



Service You Trust  
SINGAPORE

**PROPNE X LIMITED**

**Company Registration Number: 201801373N**

**FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE SECOND QUARTER AND HALF  
YEAR ENDED 30 JUNE 2021**

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**PROPnex LIMITED**

Company Registration Number: 201801373N

**INTERIM FINANCIAL INFORMATION  
FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2021**

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 2021.

**A. Condensed Interim Consolidated Statement of Profit or Loss**

	<b>Group</b>			<b>Group</b>		
	<b>2Q2021</b> <b>S\$'000</b>	2Q2020 S\$'000	Change (%)	<b>1H2021</b> <b>S\$'000</b>	1H2020 S\$'000	Change (%)
<b>Continuing operations</b>						
Revenue	260,479	105,380	147.2	481,057	240,446	100.1
Cost of services rendered	(232,642)	(93,053)	150.0	(429,943)	(213,284)	101.6
Gross profits	27,837	12,327	125.8	51,114	27,162	88.2
Finance income	96	215	(55.3)	190	516	(63.2)
Finance costs	(11)	(12)	(8.3)	(26)	(39)	(33.3)
Other income	1,761	1,998	(11.9)	3,924	3,539	10.9
Staff costs	(4,056)	(3,396)	19.4	(7,832)	(6,962)	12.5
Depreciation of plant and equipment	(273)	(288)	(5.2)	(526)	(584)	(9.9)
Depreciation of right-of-use assets	(555)	(667)	(16.8)	(1,110)	(1,327)	(16.4)
Amortisation of trademark	(8)	(8)	–	(15)	(15)	–
Other expenses	(2,716)	(1,138)	138.7	(4,906)	(3,384)	45.0
Gain on disposal of discontinued operation	–	–	–	637	–	NM
Share of loss of associate	(47)	–	NM	(47)	–	NM
<b>Profit before tax</b>	22,028	9,031	143.9	41,403	18,906	119.0
Tax expense	(3,844)	(1,537)	150.1	(7,058)	(3,249)	117.2
<b>Profit from continuing operations</b>	18,184	7,494	142.6	34,345	15,657	119.4
<b>Discontinuing operations</b>						
Profit from discontinued operation (net of tax)	–	262	NM	19	323	(94.1)
<b>Profit for the period</b>	18,184	7,756	134.5	34,364	15,980	115.0
<b>Profit attributable to:</b>						
Owners of the Company	16,518	7,263	127.4	31,343	14,839	111.2
Non-controlling interests	1,666	493	237.9	3,021	1,141	164.8
<b>Profit for the period</b>	18,184	7,756	134.5	34,364	15,980	115.0

NM – Not meaningful

## B. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	2Q2021 S\$'000	2Q2020 S\$'000	Change (%)	1H2021 S\$'000	1H2020 S\$'000	Change (%)
<b>Profit for the period</b>	18,184	7,756	134.5	34,364	15,980	115.0
<b>Other comprehensive income, net of tax</b>						
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation differences						
- foreign operation	1	-	NM	1	1	-
<b>Other comprehensive income for the period, net of tax</b>	1	-	NM	1	1	-
<b>Total comprehensive income for the period</b>	<u>18,185</u>	<u>7,756</u>	<u>134.5</u>	<u>34,365</u>	<u>15,981</u>	<u>115.0</u>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	16,519	7,263	127.4	31,344	14,840	111.2
Non-controlling interests	1,666	493	237.9	3,021	1,141	164.8
<b>Total comprehensive income for the period</b>	<u>18,185</u>	<u>7,756</u>	<u>134.5</u>	<u>34,365</u>	<u>15,981</u>	<u>115.0</u>

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.

The statement of profit or loss of PPMC for the period from 1 January 2020 to 30 June 2020 was not previously presented as a discontinued operation. Thus, the comparative statement of profit or loss has been re-presented to show the discontinued operation separately from continuing operations.

	Group		Group	
	2Q2021 S\$'000	2Q2020 S\$'000	1H2021 S\$'000	1H2020 S\$'000
<b>Discontinued operation</b>				
Revenue	-	551	177	1,101
Cost of services rendered	-	(305)	(102)	(623)
Finance income	-	1	-	1
Other income	-	233	1	265
Staff costs	-	(131)	(43)	(282)
Depreciation of plant and equipment	-	(2)	(1)	(4)
Depreciation of right-of-use assets	-	-	(3)	-
Other expenses	-	(42)	(10)	(85)
<b>Profit before tax</b>	-	305	19	373
Tax expense	-	(43)	-	(50)
<b>Profit from discontinued operation (net of tax)</b>	-	262	19	323

## C. Condensed Interim Statements of Financial Position

	<b>Group</b>		<b>Company</b>	
	<b>30-Jun-21</b>	31-Dec-20	<b>30-Jun-21</b>	31-Dec-20
	<b>S\$'000</b>	S\$'000	<b>S\$'000</b>	S\$'000
<b>Assets</b>				
Plant and equipment	2,120	2,593	5	4
Intangible assets	1,086	128	105	120
Right-of-use assets	1,925	3,156	–	–
Subsidiaries	–	–	17,548	18,098
Associates	–	47	–	–
Other investment	391	391	–	–
<b>Non-current assets</b>	<b>5,522</b>	<b>6,315</b>	<b>17,658</b>	<b>18,222</b>
Trade and other receivables	181,263	80,591	5,754	4,965
Cash and cash equivalents	120,685	105,802	55,664	52,731
<b>Current assets</b>	<b>301,948</b>	<b>186,393</b>	<b>61,418</b>	<b>57,696</b>
<b>Total assets</b>	<b>307,470</b>	<b>192,708</b>	<b>79,076</b>	<b>75,918</b>
<b>Equity</b>				
Share capital	57,491	57,491	57,491	57,491
Merger reserve	(17,663)	(17,663)	–	–
Translation reserve	–	(1)	–	–
Capital reserve	607	607	–	–
Retained earnings	60,665	44,122	19,130	15,743
<b>Equity attributable to owners of the Company</b>	<b>101,100</b>	<b>84,556</b>	<b>76,621</b>	<b>73,234</b>
Non-controlling interests	4,050	3,032	–	–
<b>Total equity</b>	<b>105,150</b>	<b>87,588</b>	<b>76,621</b>	<b>73,234</b>
<b>Liabilities</b>				
Deferred tax liabilities	177	179	–	–
Lease liabilities	206	1,046	–	–
<b>Non-current liabilities</b>	<b>383</b>	<b>1,225</b>	<b>–</b>	<b>–</b>
Trade and other payables	189,315	94,265	2,362	2,567
Current tax liabilities	10,029	7,020	93	117
Deferred income	840	462	–	–
Lease liabilities	1,753	2,148	–	–
<b>Current liabilities</b>	<b>201,937</b>	<b>103,895</b>	<b>2,455</b>	<b>2,684</b>
<b>Total liabilities</b>	<b>202,320</b>	<b>105,120</b>	<b>2,455</b>	<b>2,684</b>
<b>Total equity and liabilities</b>	<b>307,470</b>	<b>192,708</b>	<b>79,076</b>	<b>75,918</b>

## D. Condensed Interim Consolidated Statements of Cash Flows

	Group		Group	
	2Q2021 S\$'000	2Q2020 S\$'000	1H2021 S\$'000	1H2020 S\$'000
<b>Cash flows from operating activities</b>				
Profit for the period	18,184	7,756	34,364	15,980
Adjustments for:				
Amortisation of trademark	8	8	15	15
Bad debts written off	56	56	125	140
Depreciation of plant and equipment	273	290	527	588
Depreciation of right-of-use assets	555	667	1,113	1,327
Gain on disposal of discontinued operation	–	–	(637)	–
Gain on disposal of plant and equipment	–	–	–	(1)
Impairment losses on trade and other receivables	302	164	345	92
Interest expense	11	12	26	39
Interest income	(96)	(216)	(190)	(517)
Share of loss of associate	47	–	47	–
Tax expense	3,844	1,580	7,058	3,299
	23,184	10,317	42,793	20,962
Changes in:				
- trade and other receivables	(46,059)	6,225	(101,343)	(14,042)
- trade and other payables	45,784	(4,570)	95,322	13,852
- deferred income	283	(82)	378	(161)
	23,192	11,890	37,150	20,611
<b>Cash generated from operations</b>				
Tax paid	(3,039)	(2)	(4,031)	(32)
<b>Net cash from operating activities</b>	20,153	11,888	33,119	20,579
<b>Cash flows from investing activities</b>				
Net cash outflows arising from acquisition of a subsidiary	(979)	–	(979)	–
Acquisition of plant and equipment	(112)	(44)	(115)	(110)
Deposit pledged	(1)	–	(1)	–
Disposal of discontinued operation, net of cash disposed ( <b>Note</b> )	–	–	585	–
Interest received	96	216	190	517
Addition in other investment	–	–	–	(14)
Proceeds from sale of plant and equipment	–	–	–	1
<b>Net cash (used in)/from investing activities</b>	(996)	172	(320)	394
<b>Cash flows from financing activities</b>				
Dividends paid to owners	(14,800)	–	(14,800)	–
Dividends paid to non-controlling interests	(1,972)	(1,484)	(1,972)	(1,484)
Interest paid	(11)	(12)	(26)	(39)
Repayment of lease liabilities	(560)	(662)	(1,119)	(1,313)
<b>Net cash used in financing activities</b>	(17,343)	(2,158)	(17,917)	(2,836)
<b>Net increase in cash and cash equivalents</b>	1,814	9,902	14,882	18,137
Cash and cash equivalents at beginning of the financial period	118,809	89,781	105,741	81,546
<b>Cash and cash equivalents at end of the financial period</b>	120,623	99,683	120,623	99,683
<u>Additional information:</u>				
Cash at bank and on hand	120,685	99,744	120,685	99,744
Less: bank deposits pledged	(62)	(61)	(62)	(61)
Total cash and cash equivalents	120,623	99,683	120,623	99,683

**Note:**

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

	<b>SS'000</b>
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>
<b>Selling proceeds are represented by:</b>	
- Cash consideration received	629
- Deferred consideration to be received	134
	<u>763</u>
<b>Net cash outflows arising from the disposal of discontinued operation:</b>	
- 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	
<b>As at 1 January 2021</b>	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
<b>Other comprehensive income</b>								
– Foreign currency translation	–	–	–	1	–	1	–	1
<b>Total comprehensive income</b>	–	–	–	1	31,343	31,344	3,021	34,365
<b>Transaction with owner, recognised directly in equity</b>								
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
<b>Total transaction with owners of the Company</b>	–	–	–	–	(14,800)	(14,800)	(2,003)	(16,803)
<b>As at 30 June 2021</b>	57,491	(17,663)	607	–	60,665	101,100	4,050	105,150

**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	
<b>As at 1 January 2020</b>	57,491	(17,663)	607	(1)	28,908	69,342	2,553	71,895
Profit for the period	–	–	–	–	14,839	14,839	1,141	15,980
<b>Other comprehensive income</b>								
- Foreign currency translation	–	–	–	1	–	1	–	1
<b>Total comprehensive income</b>	–	–	–	1	14,839	14,840	1,141	15,981
<b>Transaction with owner, recognised directly in equity</b>								
<b>Distributions to owners</b>								
Dividend paid	–	–	–	–	(8,325)	(8,325)	(1,484)	(9,809)
<b>Total transaction with owners of the Company</b>	–	–	–	–	(8,325)	(8,325)	(1,484)	(9,809)
<b>As at 30 June 2020</b>	57,491	(17,663)	607	–	35,422	75,857	2,210	78,067



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

COMPANY – 2021	Attributable to owners of the Company		
	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
<b>Total comprehensive income</b>	–	18,187	18,187
<b>Transaction with owner, recognised directly in equity</b>			
<b>Contribution by owners</b>			
Dividend paid	–	(14,800)	(14,800)
<b>Total transaction with owners of the Company</b>	–	(14,800)	(14,800)
As at 30 June 2021	57,491	19,130	76,621
<b>Attributable to owners of the Company</b>			
COMPANY – 2020	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 2020	57,491	8,844	66,335
Profit for the period	–	11,839	11,839
<b>Total comprehensive income</b>	–	11,839	11,839
<b>Transaction with owner, recognised directly in equity</b>			
<b>Contribution by owners</b>			
Dividend paid	–	(8,325)	(8,325)
<b>Total transaction with owners of the Company</b>	–	(8,325)	(8,325)
As at 30 June 2020	57,491	12,358	69,849

## F. Notes to the Condensed Interim Consolidated Financial Statements

### 1 Corporate information

PropNex Limited (the Company) 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 2021 comprise the Company and its subsidiaries (collectively, the Group).

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 2021 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 2020.

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:

- *Interest Rate Benchmark Reform - Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16)*
- *Covid-19-Related Rent Concessions (Amendment to FRS 116)*

#### 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 2020.

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 are:

- Measurement of ECL allowance for trade and other receivables: Key assumptions in determining the weighted-average loss rate.
- Valuation of goodwill: Key assumptions in determining the goodwill arising from acquisition of subsidiary.

### **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	< ----- Continued operations ----- >					Discontinued operation	Total S\$'000
	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	
<b>1H2021</b>							
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>

Group	< ----- Continued operations ----- >					Discontinued operation	Total
	Agency services	Project marketing services	Administrative support services	Training services	Others	Property management services	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H2020							
Revenue	228,396	109,375	2,091	677	15,210	1,101	356,850
Inter-segment revenue	(99,134)	–	(944)	(15)	(15,210)	–	(115,303)
External revenues	129,262	109,375	1,147	662	–	1,101	241,547
Finance income	80	35	3	–	398	1	517
Depreciation expense	(542)	(16)	(1,281)	(72)	–	(4)	(1,915)
Amortisation expense	–	–	–	–	(15)	–	(15)
Finance costs	–	–	(39)	–	–	–	(39)
Segment profit before tax	12,937	4,555	581	283	550	373	19,279
Other material non-cash items:							
- Bad debts written off	140	–	–	–	–	–	140
- Gain on disposal of plant and equipment	–	(1)	–	–	–	–	(1)
- Impairment losses/(Reversal of impairment losses) on trade and other receivables	111	(17)	(1)	(1)	–	–	92
- Net foreign exchange loss	–	3	–	–	–	–	3
Reportable segment assets	73,268	45,852	5,465	1,176	57,861	963	184,585
Capital expenditure	61	26	–	13	–	10	110
Reportable segment liabilities	88,098	2,725	4,924	448	10,021	303	106,519

## 4.2 Disaggregation of revenue

	Group	
	1H2021 S\$'000	1H2020 S\$'000
<b>Types of goods or service:</b>		
Commission income from real estate agency services	254,741	129,262
Commission income from real estate project marketing services	225,127	109,375
Administrative support fee income	655	1,147
Courses and related fee income from training services	529	662
Technology platform income from services providers	5	–
	481,057	240,446
<b>Timing of revenue recognition:</b>		
Services transferred at a point in time	480,402	239,696
Services transferred over time	655	750
	481,057	240,446

## 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 2021 and 31 December 2020:

		Carrying amount			
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
<b>Group</b>					
<b>30 June 2021</b>					
<b>Financial assets</b>					
Equity investments – at FVOCI	10	391	–	–	391
Trade and other receivables*		–	180,214	–	180,214
Cash and cash equivalents		–	120,685	–	120,685
		391	300,899	–	301,290
<b>Financial liabilities</b>					
Trade and other payables^		–	–	(188,795)	(188,795)
Lease liabilities		–	–	(1,959)	(1,959)
		–	–	(190,754)	(190,754)
<b>31 December 2020</b>					
<b>Financial assets</b>					
Equity investments – at FVOCI	10	391	–	–	391
Trade and other receivables*		–	79,624	–	79,624
Cash and cash equivalents		–	105,802	–	105,802
		391	185,426	–	185,817
<b>Financial liabilities</b>					
Trade and other payables^		–	–	(93,930)	(93,930)
Lease liabilities		–	–	(3,194)	(3,194)
		–	–	(97,124)	(97,124)

	Carrying amount				
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
<b>Company</b>					
<b>30 June 2021</b>					
<b>Financial assets</b>					
Trade and other receivables*		–	5,708	–	5,708
Cash and cash equivalents		–	55,664	–	55,664
		–	61,372	–	61,372
<b>Financial liabilities</b>					
Trade and other payables^		–	2,053	–	2,053
<b>31 December 2020</b>					
<b>Financial assets</b>					
Trade and other receivables*		–	4,925	–	4,925
Cash and cash equivalents		–	52,731	–	52,731
		–	57,656	–	57,656
<b>Financial liabilities</b>					
Trade and other payables^		–	–	2,390	2,390

\* 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	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
<b>Group</b>					
<b>30 June 2021</b>					
<b>Past due</b>					
- Past due 1 to 30 days	0.01	46,760	–	(5)	(5)
- Past due 31 to 90 days	0.06	16,214	–	(10)	(10)
- Past due 91 to 180 days	0.14	5,452	–	(7)	(7)
- Past due 181 to 270 days	0.31	2,161	–	(7)	(7)
- Past due more than 270 days	0.80	1,964	(1,186)	(6)	(1,192)
		72,551	(1,186)	(35)	(1,221)

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
<b>Group</b>					
<b>31 December 2020</b>					
<b>Past due</b>					
- Past due 1 to 30 days	0.01	24,687	–	(2)	(2)
- Past due 31 to 90 days	0.03	12,507	–	(4)	(4)
- Past due 91 to 180 days	0.17	3,662	–	(6)	(6)
- Past due 181 to 270 days	0.34	1,118	–	(4)	(4)
- Past due more than 270 days	0.33	2,184	(1,337)	(3)	(1,340)
		<u>44,158</u>	<u>(1,337)</u>	<u>(19)</u>	<u>(1,356)</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 1.16 (31 December 2020: 1.16) for Singapore.

*Expected credit loss assessment for trade receivables of real estate project marketing services, administrative support services, property management 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
<b>Group</b>					
<b>30 June 2021</b>					
<b>Past due</b>					
- Past due 1 to 30 days	0.01 – 1.14	52,165	–	(66)	(66)
- Past due 31 to 90 days	0.01 – 1.14	37,681	–	(47)	(47)
- Past due 91 to 180 days	0.01 – 1.14	14,375	–	(18)	(18)
- Past due 181 to 270 days	0.01 – 1.14	3,533	–	(4)	(4)
- Past due more than 270 days	0.01 – 1.14	70	(3)	–	(3)
		<u>107,824</u>	<u>(3)</u>	<u>(135)</u>	<u>(138)</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
<b>Group</b>					
<b>31 December 2020</b>					
<b>Not past due</b>	0.01 – 0.13	194	–	–	–
<b>Past due</b>					
- Past due 1 to 30 days	0.01 – 0.13	18,928	–	(3)	(3)
- Past due 31 to 90 days	0.01 – 0.13	9,235	–	(1)	(1)
- Past due 91 to 180 days	0.01 – 0.13	5,123	–	(1)	(1)
- Past due 181 to 270 days	0.01 – 0.13	1,612	–	–	–
- Past due more than 270 days	0.01 – 0.13	345	(3)	–	(3)
		<u>35,437</u>	<u>(3)</u>	<u>(5)</u>	<u>(8)</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
<b>Group</b>					
<b>30 June 2021</b>					
<b>Not past due</b>					
- Other receivables and deposits	1.14	1,380	(85)	(15)	(100)
		<u>1,380</u>	<u>(85)</u>	<u>(15)</u>	<u>(100)</u>
<b>31 December 2020</b>					
<b>Not past due</b>					
- Other receivables and deposits	0.13	1,481	(85)	(2)	(87)
		<u>1,481</u>	<u>(85)</u>	<u>(2)</u>	<u>(87)</u>
<b>Company</b>					
<b>30 June 2021</b>					
<b>Not past due</b>					
Other receivables and deposits	1.14	395	–	(4)	(4)
		<u>395</u>	<u>–</u>	<u>(4)</u>	<u>(4)</u>
<b>31 December 2020</b>					
<b>Not past due</b>					
Other receivables and deposits	0.13	4,408	–	–	–
Dividend receivable from a subsidiary	0.00	517	–	–	–
		<u>4,925</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2021 S\$'000</b>	<b>31 December 2020 S\$'000</b>	<b>30 June 2021 S\$'000</b>	<b>31 December 2020 S\$'000</b>
At 1 January	1,452	1,311	–	14
Impairment loss recognised	345	501	(4)	(14)
Amounts written off against receivables	(338)	(360)	–	–
At 30 June and 31 December	<u>1,459</u>	<u>1,452</u>	<u>(4)</u>	<u>–</u>

## 6 Profit before taxation

	<b>Group</b>	
	<b>1H2021 S\$'000</b>	<b>1H2020 S\$'000</b>
<b>Income</b>		
Interest income	(190)	(516)
<b>Expenses</b>		
Amortisation of trademark	15	15
Bad debts written off	125	140
Depreciation of plant and equipment	526	584
Depreciation of right-of-use assets	1,110	1,327
Foreign exchange loss/(gain)	7	3
Gain on disposal of plant and equipment	–	(1)
Impairment losses on trade and other receivables	345	92
Interest expense	26	39

### 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:

	<b>Group</b>	
	<b>1H2021 S\$'000</b>	<b>1H2020 S\$'000</b>
<b>Related corporations</b>		
Trainer fee expense	<u>4</u>	<u>3</u>
<b>Non-controlling shareholder of a subsidiary</b>		
Commission fee income	–	(5)
Commission fee expense	<u>50</u>	<u>6</u>
<b>Directors</b>		
Administrative support income	(3)	(2)
Commission fee income	<u>(23)</u>	<u>(43)</u>

### *Transactions with key management personnel*

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors, including the executive directors and Chief Executive Officer of the Company are considered key management personnel of the Group.

Key management personnel compensation comprised:

	<b>Group</b>	
	<b>1H2021</b>	<b>1H2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Salaries and other short-term employee benefits	3,528,960	2,806,125
Post-employment benefits (including contributions to defined contribution plan)	70,430	67,492
	<u>3,599,390</u>	<u>2,873,617</u>

## **7 Taxation**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<b>Group</b>	
	<b>1H2021</b>	<b>1H2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b><i>Current tax expense</i></b>		
Current year	7,065	3,218
(Over)/under provision in prior years	(9)	2
Withholding tax	2	29
<b>Total tax expense</b>	<u>7,058</u>	<u>3,249</u>

## **8 Dividends**

	<b>Group and Company</b>	
	<b>1H2021</b>	<b>1H2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Declared to the owners</b>		
Ordinary dividends declared:		
Final dividends - \$0.04 (2020: \$0.015) per ordinary share	14,800	5,550
Special dividends - \$Nil (2020: \$0.0075) per ordinary share	–	2,775
	<u>14,800</u>	<u>8,325</u>
	<b>Group</b>	
	<b>1H2021</b>	<b>1H2020</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Declared by the subsidiaries to non-controlling interests</b>		
<u>PropNex International Pte. Ltd.</u>		
\$70 (2020: \$50) per ordinary share	1,972	1,409
<u>PropNex Property Management Consultants Pte. Ltd.</u>		
\$Nil (2020: \$2) per ordinary share	–	75
	<u>1,972</u>	<u>1,484</u>

## 9 Net asset value

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net asset value per ordinary share (cents)	27.32	22.85	20.71	19.79

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:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**Level 1**);
- 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
- 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:

	<b>Level 3</b> <b>S\$'000</b>
<b>Group</b>	
<b>30 June 2021</b>	
<b>Financial assets</b>	
Unquoted equity investments – at FVOCI	<u>391</u>
<b>Group</b>	
<b>31 December 2020</b>	
<b>Financial assets</b>	
Unquoted equity investments – at FVOCI	<u>391</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 Intangible assets

During the six months ended 30 June 2021, the Group acquired a subsidiary, resulting in recognition of provisional goodwill amounting to \$973,000 (30 June 2020: \$nil), see note 14.

## 12 Plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$114,767 (30 June 2020: \$110,969) and disposed assets amounting to \$34,660 (30 June 2020: \$12,930)

### 13 Share capital

Group and Company	Number of shares		Amount	
	30 June 2021 '000	31 December 2020 '000	30 June 2021 S\$'000	31 December 2020 S\$'000
<b>Fully paid ordinary shares, with no par value:</b>				
At 1 January and 31 December	370,000	370,000	57,491	57,491

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

### 14 Acquisition of subsidiary

On 5 April 2021, the Group entered into a sale and purchase agreement with TB6 Pte. Ltd. and Rapzo Capital Pte. Ltd. to acquire 70% of the issued and paid-up share capital in Ovvv Pte. Ltd (OVVY), for a consideration of \$1,000,000.

<b>Purchase consideration</b>	<b>S\$'000</b>
Cash consideration paid	1,000
<b><u>Assets and liabilities acquired</u></b>	<b>S\$'000</b>
Cash and cash equivalents	21
Receivables	26
Payables	(9)
Non-controlling interests on acquisition	(11)
	27
Add: Provisional goodwill	973
Total purchase consideration	<u>1,000</u>
<b>Cash flows relating to acquisition</b>	<b>S\$'000</b>
Cash considerations	1,000
Less: Cash and cash acquired	(21)
Net cash outflows arising from acquisition of a subsidiary	<u>979</u>

### 15 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 2Q2021. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2021 and 31 December 2020.

- 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 2021 and 31 December 2020, the Company's issued ordinary shares were 370,000,000. The Company did not have any treasury shares as at 30 June 2021 and 31 December 2020.

- 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 2020 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 2021 nor any changes in the Group's accounting policies and methods of computation.

**6 Earnings Per Ordinary Share**

	Group			Group		
	2Q2021	2Q2020	Change (%)	1H2021	1H2020	Change (%)
<b>Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:</b>						
(i) Based on the weighted average number of shares (cents)	4.46	1.96	127.6	8.47	4.01	111.2
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	4.46	1.96	127.6	8.47	4.01	111.2
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
<b>Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Continuing operations):</b>						
(j) Based on the weighted average number of shares (cents)	4.46	1.91	133.5	8.47	3.95	114.4
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	4.46	1.91	133.5	8.47	3.95	114.4
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
<b>Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Discontinuing operations):</b>						
(k) Based on the weighted average number of shares (cents)	–	0.05	NM	0	0.06	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	–	0.05	NM	0	0.06	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**

#### **2Q2021 vs 2Q2020**

##### **Revenue**

Revenue increased by approximately S\$155.1 million or 147.2%, from S\$105.4 million in 2Q2020 to S\$260.5 million in 2Q2021, was mainly due to higher commission income from agency services of approximately S\$77.9 million and from project marketing services of approximately S\$77.6 million. This was a result of higher number of transactions completed in 2Q2021 following improvements in both the Covid19 situation and the economy.

##### **Cost of services**

Cost of services increased by approximately S\$139.6 million or 150.0%, from S\$93.0 million in 2Q2020 to S\$232.6 million in 2Q2021. The was mainly due to the increase in commission cost to salespersons which was in tandem with the increase in revenue.

##### **Gross profit**

Gross profit increased by approximately S\$15.5 million or 125.8%, from S\$12.3 million in 2Q2020 to S\$27.8 million in 2Q2021. This increase was in tandem with the increase in revenue.

##### **Finance income**

Finance income decreased by approximately S\$0.1 million or 55.3%, from S\$0.2 million in 2Q2020 to S\$0.1 million in 2Q2021. This was mainly due to low rates of interest received from placement of fixed deposits.

##### **Other income**

Other income decreased by approximately S\$0.2 million or 11.9%, from S\$2.0 million in 2Q2020 to S\$1.8 million in 2Q2021. This was mainly due to a decrease in government grants amounting to approximately S\$0.6 million, rental rebate of approximately S\$0.4 million partially offset by an increase in referral fee income of approximately S\$0.5 million and an increase in marketing and advertising fee income of approximately S\$0.1 million.

##### **Other expenses**

Staff costs are linked to performance of the Group. In line with better results, it increased by approximately S\$0.7 million or 19.4%, from S\$3.4 million in 2Q2020 to S\$4.1 million in 2Q2021.

Depreciation of ROU assets decreased by approximately S\$0.1 million or 16.8%, from S\$0.7 million in 2Q2020 to S\$0.6 million in 2Q2021. This was mainly due to the expiry of lease for branch office.

Other expenses increased by approximately S\$1.6 million or 138.7%, from S\$1.1 million in 2Q2020 to S\$2.7 million in 2Q2021. This was mainly due to the increase in recruitment expenses by approximately S\$0.4 million, referral fee expenses by approximately S\$0.3 million, advertising and marketing expenses by approximately S\$0.2 million, impairment loss on trade and other receivables by approximately S\$0.1 million, corporate events 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 increased by approximately S\$13.0 million or 143.9%, from S\$9.0 million in 2Q2020 to S\$22.0 million in 2Q2021.

##### **Tax expense**

Tax expense increased by approximately S\$2.3 million or 150.1%, from S\$1.5 million in 2Q2020 to S\$3.8 million in 2Q2021 in line with the higher 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).**

### **1H2021 vs 1H2020**

#### **Revenue**

Revenue increased by approximately S\$240.6 million or 100.1%, from S\$240.5 million in 1H2020 to S\$481.1 million in 1H2021, was mainly due to higher commission income from agency services of approximately S\$125.5 million and from project marketing services of approximately S\$115.8 million. This was a result of higher number of transactions completed in 1H2021 following improvements in both the Covid19 situation and the economy.

#### **Cost of services**

Cost of services increased by approximately S\$216.6 million or 101.6%, from S\$213.3 million in 1H2020 to S\$429.9 million in 1H2021. The was mainly due to the increase in commission cost to salespersons which was in tandem with the increase in revenue.

#### **Gross profit**

Gross profit increased by approximately S\$23.9 million or 88.2%, from S\$27.2 million in 1H2020 to S\$51.1 million in 1H2021. This increase was in tandem with the increase in revenue.

#### **Finance income**

Finance income decreased by approximately S\$0.3 million or 63.2%, from S\$0.5 million in 1H2020 to S\$0.2 million in 1H2021. This was mainly due to low rates of interest received from placement of fixed deposits.

#### **Other income**

Other income increased by approximately S\$0.4 million or 10.9%, from S\$3.5 million in 1H2020 to S\$3.9 million in 1H2021. This was mainly due to an increase in referral fee income of approximately S\$0.9 million, corporately gift income of approximately S\$0.2 million partially offset by a decrease in government grants amounting to approximately S\$0.4 million and rental rebate of approximately S\$0.4 million.

#### **Other expenses**

Staff costs are linked to performance of the Group. In line with better results, it increased by approximately S\$0.9 million or 12.5%, from S\$6.9 million in 1H2020 to S\$7.8 million in 1H2021.

Depreciation of ROU assets decreased by approximately S\$0.2 million or 16.4%, from S\$1.3 million in 1H2020 to S\$1.1 million in 1H2021. This was mainly due to the expiry of lease for branch office.

Other expenses increased by approximately S\$1.5 million or 45.0%, from S\$3.4 million in 1H2020 to S\$4.9 million in 1H2021. This was mainly due to the increase in referral fee expenses by approximately S\$0.6 million, recruitment expenses by approximately S\$0.4 million, corporate gift expenses by approximately S\$0.3 million and impairment loss on trade and other receivables by approximately S\$0.2 million.

#### **Gain on disposal of discontinued operation**

Refer to paragraph B for explanation.

#### **Profit before tax**

As a result of the foregoing, profit before tax increased by approximately S\$22.5 million or 119.0%, from S\$18.9 million in 1H2020 to S\$41.4 million in 1H2021.

#### **Tax expense**

Tax expense increased by approximately S\$3.8 million or 117.2%, from S\$3.2 million in 1H2020 to S\$7.0 million in 1H2021 in line with the higher 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 2021 compared to 31 December 2020)**

**Non-current assets**

Non-current assets decreased by approximately S\$0.8 million or 12.6%, from S\$6.3 million as at 31 December 2020 to S\$5.5 million as at 30 June 2021. This was mainly due to the depreciation of both ROU assets as well as plant and equipment of approximately S\$1.1 million and S\$0.5 million respectively and disposal of non-current assets of approximately S\$0.2 million arising from disposal of discontinued operation, partially offset by an increase in intangible assets of approximately S\$0.9 million arising mainly from goodwill acquisition of a subsidiary, Ovvly in 1H2021.

**Current assets**

Trade and other receivables increased by approximately S\$100.7 million or 124.9%, from S\$80.6 million as at 31 December 2020 to S\$181.3 million as at 30 June 2021. The increase was in tandem with higher revenue recognised in 1H2021.

Cash and cash equivalents increased by approximately S\$14.9 million or 14.1%, from S\$105.8 million as at 31 December 2020 to S\$120.7 million as at 30 June 2021. The increase was mainly due to net cash generated from operating activities offset by dividend paid to owners of the Company in May 2021.

As a result, total current assets increased by approximately S\$115.5 million or 62.0%, from S\$186.4 million as at 31 December 2020 to S\$301.9 million as at 30 June 2021.

**Non-current liabilities**

Non-current liabilities decreased by approximately S\$0.8 million from S\$1.2 million as at 31 December 2020 to S\$0.4 million as at 30 June 2021 due to reclassification of non-current lease liabilities to current lease liabilities.

**Current liabilities**

Trade and other payables increased by approximately S\$95.0 million or 100.8%, from S\$94.3 million as at 31 December 2020 to S\$189.3 million as at 30 June 2021. This was mainly due to the increase in trade payables by approximately S\$86.2 million in line with the increase in revenue as at 30 June 2021 and the increase in GST payable by approximately S\$6.8 million.

Current tax liabilities increased by approximately S\$3.0 million or 42.9%, from S\$7.0 million as at 31 December 2020 to S\$10.0 million as at 30 June 2021. This was mainly due to the provision of tax expense for 1H2020 partially offset by the payment of YA2021 tax.

As a result, total current liabilities increased by approximately S\$98.0 million or 94.4%, from S\$103.9 million as at 31 December 2020 to S\$201.9 million as at 30 June 2021.

**Equity**

The equity attributable to the owners of the Company increased by approximately S\$16.5 million or 19.6%, from S\$84.6 million as at 31 December 2020 to S\$101.1 million as at 30 June 2021 due to profit attributable to owners of the Company for 1H2021 offset by dividends paid to owners of the Company in May 2021.

- 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**

##### **2Q2021 vs 2Q2020**

The operating activities generated net cash of approximately S\$20.2 million in 2Q2021 as compared to approximately S\$11.9 million in 2Q2020. The increase was mainly due to higher cash generated from operations of approximately S\$11.3 million partially offset by tax paid of approximately S\$3.0 million.

Net cash used in investing activities was approximately S\$1.0 million in 2Q2021 as compared net cash from investing activities of approximately S\$0.2 million in 2Q2020. The decrease was mainly due to the net cash outflow from acquisition of a subsidiary of approximately S\$1.0 million and acquisition of plant and equipment of approximately S\$0.1 million.

Net cash used in financing activities was approximately S\$17.3 million in 2Q2021 as compared to approximately S\$2.1 million in 2Q2020. This was mainly due to net increase in dividend paid to both owners of the Company and non-controlling interests of approximately S\$14.8 million and S\$0.5 million.

As a result, there was a net increase in cash and cash equivalents of approximately S\$1.8 million for 2Q2021 as compared to net increase of approximately S\$9.9 million for 2Q2020.

##### **1H2021 vs 1H2020**

The operating activities generated net cash of approximately S\$33.1 million in 1H2021 as compared to approximately S\$20.6 million in 1H2020. The increase was mainly due to higher cash generated from operations of approximately S\$16.5 million partially offset by tax paid of approximately S\$4.0 million.

Net cash used in investing activities was approximately S\$0.3 million in 1H2021 as compared net cash from investing activities of approximately S\$0.4 million in 1H2020. This was mainly due to the net cash outflow from acquisition of a subsidiary of approximately S\$1.0 million and decrease in interest income of approximately S\$0.3 million, offset by the net receipt from the disposal of discontinued operation of approximately S\$0.6 million.

Net cash used in financing activities was approximately S\$17.9 million in 1H2021 as compared to approximately S\$2.8 million in 1H2020. This was mainly due to net increase in dividend paid to both owners of the Company and non-controlling interests of approximately S\$14.8 million and S\$0.5 million.

As a result, there was a net increase in cash and cash equivalents of approximately S\$14.9 million for 1H2021 as compared to net increase of approximately S\$18.1 million for 1H2020.

## 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 2021.

<b>Use of Net Proceeds</b>	<b>Allocation of Net Proceeds as disclosed in the Prospectus (S\$'000)</b>	<b>Net Proceeds utilized as at the date of this announcement (S\$'000)</b>	<b>Balance of Net Proceeds as at the date of this announcement (S\$'000)</b>
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	574 <sup>(1)</sup>	11,426
Enhancement of real estate brokerage business	8,000	5,379 <sup>(2)</sup>	2,621
Expansion in range of business services	7,000	5,077 <sup>(3)</sup>	1,923
Enhancement of technological capabilities	6,000	2,691 <sup>(4)</sup>	3,309
Working capital purposes	5,280	–	5,280
	<b>38,280</b>	<b>13,721</b>	<b>24,559</b>

### 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 and Valuation 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.**

Home prices continued to climb in 2Q2021, amid the tighter COVID-19 safe management measures under the Phase 2 Heightened Alert (P2HA) in May and June. While the restrictions have had some impact on property viewings and the launch of new projects for sale during the quarter, transaction volumes remained relatively healthy in 2Q2021. Barring unforeseen circumstances, PropNex expects home sales across all segments – private new home sales, private resale, and HDB resale – to outperform 2020’s volumes.

In the first half 2021, overall private home prices have risen by 4.1%. For the full year 2021, PropNex projects that private home prices could rise by 6% to 7%, supported by primary market sales as several new projects are slated to be launched. In terms of transaction volumes, 2,966 new homes (excluding ECs) were sold in 2Q2021 - down by 15.1% from 1Q2021, but up strongly from the 1,713 new homes sold in 2Q2020, where market activities were severely disrupted by the circuit breaker. The resale segment did particularly well in 2Q2021, with 5,333 units changing hands – this is the highest quarterly resale figure since 5,809 resale homes were sold in 3Q2009. Meanwhile, 495 new ECs were transacted in 2Q2021, compared with 647 units in the previous quarter.

Looking at the relatively strong sales in 1H2021 – new home sales at 64.5% and resale at 91.8% of 2020’s total volumes – we remain optimistic that transactions this year will surpass the figures garnered in 2020. We are projecting new home sales to likely come in at 11,000 to 12,000 (ex. ECs) units, representing a 10% to 20% increase from 9,982 units last year; in the resale market, we forecast over 16,000 homes may be resold in 2021 – up from 10,729 resale properties transacted in 2020, barring any unforeseen events.

With the re-introduction of P2HA from 22 July to 18 August, we expect that HDB resale volume for 3Q2021 could likely remain stable at around the level seen in 2Q2021. For 1H2021, 14,644 resale flats were transacted and we anticipate that sales could exceed 26,000 flats for the entire 2021 - up from 24,748 flats resold in 2020. In 1H2021, HDB resale prices have climbed by 6% and we expect HDB resale values to increase by 10% to 11% for the whole of 2021.

**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	5.50 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**

3 September 2021

**d. Books closure date for interim dividend**

23 August 2021 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.**

Not 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 first quarter ended 30 June 2020 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

PROPnex LIMITED

11 August 2021