Other Information Required by Listing Rule Appendix 7.2

- 1(i) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, 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 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.**

There were no changes in the share capital of the Company in 2Q2022. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2022 and 31 December 2021.

- 1(ii) 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.**

As at 30 June 2022 and 31 December 2021, the Company's issued ordinary shares were 370,000,000. The Company did not have any treasury shares as at 30 June 2022 and 31 December 2021.

- 1(iii) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.**

Not applicable.

- 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 Company's auditors.

- 3 Where the figures have been audited, whether there are any modifications, disclaimer of opinion, adverse opinion or emphasis of a matter (including material uncertainties on going concern). Also, where the figures have been audited or reviewed, whether the auditor's report is announced using the Financial Statements and Related Announcement template with appropriate subject sub-heading.**

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 material uncertainty relating to going concern.

The Group's latest financial statements 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 followed.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2021 except for the changes in accounting policies as disclosed in Item 5 below.

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 effect of, the change.

There are no new standards and amendments that are effective for the annual period beginning 1 January 2022 nor any changes in the Group's accounting policies and methods of computation.

6 Earnings Per Ordinary Share

	Group			Group		
	2Q2022	2Q2021	Change (%)	1H2022	1H2021	Change (%)
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:						
(i) Based on the weighted average number of shares (cents)	3.54	4.46	(20.6)	7.30	8.47	(13.8)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	3.54	4.46	(20.6)	7.30	8.47	(13.8)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Continuing operations):						
(j) Based on the weighted average number of shares (cents)	3.54	4.46	(20.6)	7.30	8.47	(13.8)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	3.54	4.46	(20.6)	7.30	8.47	(13.8)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Discontinuing operations):						
(k) Based on the weighted average number of shares (cents)	-	-	-	-	0	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	-	-	-	-	0	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	

- 7 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.**

Review of Group Performance

2Q2022 vs 2Q2021

Revenue

Revenue decreased by approximately S\$29.8 million or 11.4%, from S\$260.5 million in 2Q2021 to S\$230.7 million in 2Q2022, was due to decrease in commission income from project marketing services of approximately S\$36.9 million, partially offset by increase in commission income from agency services of approximately S\$6.5 million. This was a result of fewer project marketing launch partially offset by higher number of transactions completed for agency services in 2Q2022.

Cost of services rendered

Cost of services decreased by approximately S\$25.6 million or 11.0%, from S\$232.6 million in 2Q2021 to S\$207.0 million in 2Q2022. This was mainly due to the decrease in commission cost to salespersons which was in tandem with the decrease in revenue.

Gross profit

Gross profit decreased by approximately S\$4.2 million or 15.0%, from S\$27.8 million in 2Q2021 to S\$23.6 million in 2Q2022. This decrease was in tandem with the decrease in revenue.

Other income

Other income increased by approximately S\$0.2 million or 11.0%, from S\$1.8 million in 2Q2021 to S\$2.0 million in 2Q2022. This was mainly due to the increase in advertising and marketing income by approximately S\$0.2 million.

Other expenses

Staff costs increased by approximately S\$0.3 million or 7.6%, from S\$4.1 million in 2Q2021 to S\$4.4 million in 2Q2022. The increase was mainly due to increase in the average staff headcount from 132 in 2Q2021 to 153 in 2Q2022.

Other expenses increased by approximately S\$1.6 million or 58.1%, from S\$2.7 million in 2Q2021 to S\$4.3 million in 2Q2022. This was mainly due to the increase in impairment loss on trade and other receivables by approximately S\$1.0 million, bad debts written off by approximately S\$0.2 million, corporate events by approximately S\$0.2 million, advertising and marketing expenses by approximately S\$0.1 million and legal and professional fees by approximately S\$0.1 million.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately S\$5.8 million or 26.5%, from S\$22.0 million in 2Q2021 to S\$16.2 million in 2Q2022.

Tax expense

Tax expense decreased by approximately S\$1.0 million or 27.9%, from S\$3.8 million in 2Q2021 to S\$2.8 million in 2Q2022 in line with lower profits.

- 7 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

1H2022 vs 1H2021

Revenue

Revenue decreased by approximately S\$8.8 million or 1.8%, from S\$481.1 million in 1H2021 to S\$472.3 million in 1H2022, was due to decrease in commission income from project marketing services of approximately S\$41.7 million, partially offset by increase in commission income from agency services of approximately S\$32.2 million. This was a result of fewer project marketing launch partially offset by higher number of transactions completed for agency services in 1H2022.

Cost of services rendered

Cost of services decreased by approximately S\$5.4million or 1.3%, from S\$430.0million in 1H2021 to S\$424.6 million in 1H2022. This was mainly due to the decrease in commission cost to salespersons which was in tandem with the decrease in revenue.

Gross profit

Gross profit decreased by approximately S\$3.3 million or 6.5%, from S\$51.1 million in 1H2021 to S\$47.8 million in 1H2022. This decrease was in tandem with the decrease in revenue.

Other income

Other income increased by approximately S\$0.9 million or 21.8%, from S\$3.9 million in 1H2021 to S\$4.8 million in 1H2022. This was mainly due to the increase in advertising and marketing income by approximately S\$1.1 million, partially offset by a decrease in referral fee income of approximately S\$0.3 million.

Other expenses

Staff costs increased by approximately S\$1.3 million or 16.7%, from S\$7.8 million in 1H2021 to S\$9.1 million in 1H2022. The increase was mainly due to increase in the average staff headcount from 132 in 1H2021 to 152 in 1H2022.

Other expenses increased by approximately S\$2.8 million or 56.7%, from S\$4.9 million in 1H2021 to S\$7.7 million in 1H2022. This was mainly due to the increase in impairment loss on trade and other receivables by approximately S\$1.4 million, advertising and marketing expenses by approximately S\$1.0 million, corporate events by approximately S\$0.2 million and legal and professional fees by approximately S\$0.2 million.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately S\$7.2 million or 17.5%, from S\$41.4 million in 1H2021 to S\$34.2 million in 1H2022.

Tax expense

Tax expense decreased by approximately S\$1.2 million or 16.6%, from S\$7.1 million in 1H2021 to S\$5.9 million in 1H2022 in line with lower profits.

- 7 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

Statements of Financial Position Review (as at 30 June 2022 compared to 31 December 2021)

Non-current assets

Non-current assets increased by approximately S\$4.7 million or 76.3%, from S\$6.2 million as at 31 December 2021 to S\$10.9 million as at 30 June 2022. This was mainly due to the additions in other investment of approximately S\$6.0 million, additions of both right-of-use assets as well as plant and equipment of approximately S\$0.3 million and S\$0.2 million respectively, partially offset by the depreciation of both right-of-use assets as well as plant and equipment of approximately S\$1.1 million and S\$0.5 million respectively and amortisation of intangible assets of approximately S\$0.2 million.

Current assets

Trade and other receivables increased by approximately S\$18.4 million or 12.9%, from S\$142.7 million as at 31 December 2021 to S\$161.1 million as at 30 June 2022. The increase was due to lower collection in 1H2022.

Cash and cash equivalents decreased by approximately S\$11.8 million or 8.1%, from S\$145.6 million as at 31 December 2021 to S\$133.8 million as at 30 June 2022. The decrease was mainly due to dividend paid to owners and non-controlling interest of the Company, net cash used from investing activities offset by net cash generated from operating activities in 1H2022.

As a result, total current assets increased by approximately S\$6.6 million or 2.3%, from S\$288.4 million as at 31 December 2021 to S\$295.0 million as at 30 June 2022.

Non-current liabilities

Non-current liabilities decreased by approximately S\$0.3 million or 18.1%, from S\$1.5 million as at 31 December 2021 to S\$1.2 million as at 30 June 2022 due to reclassification of non-current lease liabilities to current lease liabilities.

Current liabilities

Trade and other payables increased by approximately S\$13.0 million or 7.9%, from S\$164.3 million as at 31 December 2021 to S\$177.3 million as at 30 June 2022. This was mainly due to increase in trade and other payables by approximately S\$16.1 million, partially offset by the decrease in GST payable by approximately S\$3.1 million.

Current tax liabilities decreased by approximately S\$0.8 million or 6.2%, from S\$13.5 million as at 31 December 2021 to S\$12.7 million as at 30 June 2022. This was mainly due to the payment of YA2022 tax of approximately S\$6.7 million, partially offset by the provision of tax expense of approximately S\$5.9 million for 1H2022.

As a result, total current liabilities increased by approximately S\$12.3 million or 6.8%, from S\$180.5 million as at 31 December 2021 to S\$192.8 million as at 30 June 2022.

Equity

The equity attributable to the owners of the Company increased by approximately S\$1.1 million or 1.0%, from S\$109.4 million as at 31 December 2021 to S\$110.5 million as at 30 June 2022 mainly due to profit attributable to owners of the Company for 1H2022 offset by dividends paid to owners of the Company in May 2022.

- 7 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) 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; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

Statement of Cash Flow Review

2Q2022 vs 2Q2021

The operating activities generated net cash of approximately S\$1.4 million in 2Q2022 as compared to approximately S\$20.2 million in 2Q2021. The decrease was mainly due to lower cash generated from operations of approximately S\$15.1 million and higher tax paid of approximately S\$3.7 million.

Net cash from investing activities was approximately S\$0.1 million in 2Q2022 as compared to net cash used in investing activities of approximately S\$1.0 million in 2Q2021. The increase was mainly due to the net cash outflow from acquisition of a subsidiary of approximately S\$1.0 million in 2Q2021.

Net cash used in financing activities was approximately S\$29.6 million in 2Q2022 as compared to approximately S\$17.3 million in 2Q2021. This was mainly due to net increase in dividend paid to both owners of the Company and non-controlling interests of approximately S\$11.1 million and S\$1.1 million.

As a result, there was a net decrease in cash and cash equivalents of approximately S\$28.1 million for 2Q2022 as compared to net increase of approximately S\$1.8 million for 2Q2021.

1H2022 vs 1H2021

The operating activities generated net cash of approximately S\$24.3 million in 1H2022 as compared to approximately S\$33.1 million in 1H2021. The decrease was mainly due to lower cash generated from operations of approximately S\$6.1 million and higher tax paid of approximately S\$2.7 million.

Net cash used in investing activities was approximately S\$5.9 million in 1H2022 as compared to approximately S\$0.3 million in 1H2021. This was mainly due to addition of other investments of approximately 6.0 million.

Net cash used in financing activities was approximately S\$30.2 million in 1H2022 as compared to approximately S\$17.9 million in 1H2021. This was mainly due to net increase in dividend paid to both owners of the Company and non-controlling interests of approximately S\$11.1 million and S\$1.1 million.

As a result, there was a net decrease in cash and cash equivalents of approximately S\$11.8 million for 1H2022 as compared to net increase of approximately S\$14.9 million for 1H2021.

8 Use of Proceeds Raised From IPO

Pursuant to the Company's IPO, the Company received net proceeds of approximately S\$38.3 million ("Net Proceeds"). The Board wishes to provide an update on the use of Net Proceeds as at 30 June 2022.

Use of Net Proceeds	Allocation of Net Proceeds as disclosed in the Prospectus (S\$'000)	Net Proceeds utilized as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	611 ⁽¹⁾	11,389
Enhancement of real estate brokerage business	11,000	8,072 ⁽²⁾	2,928
Expansion in range of business services	9,280	6,806 ⁽³⁾	2,474
Enhancement of technological capabilities	6,000	4,051 ⁽⁴⁾	1,949
	38,280	19,540	18,740

Notes:

- (1) These were mainly investment in overseas franchisees, business trips and due diligence expenses for existing or potential franchisees.
- (2) These were mainly renovation costs incurred for the new office at level 18 of HDB Hub and recruitment expenses for the real estate brokerage business.
- (3) These were mainly expenses incurred by Auction, Collective Sales, Corporate Leasing, Valuation and Good Class Bungalows departments as well as funding new business initiatives.
- (4) These were mainly expenses incurred for subscriptions of new software, renewal of IT software, purchases of new hardware, expansion and development cost of in-house IT team for software development.

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

The Company did not make any prospect statement previously.

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

Overall, private home prices increased by 3.5% QOQ in 2Q2022, accelerating from the 0.7% growth in 1Q2022. In the first half of 2022, private home prices have climbed by 4.2% from the end of 2021. The Group has upgraded its forecast and now expects a price growth of 7% to 8% for the full-year 2022. We expect private home prices to continue to increase gradually for the rest of the year, with upcoming launches stimulating price growth. In addition, the firm land prices, rising construction costs, and healthy homebuyer demand will also exert some upward pressure on home values.

In 1H2022, new private home sales totalled 4,222 units (ex. ECs) and 7,613 resale properties which accounted for 64.3% of the overall home sales. This reflects not only the limited options in the new launch market but also the preference for move-in-ready resale units among some buyers. Furthermore, the faster pace of price increase in the primary market may also channel some buyers to the resale market, where prices are rising at a slower clip. While the further increase in interest rates may test the affordability threshold of some would-be buyers with tight housing budget, and potentially take some of them out of the market, we are still relatively optimistic about private home sales this year, in view of the low inventory and resilient demand from Singaporeans and foreigners as well, given the reopening of borders.

According to the HDB, 6,819 HDB resale flats were transacted in 2Q2022, 1.7% lower than the 6,934 flats sold in the previous quarter. Comparing Y-o-Y, there is a 3.5% dip for HDB transaction volume and The Group is predicting 28,000 to 29,000 resale HDB units to be transacted for the whole 2022. The tight resale flat supply is helping to prop up prices amid steady demand from various groups of buyers. They include first-time homebuyers who prefer ready-built flats, buyers who have been priced out of the private residential market, upgraders in search of a larger flat, as well as those who have sold their private home and are looking to purchase an HDB flat on the secondary market. With interest rates set to rise further, some buyers may decide to play it safe and opt to purchase a HDB resale flat, which is generally more affordable compared to a private condo.

11 Dividend

a. Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per share	5.5 cents per ordinary share
Tax Rate	Tax exempt

b. Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

c. Date payable for interim dividend

2 September 2022.

d. Books closure date for interim dividend

23 August 2022 at 5.00 p.m.

12 If no dividend has been declared (recommended), a statement to that effect and provide the reasons for the decision not to declare/recommend any dividend.

No applicable.

- 13 If the Group has obtained a general mandate from shareholders for IPTs, 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 a general mandate from shareholders for interested person transactions.

- 14 Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)**

The Board of Directors hereby confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the second quarter ended 30 June 2022 unaudited financial results to be false or misleading in any material respect.

- 15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Mohamed Ismail S/O Abdul Gafoore
Executive Chairman and CEO

PROPNEK LIMITED

10 August 2022