

PropNex

SINGAPORE

SINGAPORE'S LARGEST REAL ESTATE AGENCY

Offering in respect of 42,500,000 Offering Shares, comprising (i) 40,375,000 Placement Shares and (ii) 2,125,000 Public Offer Shares, payable in full on application at an Offering Price of S\$0.65 per Share (subject to the Over-allotment Option)

PROSPECTUS DATED 25 JUNE 2018

(Registered by the Monetary Authority of Singapore on 25 June 2018)

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL, TAX OR OTHER PROFESSIONAL ADVISER.

This is an initial public offering of ordinary shares (the "Shares") in the capital of PropNex Limited (the "Company"). We are issuing for subscription and making an offer of 12,900,000 Shares (the "New Shares") and P & N Holdings Pte. Ltd. ("P&N"), Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong (the "Vendors") are offering for sale an aggregate of 29,600,000 Shares (the "Vendor Shares" and together with the New Shares, the "Offering Shares") for subscription and/or purchase at the Offering Price (the "Offering") comprising (i) a placement and/or sale of 40,375,000 Offering Shares (the "Placement") to investors, including institutional and other investors in Singapore and outside the United States in compliance with Regulation S ("Regulation S") under the United States Securities Act 1933, as amended (the "US Securities Act"), and (ii) a public offer to subscribe for and/or purchase of 2,125,000 Offering Shares in Singapore (the "Public Offer"). The Offering will consist of an aggregate of 42,500,000 Offering Shares (subject to the Over-allotment Option (as defined herein)). The offering price for each Offering Share (the "Offering Price") is S\$0.65.

At the same time as but separate from the Offering, Affin Hwang Asset Management Berhad, FIL Investment Management (Hong Kong) Limited, Nikko Asset Management Asia Limited, NTUC Income Insurance Co-Operative Limited, Samsung Asset Management (HK) Limited and Value Partners Hong Kong Limited (collectively the "Cornerstone Investors") have entered into cornerstone subscription agreements with our Company to subscribe for an aggregate of 50,000,000 Shares (the "Cornerstone Shares") at the Offering Price, conditional upon, among other things, the Management and Underwriting Agreement (as defined herein) having been entered into and not having been terminated on or prior to the date on which the Offering Shares are issued under the Offering. The Offering is underwritten by UOB Kay Hian Private Limited (the "Issue Manager, Underwriter and Placement Agent") at the Offering Price.

In connection with the Offering, Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong have granted the Issue Manager, Underwriter and Placement Agent an over-allotment option (the "Over-allotment Option") exercisable by it as stabilising manager (the "Stabilising Manager") (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the Singapore Exchange Securities Trading Limited (the "SGX-ST") an aggregate of 8,500,000 Shares, representing approximately 20.0% of the total number of Offering Shares in the Offering, in undertaking stabilising actions, to purchase up to an aggregate of 8,500,000 Shares (the "Additional Shares") at the Offering Price, representing not more than 20.0% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations,

including the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and any regulations hereunder. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after completion of the Offering.

We have made an application to the SGX-ST for permission to list, deal in, and for quotation of, all our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, new Shares which may be issued upon the exercise of the options to be granted under the PropNex ESOS (as defined herein) (the "Option Shares") and the new Shares which may be issued upon the release of the share awards to be granted under the PropNex PSP (as defined herein) (the "Award Shares"). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. The dealing in and quotation of our Shares will be in Singapore dollars.

Acceptance of applications will be conditional upon, amongst other things, permission being granted by the SGX-ST to deal in, and for quotation of, all our issued Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares. If permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you at your own risk, without interest or any share of revenue or other benefit arising therefrom, and you will not have any claim whatsoever against us and the Issue Manager, Underwriter and Placement Agent.

We have received a letter of eligibility-to-list from the SGX-ST for the listing and quotation of all our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our Shares (including the Offering Shares), the Cornerstone Shares, the Option Shares and the Award Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 14 June 2018 and 25 June 2018, respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act (Chapter 289) of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares, as the case may be, being offered for investment. We have not lodged or registered this Prospectus in any other jurisdiction.

No Shares shall be allotted and/or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.

Investing in our Shares involves risks which are described in the section entitled "Risk Factors" of this Prospectus.

Issue Manager, Underwriter and Placement Agent

UOB Kay Hian

UOB Kay Hian Private Limited
(Company Registration No.: 197000447W)
(Incorporated in the Republic of Singapore)

ABOUT PROPNEX LIMITED



• We are an **integrated real estate services group**, which provides a wide range of services in real estate brokerage and project marketing, property management for boutique and high-end condominiums and professional training in real estate agency work.

• Achieved total revenue of **S\$361.3 million** in FY2017.



7,248

Salespersons
As at 06 June 2018⁽¹⁾



122.5%

Increase
in FY2017 Profit
before tax from FY2016



42.7%

Market Share
Residential Primary
Private Market⁽²⁾



45.3%

Leading Market Share
Residential HDB
Resale Market⁽²⁾

⁽¹⁾Based on the Council for Estate Agencies' public registrar

⁽²⁾Percentage is in terms of number of units transacted in 2017, according to the Independent Market Research Report prepared by Frost and Sullivan, in connection with the Offering

CORE BUSINESS SEGMENTS

Real Estate Brokerage	Training	Property Management	Real Estate Consultancy
<ul style="list-style-type: none">• Comprising real estate agency and project marketing services• Derives revenue from commission earned from sales and rental of residential, commercial and industrial properties	<ul style="list-style-type: none">• Provides training for salespersons through Life Mastery Academy, a CEA-accredited provider of CPD courses	<ul style="list-style-type: none">• One-stop professional consultancy to manage boutique and high-end condominiums• Offers specialised solutions in property management, building diagnostic and facility management	<ul style="list-style-type: none">• Recently established to provide auction and corporate sales services and investment or en bloc services



OUR REGIONAL REACH

ID - Indonesia

- Entered into master franchise agreement with PT PropNex Realty Indonesia in **2016**
- Developed presence in Indonesia with approximately **600 salespersons and 15 offices**

MY - Malaysia

- Expanded the PropNex brand by entering into a licensing agreement with PropNex Realty Sdn Bhd in **March 2018**
- Consists of one office and approximately **100 salespersons**

VN - Vietnam (In discussions)

- Registered brand as trademark in Vietnam
- Plans for **expansion into Vietnam in 2018**

6,684⁽¹⁾

5,882

3,898

3,207

689

585

543

457

377

328

PROPnex

ERA

ORANGETEE
& TIE

HUTTONS

KF
PROPERTYSLP
SCOTIA

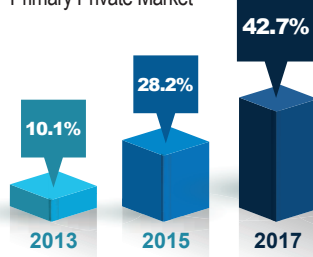
SAVILLS

GLOBAL
ALLIANCE

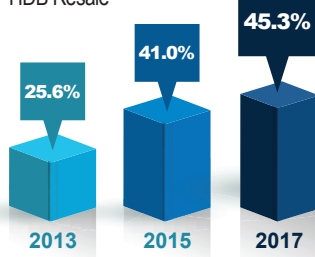
HSR INTL

C&H
PROPERTIES⁽¹⁾ As at 6 June 2018, PropNex has 7,248 salespersons.⁽²⁾ Based on information obtained from the CEA media release dated 4 January 2018 on "Licensing and Registration Exercise for Property Agencies and Agents."**Singapore Residential Market Share By No. of Units**

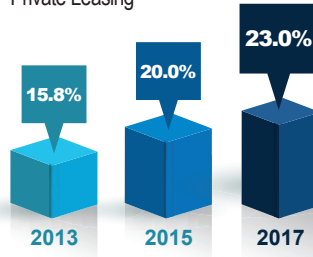
Primary Private Market



HDB Resale



Private Leasing



The abovementioned market share information also includes transactions where PropNex salespersons act on behalf of buyers or sellers in co-broking with external agencies.

1

Largest real estate agency in Singapore

with leading market share in residential primary private market and residential HDB resale market*

- Having a large pool of active salespersons has enabled us to reach out to a large segment of the market

* According to Frost & Sullivan

**OUR COMP
STRENG**

3

Asset light and resilient business model

- Integrated real estate services group with real estate brokerage, project sales and marketing, property management, training and real estate consultancy services which adopt an asset light model without direct exposure to physical properties
- Well-enabled to reap benefits of property upcycles and remain sustainable during property down cycles

Our Core Business Segments**Real Estate Brokerage****Training****Property Management****Real Estate Consultancy****KEY STRAT****Enhancing competitiveness and operations of our real estate brokerage business**

- Further strengthen market position by recruiting more qualified and productive salespersons, developing more effective training programmes and further improving upon our administrative support system
- Allocate more capital and resources to our real estate project marketing business to maintain relationships with developers and to increase market share

**Local and regional expansion through franchising, licensing or mergers and acquisitions**

- Further strengthen our market share in countries where we currently have a business presence
- Develop new business opportunities in countries and regions where we do not already have a business presence through franchising, licensing, strategic alliances, joint ventures or mergers and acquisitions

2

Proprietary brand ownership

- Own the rights to our proprietary brand "PropNex"
- Established household name in the real estate industry, with over 17 years of track record and a strong business presence in the residential market
- Received numerous accolades and awards from various independent bodies over the years in recognition of PropNex's reputation in delivering professional real estate agency services



Top Real Estate Agency in Influential Brand Winner 2015



Singapore Quality Class Certified 2015



Singapore Service Class Certified 2015



Highly Commended Real Estate Agency at the Asia Pacific Property Awards



Top Noveteur at the Asia Enterprise Brand Awards 2015



Ranked 2nd in Enterprise 50 Awards 2011



Reader's Digest Trusted Brand Award 2008 - 2011

4

Strong partnership with JLL

- Generates opportunities to market local as well as international projects
- Access to JLL's business expertise and global network

5

Experienced and committed key management team

- Extensive industry knowledge, experience and operational expertise
- Majority of our management team have an average of over 19 years of experience in the real estate industry. They have assisted PropNex in establishing close working relationships with our partners in the industry and we have built a vast network of established property developers with long-standing relationships from diverse sectors

STRATEGIES



Expansion of our range of business services

- May expand our range of business services through suitable acquisitions of and investments in related businesses to meet our goal of being an integrated real estate service provider
- Exploring the possibility of expanding into the provision of valuation services and corporate leasing services



Increasing productivity through enhancement of our technological capabilities

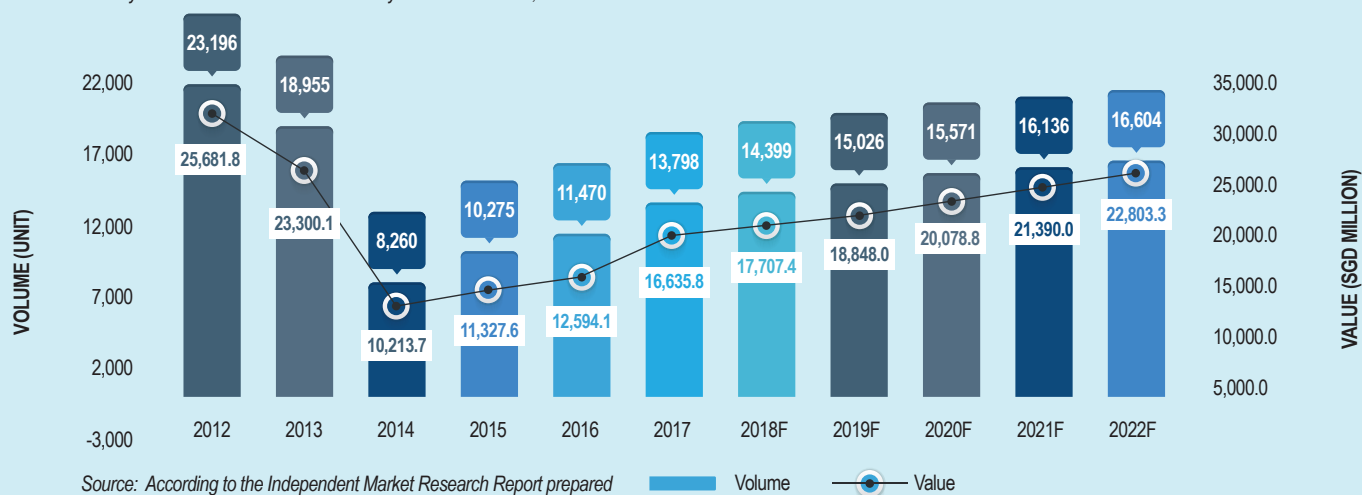
- Currently provide technology support to help our salespersons increase their productivity via our "Virtual Office" system, mobile phone applications, "PropNex Cobroker" and "Property Net", as well as third-party mobile and web application services known as "PropNex Projects"
- Continue to improve our technological support to our salespersons to raise productivity and maintain service excellence

INDUSTRY PROSPECTS

Primary Private Residential Market

- Primary private residential forecasted to grow at a CAGR of 3.8% for volume and 6.5% for value between 2017 and 2022
- Increasing interest in the bidding on Government land sales (“GLS”) implied that there is a rising interest by developers to accumulate land bank in view of increasing transactions
- En-bloc sales are on the rise with a 7-year high of approximately S\$8.1 billion recorded in 2017, which is expected to translate to high amount of new units launched in the next 1-2 years

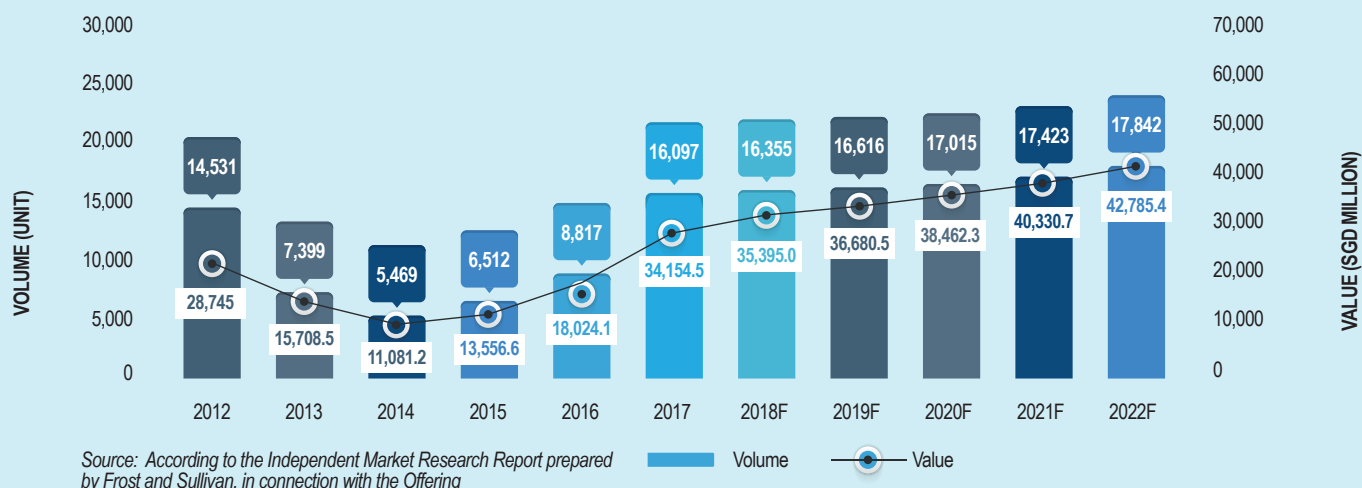
Primary Private Residential Transactions by Volume and Value, 2012 – 2022



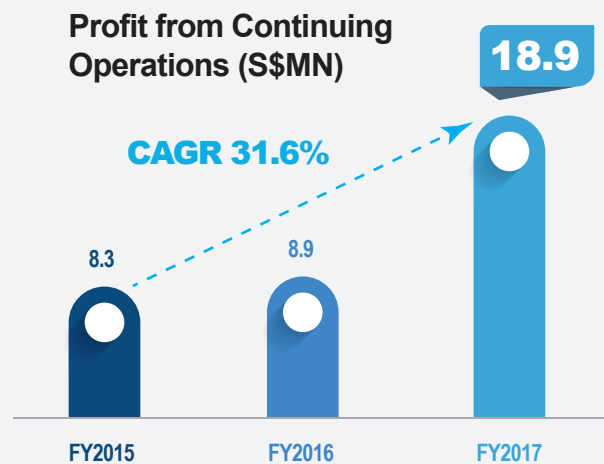
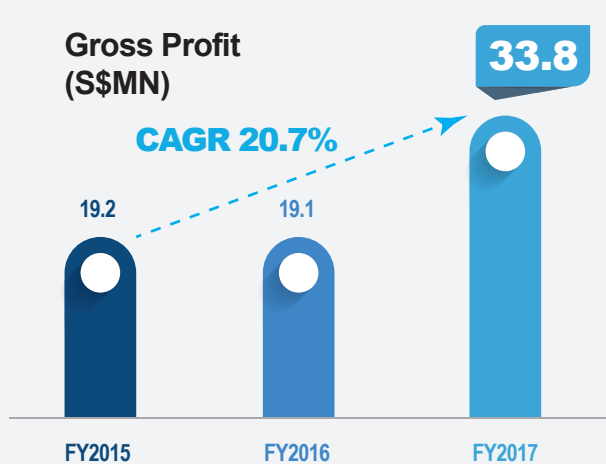
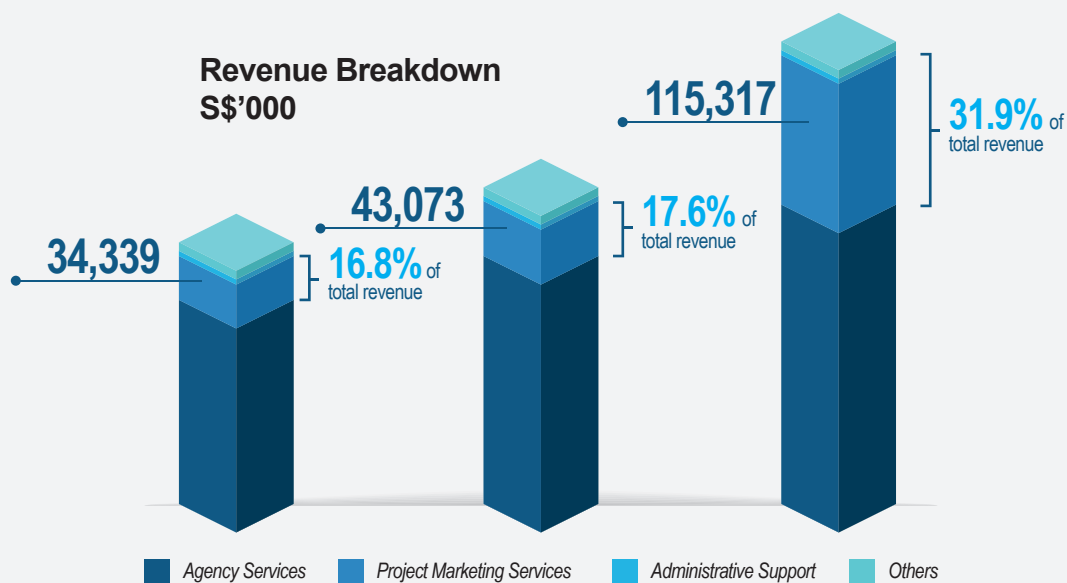
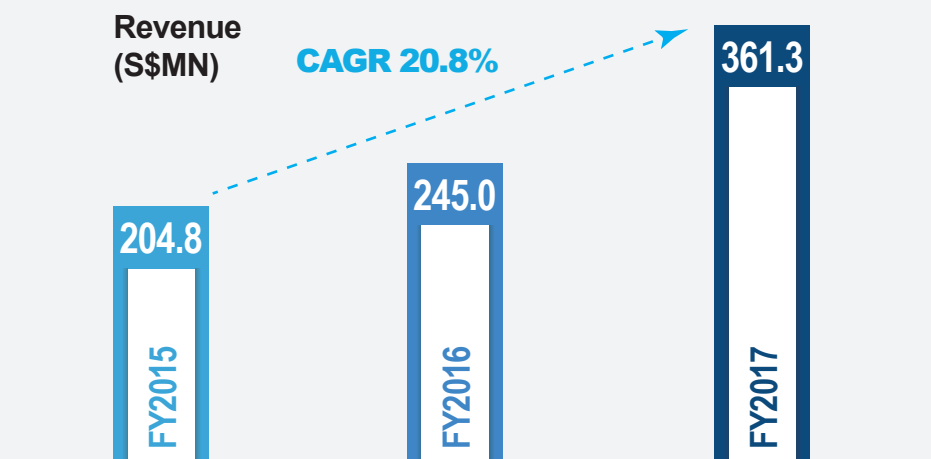
Private Residential Resale Market

- Transaction in the resale market is expected to be strong, driven by rising interest from upgraders/ investors as economic conditions continue to improve, as well as the developers continue to increase promotions to offload unsold units
- Resale market forecasted to grow CAGR of 2.1% in volume, while transaction in the private residential market is expected to grow at a CAGR of 3.8% for volume and 4.6% in value between 2017 and 2022

Resale of Private Residential Transaction Volume and Value, 2012 – 2022



FINANCIAL HIGHLIGHTS



INDICATIVE TIMETABLE

Opening date and time for the Public Offer 8.00 p.m. on 25 June 2018
 Closing date and time for the Public Offer 12.00 noon on 28 June 2018
 Commence trading on a "Ready" basis 9.00 a.m. on 2 July 2018

TABLE OF CONTENTS

CORPORATE INFORMATION	4
DEFINITIONS	6
GLOSSARY OF TECHNICAL TERMS	15
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS	16
THE OFFERING	18
LISTING ON THE SGX-ST	18
NOTICE TO INVESTORS	18
INDICATIVE TIMETABLE FOR LISTING	22
DETAILS OF THE OFFERING	24
USE OF PROCEEDS AND OFFERING EXPENSES	28
DIVIDEND POLICY	31
EXCHANGE CONTROLS	32
OVERVIEW OF OUR GROUP	33
INTRODUCTION	33
OUR COMPETITIVE STRENGTHS	34
COMPANY BACKGROUND	34
RISK FACTORS	35
RISKS RELATING TO OUR INDUSTRY, BUSINESS AND OPERATIONS	35
RISKS RELATING TO OWNERSHIP OF OUR SHARES	48
SELECTED COMBINED FINANCIAL INFORMATION	53
MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION	55
CAPITALISATION AND INDEBTEDNESS	72
OFFERING STATISTICS	74
DILUTION	76
RESTRUCTURING EXERCISE	77
GROUP STRUCTURE	78
SHARE CAPITAL	81
CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL OF OUR COMPANY AND OUR SUBSIDIARIES	82
SHAREHOLDERS	84
SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP	85
VENDORS	85
CORNERSTONE INVESTORS	85
MORATORIUM	87
OUR BUSINESS	91
OVERVIEW	91
HISTORY AND DEVELOPMENT	92
OUR SERVICES	94
COMPETITION	112
OUR COMPETITIVE STRENGTHS	113
QUALITY ASSURANCE	115

TABLE OF CONTENTS

AWARDS AND ACCREDITATIONS	115
MAJOR CUSTOMERS	116
MAJOR SUPPLIERS	117
SEASONALITY	117
INVENTORY MANAGEMENT	117
CREDIT MANAGEMENT	117
INTELLECTUAL PROPERTY	119
RESEARCH AND DEVELOPMENT	123
MARKETING	123
PROPERTIES AND FIXED ASSETS	124
INSURANCE	125
INDUSTRY OVERVIEW	126
PROSPECTS, BUSINESS STRATEGIES AND PLANS	127
PROSPECTS	127
TREND INFORMATION	128
BUSINESS STRATEGIES AND FUTURE PLANS	129
GOVERNMENT REGULATIONS AND LICENSING	130
REGULATORY LICENCES, PERMITS AND APPROVALS	139
DIRECTORS, MANAGEMENT AND STAFF	140
MANAGEMENT REPORTING STRUCTURE	140
DIRECTORS	140
EXECUTIVE OFFICERS	146
DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION	148
SERVICE AGREEMENT	149
OUR EMPLOYEES	150
RELATED EMPLOYEES	151
STAFF TRAINING	151
CORPORATE GOVERNANCE	153
AUDIT COMMITTEE	153
REMUNERATION COMMITTEE	156
NOMINATING COMMITTEE	157
CORPORATE SOCIAL RESPONSIBILITY	159
WHISTLEBLOWING POLICY	159
PROPNEX PSP	160
PROPNEX ESOS	171
INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST	180
INTERESTED PERSONS	180
PAST INTERESTED PERSON TRANSACTIONS	181
PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS	191
GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS	192
POTENTIAL CONFLICTS OF INTERESTS	194

TABLE OF CONTENTS

CLEARANCE AND SETTLEMENT	195
PLAN OF DISTRIBUTION	197
THE OFFERING	197
OVER-ALLOTMENT OPTION	199
PRICE STABILISATION	199
SHARE LENDING AGREEMENT	199
INTERESTS OF THE ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	200
DISTRIBUTION AND SELLING RESTRICTIONS	200
GENERAL INFORMATION	203
INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS	203
MATERIAL CONTRACTS	205
LITIGATION AND ARBITRATION PROCEEDINGS	205
MISCELLANEOUS	206
INTERESTS OF EXPERTS	207
CONSENTS	207
RESPONSIBILITY STATEMENT	208
DOCUMENTS AVAILABLE FOR INSPECTION	208
APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017	A-1
APPENDIX B – SUMMARY OF OUR CONSTITUTION	B-1
APPENDIX C – DESCRIPTION OF OUR SHARES	C-1
APPENDIX D – RULES OF THE PROPnex PSP	D-1
APPENDIX E – RULES OF THE PROPnex ESOS	E-1
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT	F-1
APPENDIX G – TAXATION	G-1
APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE	H-1

CORPORATE INFORMATION

BOARD OF DIRECTORS CORPORATE INFORMATION	:	Mr. Mohamed Ismail s/o Abdul Gafoore	Executive Chairman and CEO
		Mr. Alan Lim Tow Huat	Executive Director
		Mr. Kelvin Fong Keng Seong	Executive Director
		Dr. Ahmad Bin Mohamed Magad	Lead Independent Director
		Mr. Kan Yut Keong	Independent Director
		Mr. Low Wee Siong	Independent Director
COMPANY SECRETARIES	:	Tricor Evatthouse Corporate Services 80 Robinson Road #02-00 Singapore 068898 Lotus Isabella Lim Mei Hua, FCIS, FCS, MBA Kong Wei Fung, ACS	
REGISTERED OFFICE AND PRINCIPAL OFFICE	:	480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	
SHARE REGISTRAR	:	Tricor Barbinder Share Registration Services 80 Robinson Road #02-00 Singapore 068898	
ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT	:	UOB Kay Hian Private Limited 8 Anthony Road #01-01 Singapore 229957	
SOLICITORS TO THE OFFERING AND THE COMPANY AS TO SINGAPORE LAW	:	Morgan Lewis Stamford LLC 10 Collyer Quay #27-00, Ocean Financial Centre Singapore 049315	
SOLICITORS TO THE ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT AS TO SINGAPORE LAW	:	Baker & McKenzie.Wong & Leow 8 Marina Boulevard #05-01 Marina Bay Financial Centre Tower 1 Singapore 018981	

CORPORATE INFORMATION

INDEPENDENT AUDITORS AND REPORTING ACCOUNTANTS	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581 Partner-in-charge: Jeya Poh Wan s/o K. Suppiah (Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
RECEIVING BANK	:	The Bank of East Asia, Limited, Singapore Branch 60 Robinson Road Singapore 068892
INDEPENDENT MARKET RESEARCH CONSULTANT	:	Frost & Sullivan GIC Malaysia Sdn Bhd Suite C-11-02, Block C Plaza Mont' Kiara 2 Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur
VENDORS	:	P & N Holdings Pte. Ltd. 480, Lorong 6 Toa Payoh #10-01, HDB Hub Singapore 310480 Mr. Nizam Muddin Gafoor 8B Upper Boon Keng Road #10-530 Singapore 382008 Mr. Alan Lim 5 Eaton Walk Singapore 799810 Mr. Kelvin Fong Block 33, Leonie Hill Road #18-12 Singapore 239197

DEFINITIONS

In this Prospectus, the accompanying Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of Participating Banks, the IB websites of the relevant Participating Banks or the mobile banking interface of DBS Bank, unless the context otherwise requires, the following definitions apply throughout where the context so admits:

Group Companies

<i>“Company” or “PropNex”</i>	:	PropNex Limited
<i>“Group”</i>	:	Our Company and our subsidiaries
<i>“Life Mastery Academy”</i>	:	Life Mastery Academy Pte. Ltd.
<i>“PropNex Realty”</i>	:	PropNex Realty Pte. Ltd.
<i>“PropNex International”</i>	:	PropNex International Pte. Ltd.
<i>“PropNex Property Management”</i>	:	PropNex Property Management Consultants Pte. Ltd.
<i>“PropNex Grandeur”</i>	:	PropNex Grandeur Homes Pte. Ltd.
<i>“Soreal”</i>	:	Soreal Prop Pte. Ltd.

Other Companies, Organisations and Agencies

<i>“Authority” or “MAS”</i>	:	The Monetary Authority of Singapore
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“CEA”</i>	:	Council for Estate Agencies
<i>“CPF”</i>	:	The Central Provident Fund
<i>“HDB”</i>	:	Housing and Development Board of Singapore
<i>“IRAS”</i>	:	Inland Revenue Authority of Singapore
<i>“Issue Manager, Underwriter and Placement Agent”</i>	:	UOB Kay Hian Private Limited
<i>“JLL”</i>	:	Jones Lang LaSalle Incorporated
<i>“JLLPC”</i>	:	Jones Lang LaSalle Property Consultants Pte Ltd
<i>“MOM”</i>	:	Ministry of Manpower, Singapore

DEFINITIONS

<i>“Participating Banks”</i>	:	DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and “Participating Bank” means any of the abovementioned
<i>“P&N”</i>	:	P & N Holdings Pte. Ltd., a Controlling Shareholder
<i>“P&N Group”</i>	:	P&N and its subsidiaries
<i>“SingCapital”</i>	:	SingCapital Pte. Ltd.
<i>“SingBuilders”</i>	:	SingBuilders Pte. Ltd.
<i>“SingBuilders Development”</i>	:	SingBuilders Development Pte. Ltd.
<i>“SGX-ST” or “Exchange”</i>	:	Singapore Exchange Securities Trading Limited
<i>“SPH”</i>	:	Singapore Press Holdings Limited
<i>“Stabilising Manager”</i>	:	UOB Kay Hian Private Limited
<i>“Zest Academy Group”</i>	:	Zest Academy Group Pte. Ltd.

General

<i>“Additional Shares”</i>	:	An aggregate of 8,500,000 Shares that the Stabilising Manager may, pursuant to the Over-allotment Option, purchase from the Over-allotment Option Providers
<i>“Application Forms”</i>	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
<i>“Associate”</i>	:	<p>In the case of a company,</p> <p>(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:</p> <p>(i) his immediate family;</p> <p>(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; or</p> <p>(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30.0% or more; or</p>

DEFINITIONS

		(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30.0% or more
<i>“ATM”</i>	:	Automated teller machine of a Participating Bank
<i>“Audit Committee”</i>	:	The audit committee of our Company as at the date of this Prospectus
<i>“Award Shares”</i>	:	The Shares which may be issued or transferred upon the release of the share awards granted pursuant to the PropNex PSP
<i>“BMSMA”</i>	:	The Building Maintenance and Strata Management Act (Chapter 30C) of Singapore, as amended, supplemented or modified from time to time
<i>“Board” or “Board of Directors”</i>	:	The board of Directors of our Company
<i>“CAPEX”</i>	:	Capital expenditure
<i>“CEO”</i>	:	The chief executive officer of our Company as at the date of this Prospectus
<i>“Code of Corporate Governance”</i>	:	The Code of Corporate Governance issued by the Authority on 2 May 2012
<i>“Companies Act” or “the Act”</i>	:	The Companies Act (Chapter 50) of Singapore, as amended, supplemented or modified from time to time
<i>“Constitution”</i>	:	The constitution of our Company as amended, supplemented or modified from time to time
<i>“Controlling Shareholder”</i>	:	<p>A person who:</p> <p>(a) holds directly or indirectly, 15.0% or more of the total number of issued shares in the company (excluding treasury shares). The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or</p> <p>(b) in fact exercises control over a company</p>

DEFINITIONS

<i>“Cornerstone Investors”</i>	:	The cornerstone investors who have entered into Cornerstone Subscription Agreements with the Company namely, Affin Hwang Asset Management Berhad, FIL Investment Management (Hong Kong) Limited, Nikko Asset Management Asia Limited, NTUC Income Insurance Co-Operative Limited, Samsung Asset Management (HK) Limited and Value Partners Hong Kong Limited
<i>“Cornerstone Shares”</i>	:	The aggregate of 50,000,000 Shares which are to be issued pursuant to the Cornerstone Subscription Agreements
<i>“Cornerstone Subscription Agreements”</i>	:	The cornerstone subscription agreements dated between 12 June 2018 and 13 June 2018 entered into, among others, between our Company and the Cornerstone Investors
<i>“Directors”</i>	:	The directors of our Company as at the date of this Prospectus
<i>“Electronic Applications”</i>	:	Applications for the Public Offer Shares made through an ATM or the IB websites of the relevant Participating Banks or through the mobile banking platform of DBS Bank, subject to and on the terms and conditions of this Prospectus
<i>“EPS”</i>	:	Earnings per Share
<i>“Estate Agents Act”</i>	:	Estate Agents Act (Chapter 95A) of Singapore, as amended, supplemented or modified from time to time
<i>“Executive Directors”</i>	:	The executive Directors of our Company as at the date of this Prospectus
<i>“Executive Officers”</i>	:	The executive officers of our Group as at the date of this Prospectus, who are also key executives as defined under the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005
<i>“Financial Controller”</i>	:	The financial controller of our Company as at the date of this Prospectus
<i>“FY”</i>	:	Financial year ended or, as the case may be, ending 31 December
<i>“GDP”</i>	:	Gross domestic product
<i>“GST”</i>	:	Singapore goods and services tax
<i>“IB”</i>	:	Internet banking

DEFINITIONS

<i>“Independent Directors”</i>	:	The independent Directors of our Company as at the date of this Prospectus
<i>“Independent Market Research Consultant” or “Frost & Sullivan”</i>	:	Frost & Sullivan GIC Malaysia Sdn Bhd
<i>“Independent Market Research Report”</i>	:	The independent market research report by Frost & Sullivan, attached to this Prospectus as Appendix F
<i>“JLL Put Option”</i>	:	The put option available to JLLPC under the PropNex International SHA
<i>“Latest Practicable Date”</i>	:	6 June 2018, being the latest practicable date prior to the lodgement of this Prospectus with the Authority
<i>“Licensing Agreement”</i>	:	The licensing agreement entered into between PropNex Realty and our Malaysian licensee, PropNex Realty Sdn Bhd dated 26 March 2018
<i>“Listing”</i>	:	Listing of our Company on the Main Board of the SGX-ST
<i>“Listing Date”</i>	:	The date of commencement of dealing in our Shares on the SGX-ST
<i>“Listing Manual”</i>	:	Listing manual of the SGX-ST, as amended, supplemented or modified from time to time
<i>“Management and Underwriting Agreement”</i>	:	The management and underwriting agreement dated 25 June 2018 entered into between our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent in relation to the Offering
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“Master Franchise Agreement”</i>	:	The master franchise agreement entered into between, among others, PropNex Realty and our Indonesian master franchisee, PT PropNex Realty Indonesia dated 1 November 2016
<i>“N.A.”</i>	:	Not applicable
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	The 12,900,000 Shares for which our Company invites applications to subscribe pursuant to the Offering
<i>“Nominating Committee”</i>	:	The nominating committee of our Company as at the date of this Prospectus

DEFINITIONS

<i>“Offering”</i>	:	The Placement and the Public Offer (subject to the Over-allotment Option)
<i>“Offering Price”</i>	:	S\$0.65 for each Share
<i>“Offering Shares”</i>	:	Shares offered by our Company and the Vendors in the Offering comprising the New Shares and the Vendor Shares (subject to the Over-allotment Option)
<i>“Option Shares”</i>	:	The Shares which may be issued pursuant to exercise of options granted under the PropNex ESOS
<i>“Over-allotment Option”</i>	:	The over-allotment option granted to the Issue Manager, Underwriter and Placement Agent, exercisable by it as stabilising manager as described in the section entitled <i>“Plan of Distribution – Over-allotment Option”</i>
<i>“Over-allotment Option Providers”</i>	:	Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong
<i>“P&N Trademarks”</i>	:	The trademarks registered in Singapore and Malaysia transferred to the Company by P&N effective on 10 January 2018
<i>“Period Under Review”</i>	:	The period which comprises FY2015, FY2016 and FY2017
<i>“Placement”</i>	:	The international placement of 40,375,000 Offering Shares to investors, including international and other investors in Singapore subject to and on the terms and conditions set out in this Prospectus
<i>“Placement Agreement”</i>	:	The placement agreement dated 25 June 2018 entered into between our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent
<i>“Placement Shares”</i>	:	The 40,375,000 Offering Shares which are the subject of the Placement
<i>“PropNex International SHA”</i>	:	The shareholders’ agreement entered into by, among others, P&N, the Company, PropNex International and JLLPC dated 23 March 2018
<i>“PropNex ESOS”</i>	:	The employee share option scheme adopted by our Company on 13 June 2018
<i>“PropNex PSP”</i>	:	The performance share plan adopted by our Company on 13 June 2018
<i>“Prospectus”</i>	:	This prospectus dated 25 June 2018 issued by our Company in respect of the Offering

DEFINITIONS

<i>“Public Offer”</i>	:	The offer of 2,125,000 Offering Shares to the public in Singapore for subscription at the Offering Price, subject to and on the terms and conditions set out in this Prospectus
<i>“Public Offer Shares”</i>	:	The 2,125,000 Shares which are the subject of the Public Offer
<i>“Remuneration Committee”</i>	:	The remuneration committee of our Company as at the date of this Prospectus
<i>“Restructuring Agreement”</i>	:	The restructuring agreement entered into by the company and P&N dated 13 June 2018 in connection with the Restructuring Exercise
<i>“Restructuring Exercise”</i>	:	The restructuring exercise that we carried out, as described in the section entitled <i>“Restructuring Exercise”</i> of this Prospectus
<i>“Risk Committee”</i>	:	The risk committee of our Company as at the date of this Prospectus
<i>“Securities Account”</i>	:	Securities account maintained by a depositor with CDP but does not include a securities sub-account
<i>“Securities and Futures Act” or “SFA”</i>	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, supplemented or modified from time to time
<i>“Service Agreements”</i>	:	The service agreements dated 13 June 2018 entered into between our Company and each of Mr. Mohamed Ismail, Mr. Alan Lim and Mr. Kelvin Fong, the details of which are as described in the section entitled <i>“Directors, Management and Staff – Service Agreement”</i> of this Prospectus
<i>“SFR”</i>	:	The Securities and Futures (Offers of Investment) (Shares and Debentures) Regulations 2005, as amended or modified from time to time
<i>“SGXNET”</i>	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
<i>“Share Lending Agreement”</i>	:	The share lending agreement dated 25 June 2018 entered into between the Stabilising Manager and Mr. Alan Lim, Mr. Nizam Muddin Gafoor and Mr. Kelvin Fong

DEFINITIONS

<i>“Shareholders”</i>	:	Registered shareholders of our Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the depositors whose Securities Accounts are credited with Shares
<i>“Shares”</i>	:	Fully paid ordinary shares in the capital of our Company
<i>“Singapore Take-over Code” or “Take-over Code”</i>	:	The Singapore Code on Take-overs and Mergers, which is administered by the Securities Industry Council in Singapore
<i>“Substantial Shareholder”</i>	:	A person who holds, directly or indirectly, 5.0% or more of the total issued share capital of our Company
<i>“Team Leaders”</i>	:	Team leaders who lead the various salesperson teams in our Group
<i>“Team Managers”</i>	:	Team managers who lead the various salesperson teams in our Group
<i>“Vendor Shares”</i>	:	29,600,000 Shares offered by the Vendors in the Offering

Currencies, Units and Others

<i>“S\$” or “\$” and “cents”</i>	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
<i>“RM”</i>	:	Malaysian Ringgit, being the lawful currency of Malaysia
<i>“%” or “per cent.”</i>	:	Per centum or percentage
<i>“sq m” or “m²”</i>	:	Square metre(s)

Names used in this Prospectus

<i>“Alan Lim”</i>	:	Lim Tow Huat
<i>“Dr. Ahmad Magad”</i>	:	Ahmad Bin Mohamed Magad
<i>“Johnsonwill Hon”</i>	:	Hon Chee Wei
<i>“Joseph Lee”</i>	:	Joseph Lee Jong Wah
<i>“Josephine Chow”</i>	:	Chow Mei Lin
<i>“Kelvin Fong”</i>	:	Kelvin Fong Keng Seong
<i>“Mohamed Ismail”</i>	:	Mohamed Ismail s/o Abdul Gafoore

Any reference to “our”, “ourselves”, “us”, “we” or other grammatical variations thereof in this Prospectus is a reference to our Company, our Group or any member of our Group as the context requires.

DEFINITIONS

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 81SJ of the Securities and Futures Act.

The term “entity” shall have the same meaning ascribed to it in Section 2 of the Securities and Futures Act, while the terms “associated companies”, “associated entity”, “controlling interest-holder”, “related corporation”, “related entity”, “subsidiary”, “subsidiary entity” and “substantial interest-holder” shall have the same meanings ascribed to them respectively in paragraph 1 of the Fourth Schedule of the SFR.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any reference in this Prospectus, the Application Forms or the Electronic Applications to any statute or enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any word defined in the Companies Act, the Securities and Futures Act or any statutory modification thereof or the Listing Manual and used in this Prospectus, the Application Forms and Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act or such statutory modification, or the Listing Manual, as the case may be.

Any reference in this Prospectus, the Application Forms or the Electronic Applications to Shares being allotted to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day or dates in this Prospectus, the Application Forms or the Electronic Applications shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in the tables included in this Prospectus between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain terms used in this Prospectus in connection with our Group and our business. The terms and their assigned meanings may not correspond to standard industry or common meanings or usage of these terms.

<i>“CPD”</i>	:	Continuing professional development
<i>“ACP” or “Approved Course Provider”</i>	:	Approved course provider certified by the CEA
<i>“ACTA”</i>	:	The Singapore Workforce Skills Qualifications – Advanced Certificate in Training Assessment

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “anticipate”, “believe”, “could”, “estimate”, “expect”, “if”, “intend”, “may”, “plan”, “possible”, “probable”, “project”, “should”, “will” and “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our Group’s expected financial position, business strategies, plans and prospects and the future prospects of our industry are forward-looking statements. These forward-looking statements, including but not limited to statements as to our Group’s revenue and profitability, prospects, future plans, other expected industry trends and other matters discussed in this Prospectus regarding matters that are not historic facts, are only predictions.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our Group’s actual future results, performance or achievements to be materially different from any future results, performance or achievements expected, expressed or implied by such forward-looking statements. These factors include, amongst others:

- changes in the political, social and economic conditions and the regulatory environment in Singapore and other countries in which we conduct business;
- changes in currency exchange rates, our future capital needs and the availability of financing and capital to fund such needs;
- our anticipated growth strategies and expected internal growth; and
- other factors beyond our control.

Some of these factors are discussed in more detail in the section entitled “*Risk Factors*” of this Prospectus.

All forward-looking statements made by or attributable to us, or persons acting on our behalf, contained in this Prospectus are expressly qualified in their entirety by such factors. Given the risks and uncertainties that may cause our Group’s actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, undue reliance must not be placed on these statements.

Neither our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent, our respective advisers nor any other person represents or warrants that our Group’s actual future results, performance or achievements will be as discussed in those forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Further, our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent, our respective advisers and any other person disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances, even if new information becomes available or other events occur in the future. We are, however, subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after this Prospectus is registered but before the close of this Offering, our Company and the Vendors become aware of: (a) a false or misleading statement in this Prospectus; (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before this Prospectus was lodged and that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority.

THE OFFERING

LISTING ON THE SGX-ST

We have made an application to the SGX-ST for permission to deal in, and for quotation of, all our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. The dealing in and quotation of our Shares will be in Singapore dollars.

Our acceptance of applications will be conditional upon, amongst other things, permission being granted by the SGX-ST to deal in, and for quotation of, all our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares. If such permission is not granted for any reason, monies paid in respect of any application accepted will be returned to you, without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you will not have any claims whatsoever against us, the Vendors and the Issue Manager, Underwriter and Placement Agent.

We have received a letter of eligibility-to-list from the SGX-ST for all our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our Shares (including the Offering Shares), the Option Shares, and the Award Shares.

NOTICE TO INVESTORS

This Prospectus has been reviewed and approved by our Directors and the Vendors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, our Company and its subsidiaries, and our Directors and the Vendors are not aware of any facts the omission of which would make any statement in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

Neither our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent nor any other parties involved in the Offering is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations.

No information in this Prospectus should be considered to be business, legal or tax advice regarding an investment in our Shares. You should consult your own legal, financial, tax or other professional adviser regarding an investment in our Shares.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Offering and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendors and the Issue Manager, Underwriter and Placement Agent. Neither the delivery of this Prospectus and the Application Forms nor the Offering shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change

THE OFFERING

in the affairs of our Company or our Group or in any statement of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur, we may make an announcement of the same to the SGX-ST and the public, and if required, lodge a supplementary document or replacement document pursuant to Section 241 of the Securities and Futures Act and take immediate steps to comply with Section 241 of the Securities and Futures Act. You should take note of any such announcement and/or documents issued by us in compliance with the Securities and Futures Act and, upon release of such announcement and/or documents, shall be deemed to have notice of such changes.

The distribution of this Prospectus and the Offering, purchase, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Vendors and the Issue Manager, Underwriter and Placement Agent require persons into whose possession this Prospectus comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us and the Issue Manager, Underwriter and Placement Agent.

Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. This Prospectus has been prepared solely for the purpose of the Offering and may not be relied upon by any persons other than yourself in connection with your application for the Offering Shares or for any other purpose. **This Prospectus does not constitute an offer or invitation or solicitation to subscribe for the New Shares or to purchase the Vendor Shares in any jurisdiction in which such offer, invitation or solicitation is unauthorised or unlawful nor does it constitute an offer or invitation or solicitation to any person to whom it is unlawful to make such an offer or invitation or solicitation.**

A copy of this Prospectus has been lodged with and registered by the Authority. The Authority assumes no responsibility of the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares, as the case may be, being offered for investment.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.

We are subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, if after this Prospectus is registered but before the close of the Offering, our Company and the Vendors become aware of:

- (a) a false or misleading statement in this Prospectus;
- (b) an omission from this Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or
- (c) a new circumstance that has arisen since this Prospectus was lodged with the Authority which would have been required by Section 243 of the Securities and Futures Act to be included in this Prospectus, if it had arisen before this Prospectus was lodged,

that is materially adverse from the point of view of an investor, we may lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the Securities and Futures Act.

THE OFFERING

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for or purchase the Offering Shares and:

- (a) where the Offering Shares have not been issued and/or transferred to you, our Company and the Vendors shall either:
 - (i) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, give you the supplementary or replacement prospectus, as the case may be, and provide you with an option to withdraw your application; or
 - (ii) treat the applications as withdrawn and cancelled, in which case your application shall be deemed to have been withdrawn and cancelled and our Company and the Vendors shall, within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application for the Offering Shares, without interest or any share of revenue or other benefit arising therefrom at your own risk and without any right or claim against us, the Vendors and the Issue Manager, Underwriter and Placement Agent; or
- (b) where the Offering Shares have been issued and/or transferred to you, our Company and the Vendors shall either:
 - (i) within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, give you the supplementary or replacement prospectus, as the case may be, and provide you with an option to return to our Company and the Vendors the Offering Shares which you do not wish to retain title in; or
 - (ii) treat the issuance or sale of Offering Shares as void, in which case the issue shall be deemed void and our Company and the Vendors shall within seven (7) days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application for the Offering Shares, without interest or any share of revenue or other benefit arising therefrom at your own risk and without any right or claim against us, the Vendors and the Issue Manager, Underwriter and Placement Agent.

If you wish to exercise your option to withdraw your application or return the Offering Shares, you shall, within fourteen (14) days from the date of lodgement of the supplementary or replacement prospectus, notify our Company and the Vendors of this, whereupon our Company and the Vendors shall, within seven (7) days from the receipt of such notification, pay to you all monies paid by you on account of your application for such Offering Shares, without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors and the Issue Manager, Underwriter and Placement Agent.

Under the Securities and Futures Act, the Authority may in certain circumstances issue a stop order pursuant to Section 242 of the Securities and Futures Act (the “**Stop Order**”) to our Company and the Vendors, directing that no Offering Share or no further Share to which this Prospectus relates be allotted, issued or sold. Such circumstances will include a situation where this Prospectus (i) which in the opinion of the Authority, contains a false or misleading statement; (ii) omits any information that is required to be included in accordance with Section 243 of the Securities and Futures Act; (iii) the Authority is of the opinion that the Prospectus does not comply with the requirements of the Securities and Futures Act; or (iv) the Authority is of the opinion that it is in the public interest to do so.

THE OFFERING

Where applications to subscribe for the Offering Shares to which the Prospectus relates have been made prior to the Stop Order, then:

- (a) where the Offering Shares have not been issued or transferred to you, your application for the Offering Shares shall be deemed to have been withdrawn and cancelled, and our Company and the Vendors shall, within fourteen (14) days from the date of the Stop Order, pay to you all monies which you have paid on account of your application for the Offering Shares, or
- (b) where the Offering Shares have been issued or transferred to you, the issuance or sale of the Offering Shares shall be deemed to be void, and our Company shall, within seven (7) days from the date of the Stop Order, pay to you all monies which you have paid for the Offering Shares.

In each of the above instances where monies are refunded to you, it shall be paid to you without interest or any share of revenue or other benefit arising therefrom and at your own risk, and you will not have any claims against our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent.

Copies of this Prospectus, the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

UOB Kay Hian Private Limited
8 Anthony Road #01-01
Singapore 229957

and where applicable, members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website at <http://www.sgx.com> and the Authority's OPERA website at <http://opera.mas.gov.sg/ExtPortal>.

The Public Offer will open at 8.00 p.m. on 25 June 2018 and will close at 12.00 noon on 28 June 2018 or such other period or periods as our Company and the Vendors may, in consultation with the Issue Manager, Underwriter and Placement Agent, in our absolute discretion decide, subject to any limitations under all applicable laws.

Details of the procedures for application for the Offering Shares are set out in Appendix H of this Prospectus.

THE OFFERING

INDICATIVE TIMETABLE FOR LISTING

The indicative timetable for the Offering and trading in our Shares is set out below for your reference:

Indicative date/time	Event
25 June 2018, 8.00 p.m.	Opening date and time of the Public Offer
28 June 2018, 12.00 noon	Closing date and time of the Public Offer
29 June 2018	Balloting of applications, if necessary (in the event of an over-subscription for the Public Offer Shares) Commence returning or refunding of application monies to unsuccessful or partially successful applicants
2 July 2018, 9.00 a.m.	Commence trading on a “ready” basis
5 July 2018	Settlement date for all trades done on a “ready” basis

The above timetable is only indicative as it assumes that the date of closing for the Public Offer will be 28 June 2018, the date of admission of our Company to the Official List of the SGX-ST will be 2 July 2018, the SGX-ST’s shareholding spread requirement will be complied with and the New Shares will be issued and fully paid-up prior to 2 July 2018. The actual date on which our Shares will commence trading on a “ready” basis will be announced when it is confirmed by the SGX-ST. All dates and times referred to above are Singapore dates and times.

The above timetable and procedure may be subject to such modifications as the SGX-ST may, in its discretion, decide, including the decision to permit trading on a “ready” basis and the commencement date of such trading. **The commencement of trading on a “ready” basis will be entirely at the discretion of the SGX-ST. All persons trading in our Shares before their Securities Accounts with CDP are credited with the relevant number of Shares do so at the risk of selling Shares which neither they nor their nominees, as the case may be, have been allotted or are otherwise beneficially entitled to.**

We, and the Vendors, may, in our discretion, with the agreement of the Issue Manager, Underwriter and Placement Agent, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open, provided that such period shall not be shorter than two (2) Market Days.

In the event of any changes in the closure of the Public Offer or the time period during which the Public Offer is open, we will publicly announce the same:

- (i) through a SGXNET announcement to be posted on the SGX-ST’s website at <http://www.sgx.com>; and
- (ii) in one (1) or more major Singapore newspapers such as The Straits Times, The Business Times and Lianhe Zaobao.

Results of the Public Offer including the allotment of the New Shares and balloting (in the event of an over-subscription for the Public Offer Shares) will be provided through the channels in (i) and (ii) above.

THE OFFERING

Investors should consult the SGX-ST announcement on the “ready” listing date on the Internet (at the SGX-ST’s website at <http://www.sgx.com>) or the newspapers, or check with their brokers on the date on which trading on a “ready” basis will commence.

We and the Vendors reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefor, and no enquiry and/or correspondence on our and the Vendors’ decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

THE OFFERING

DETAILS OF THE OFFERING

The Issuer	:	PropNex Limited
The Vendors	:	P & N Holdings Pte Ltd, Mr. Nizam Muddin Gafoor, Mr. Alan Lim, Mr. Kelvin Fong
The Offering	:	42,500,000 Offering Shares (subject to the Over-allotment Option) by way of the Placement and the Public Offer, comprising 12,900,000 New Shares and 29,600,000 Vendor Shares. The New Shares will, upon allotment and issue, rank <i>pari passu</i> in all respects with our existing issued Shares.
Offering Price	:	S\$0.65 for each Share.
Purpose of the Offering	:	<p>The purpose of the Offering is to secure the admission of our Company to the Official List of the SGX-ST. Our Directors believe that the listing of our Company and the quotation of our Shares on the Official List of the SGX-ST will enhance the corporate profile of our Group locally and internationally, and enable us to tap the capital markets to fund the expansion of our operations.</p> <p>The Offering will also provide members of the public, our employees, business associates and those who have contributed to the success of our Group with an opportunity to participate in the equity of our Company.</p> <p>Please refer to the section entitled “<i>Use of Proceeds and Offering Expenses</i>” of this Prospectus for further details.</p>
The Placement	:	40,375,000 Placement Shares by way of a placement to investors, including institutional and other investors in Singapore and outside the United States in compliance with Regulation S under the US Securities Act and other applicable laws.
The Public Offer	:	2,125,000 Public Offer Shares offered to the public in Singapore to subscribe for at the Offering Price.
Clawback and Reallocation	:	The Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Issue Manager, Underwriter and Placement Agent in the event of excess applications in one and a deficit of applications in the other.

THE OFFERING

Application for Public Offer Shares under the Public Offer : Investors applying for the Offering Shares under Offering must follow the application procedures set out in Appendix H of this Prospectus.

Applications must be paid for in Singapore dollars in integral multiples of 100 Offering Shares subject to a minimum application for 1,000 Offering Shares.

Use of Proceeds : Please refer to the section entitled “*Use of Proceeds and Offering Expenses*” of this Prospectus for further details.

Cornerstone Investors : Concurrently with but separate from the Offering, the Cornerstone Investors have entered into Cornerstone Subscription Agreements with our Company to subscribe, in aggregate, for 50,000,000 Cornerstone Shares at the Offering Price, conditional upon, amongst others, the Management and Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the date on which the Offering Shares are issued under the Offering.

Over-allotment Option : In connection with the Offering, the Over-allotment Option Providers have granted the Issue Manager, Underwriter and Placement Agent the Over-allotment Option exercisable by it as Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 8,500,000 Shares, representing approximately 20.0% of the total number of Offering Shares in the Offering, in undertaking stabilising actions, to purchase up to an aggregate of 8,500,000 Additional Shares at the Offering Price, representing not more than 20.0% of the total number of Offering Shares, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the SFA and any regulations hereunder. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after completion of the Offering.

Unless we indicate otherwise, all information in this Prospectus assumes that the Over-allotment Option is not exercised.

THE OFFERING

Lock-ups : We have agreed with the Issue Manager, Underwriter and Placement Agent that we will not, from the date of the Underwriting Agreement until the date falling six months after the Listing Date (both dates inclusive), without the consent of the Issue Manager, Underwriter and Placement Agent, directly or indirectly, (i) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of our Company or any subsidiary of our Company (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is to be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash or otherwise; (ii) enter into any swap, hedge or other transaction or arrangement (including a derivative transaction) that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any securities of our Company or any subsidiary of our Company, or any interest in any of the foregoing (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company), whether such transaction is be settled by delivery of Shares or other securities of our Company or subsidiary of our Company, or in cash or otherwise; (iii) deposit any Shares or any other securities of our Company or any subsidiary of our Company (including any securities convertible into or exercisable or exchangeable for, or which carry rights to subscribe for or purchase any Shares or any other securities of our Company or any subsidiary of our Company) in any depository receipt facilities (other than in a CDP designated moratorium account for the purposes of complying with these restrictions); (iv) enter into any transaction which is designed or which may reasonably be expected to result in any of the above; or (v) announce or publicly disclose any intention to do any of the above, provided, however, that the foregoing restrictions shall not apply in respect of the Offering Shares and the Cornerstone Shares.

Our Controlling Shareholders, our Executive Directors, and Mr. Nizam Muddin Gafoor have each agreed to lock-up arrangements with the Issue Manager, Underwriter and Placement Agent.

THE OFFERING

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

See “*Shareholders – Moratorium*” and “*Shareholders – No sale of similar securities by our Company*” for further information on the lock-up arrangements.

- Price Stabilisation** : In connection with the Offering, the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the SFA and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake any stabilisation action.
- Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time at the Stabilising Manager’s sole discretion and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in undertaking stabilising actions, has brought on SGX-ST an aggregate of 8,500,000 Shares, representing approximately 20.0% of the total number of Offering Shares.
- See “*Plan of Distribution – Price Stabilisation*”.
- Listing Status** : Our Shares will be quoted in SGD on the Main Board of the SGX-ST, subject to the admission of our Company to the Official List of the SGX-ST and permission for dealing in and for quotation of our Shares being granted by the SGX-ST and the Authority not issuing a Stop Order.
- Settlement** : Our Company and the Vendors expect to receive payment for all the Offering Shares on or about 2 July 2018. We will deliver the global share certificates representing the New Shares to CDP for deposit into the Securities Accounts of successful applicants on or about 2 July 2018. Please refer to the section entitled “*Clearance and Settlement*” of this Prospectus for further details.
- Risk Factors** : Investing in our Shares involves risks which are set out in the section entitled “*Risk Factors*” of this Prospectus.

USE OF PROCEEDS AND OFFERING EXPENSES

Based on the Offering Price, we will raise gross proceeds of approximately S\$40.9 million from the issuance of the New Shares and the Cornerstone Shares. The estimated net proceeds from the issuance of the New Shares and the Cornerstone Shares (after deducting estimated expenses in relation to the Offering of approximately S\$2.9 million) will be approximately S\$38.0 million. We will not receive proceeds from the sale of Vendor Shares by the Vendors, nor will we receive any proceeds from the exercise of the Over-allotment Option granted by the Over-allotment Option Providers.

We intend to use the net proceeds from the issuance of the New Shares and the Cornerstone Shares as follows:

Use of Proceeds	Estimated amount (S\$ million)	Estimated amount allocated for each dollar of the gross proceeds raised from the issuance of the New Shares and the Cornerstone Shares (cents)	As a percentage of the gross proceeds from issuance of the New Shares and the Cornerstone Shares (%)
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy ⁽¹⁾	12.0	29.3	29.3
Enhancement of real estate brokerage business ⁽¹⁾	8.0	19.6	19.6
Expansion in range of business services ⁽¹⁾	7.0	17.1	17.1
Enhancement of technological capabilities ⁽¹⁾	6.0	14.7	14.7
Working capital purposes	5.0	12.2	12.2
Net Proceeds	38.0	92.9	92.9
Estimated expenses incurred in connection with the Offering			
Professional fees ⁽²⁾	1.1	2.7	2.7
Underwriting and placement commission ⁽³⁾	1.2	2.9	2.9
Miscellaneous expenses (including listing fees) ⁽⁴⁾	0.6	1.5	1.5
Total	40.9	100.0	100.0

Notes:

- (1) Please refer to the section entitled “*Prospects, Business Strategies and Plans*” of this Prospectus for further details.
- (2) Includes solicitors’ fees and fees for the Independent Auditors and Reporting Accountants and other professionals’ fees (but does not include professional fees attributable to and payable by the Vendors).
- (3) The underwriting and placement commission includes (a) the underwriting commissions (excluding any discretionary incentive fees and GST and any commission attributable to and payable by the Vendors) payable by us in connection with the Offering and the issue of the Cornerstone Shares is 2.75% of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares and (b) discretionary incentive fees amounting up to 0.25% of the gross proceeds due to us from the Offering and the issue of the Cornerstone Shares, excluding GST.
- (4) Includes the cost of the production of the Prospectus, roadshow expenses and certain other expenses incurred or to be incurred in connection with the Offering and the issue of the Cornerstone Shares (but does not include expenses attributable to and payable by the Vendors).

USE OF PROCEEDS AND OFFERING EXPENSES

Save as disclosed in this section, none of the proceeds from the issuance of the New Shares and the Cornerstone Shares will be used to discharge, reduce or retire any indebtedness of our Group directly or indirectly to acquire or refinance the acquisition of an asset other than in the ordinary course of business, or to finance or refinance the acquisition of another business. For completeness, the Company does not expect to use the proceeds from the Offering for the payment obligations to Dennis Wee Realty Pte Ltd. Please refer to the section entitled “*Our Business – Our Services – Real Estate Brokerage – Business Takeover Agreement entered into with Dennis Wee Realty*” of this Prospectus for further details.

The abovementioned represents the best estimate of our allocation of the net proceeds of the Offering and the issuance of Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from such estimates and we may find it necessary or advisable to reallocate our net proceeds within the categories described above or use portions of our net proceeds for other purposes. We will make periodic announcements on the use of net proceeds from the issuance of the New Shares and Cornerstone Shares as and when the funds are materially disbursed, and provide a status report on the use of proceeds in our annual report.

Pending the deployment of net proceeds as aforesaid, the net proceeds will be placed in short term deposits with financial institutions or used to invest in bonds, unit trusts and/or short-term money market instruments with risk and return profiles that our Directors may deem appropriate.

We will pay the Issue Manager, Underwriter and Placement Agent, as compensation for their services in connection with the Offering, underwriting fees equal to 2.75% of the amount equal to the aggregate value of the New Shares and the Cornerstone Shares at the Offering Price. These underwriting fees will amount to approximately S\$0.0179 for each New Share and Cornerstone Share, excluding GST.

The Vendors will pay the Issue Manager, Underwriter and Placement Agent, as compensation for their services in connection with the Offering, pro-rata, underwriting fees equal to 2.75% of the amount equal to (i) the aggregate value of the Vendor Shares and (ii) if the Over-allotment Option is exercised, the aggregate value of the Additional Shares which are the subject of such exercise at the Offering Price. These underwriting fees will amount to approximately S\$0.0179 for each Vendor Share and Additional Share, excluding GST. The professional and other Offering-related expenses which are payable by the Vendors (excluding underwriting fees and any discretionary incentive fees) are estimated to amount to approximately S\$0.1 million.

We and the Vendors may, in our sole discretion, pay the Issue Manager, Underwriter and Placement Agent an incentive fee of up to 0.25% of the amount equal to the aggregate value of the Offering Shares, the Cornerstone Shares and the Additional Shares (if any). The additional incentive fee, if it is to be paid to the Issue Manager, Underwriter and Placement Agent, will be paid by us and the Vendors in proportion to the number of Offering Shares, Cornerstone Shares and Additional Shares (as the case may be) issued or sold by us and each Vendor respectively, and will amount to up to S\$0.0016 (exclusive of GST) for each Offering Share, Cornerstone Share and Additional Share (if any).

Purchasers and/or subscribers for the Placement Shares may be required to pay brokerage or other similar fees (and if so required, such brokerage will be up to 1% of the Offering Price) as well as stamp duties and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription and/or purchase at the time of settlement.

USE OF PROCEEDS AND OFFERING EXPENSES

In the event that any part of our proposed use of net proceeds from the issuance of the New Shares and the Cornerstone Shares does not materialise or proceed as planned, our Directors will carefully evaluate the situation and may reallocate the proceeds to other purposes and/or hold such funds on short-term deposits with financial institutions or use such funds for investment in bonds, unit trusts and/or short-term money market instruments with risk and return profiles that our Directors may deem appropriate, for so long as our Directors deem it to be in the interest of our Company. Any change in the use of the net proceeds will be subject to the listing rules of the SGX-ST (the “**Listing Rules**”) and appropriate announcements will be made by our Company on SGXNET and our annual reports.

In the opinion of our Directors, no minimum amount must be raised from the Offering.

DIVIDEND POLICY

Statements contained in this “*Dividend Policy*” section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecasted and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Group, the Issue Manager, Underwriter and Placement Agent, or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled “*Cautionary Note on Forward-looking Statements*” of this Prospectus for further details.

In respect of the Period Under Review, our Company and each of our Subsidiaries have declared and paid dividends as follows:

	FY2015		FY2016		FY2017	
	Total Dividends (\$\$)	Dividends per share (\$\$)	Total Dividends (\$\$)	Dividends per share (\$\$)	Total Dividends (\$\$)	Dividends per share (\$\$)
Company	–	–	–	–	–	–
PropNex Realty	3,000,000	30	6,051,635	60.52	5,000,000	50
PropNex International	3,000,000	30	3,500,000	35	7,000,000	70
PropNex Property Management	300,000	2	300,000	2	400,000	2.67
PropNex Grandeur Homes	365,000	182,500	405,000	202,500	500,000	250,000
Life Mastery Academy	–	–	500,000	5	400,000	4
Total	6,665,000 ⁽¹⁾		10,756,635 ⁽²⁾		13,300,000 ⁽³⁾	

Notes:

(1) These dividends were declared for FY2015 and paid in FY2016

(2) These dividends were declared for FY2016 and paid in FY2017

(3) These dividends were declared for FY2017 and paid in FY2018

We may declare dividends by ordinary resolution of our Shareholders at a general meeting, but we may not pay dividends in excess of the amount recommended by our Directors. The declaration and payment of dividends will be determined at the sole discretion of our Directors, subject to the approval of our Shareholders. Our Directors may also declare an interim dividend without the approval of our Shareholders. In making their recommendations, our Directors will consider, amongst other things, our retained earnings, expected future earnings, operations, cash flow, capital requirements, general business and financing conditions, as well as other factors which our Directors may determine appropriate.

We currently do not have a fixed dividend policy. We wish to reward our Shareholders for participating in the growth of our Group. Accordingly, our Board intends to recommend and distribute dividends of at least 50% of our announced net profit after tax attributable to the owners of the Company (excluding exceptional items) for the period from the Listing Date to 31 December 2018 and FY2019. Investors should note that the foregoing statements are merely statements of our present intention and shall not constitute legally binding obligations on our Company or legally binding statements in respect of our future dividends (including those proposed for the period from the Listing Date to 31 December 2018 and for FY2019), which may be subject to modification (including reduction or non-declaration thereof) in our Directors’ sole and absolute discretion. Investors should also not treat the proposed dividends for the period from the Listing Date to 31 December 2018 and for FY2019 as an indication of our future dividend policy.

Please also refer to the section entitled “*Risk Factors – Risks Relating to Ownership of Our Shares – We may not be able to pay dividends*” of this Prospectus for the risk factor relating to our ability to declare dividends in relation to the Shares.

EXCHANGE CONTROLS

Singapore

As at the date of this Prospectus, there are no foreign exchange control restrictions in Singapore.

OVERVIEW OF OUR GROUP

The following summary is qualified in its entirety by, and is subject to, the more detailed information and financial statements (including the notes thereto) appearing elsewhere in this Prospectus. Terms defined elsewhere in this Prospectus have the same meanings when used herein. Prospective investors should carefully consider all the information presented in this Prospectus, particularly the matters set out in the section entitled “Risk Factors” of this Prospectus before making an investment decision.

INTRODUCTION

We are an integrated real estate services group. As at 1 January 2018, we are Singapore’s largest⁽¹⁾ home-grown real estate agency. Our value proposition to our customers is based on our strong commitment to excellent customer service and professional work ethics and this is reflected in our name “PropNex”, which stands for Property Network for Excellence.

Our core business can be categorised into four (4) business segments namely (i) real estate brokerage, (ii) training, (iii) property management and (iv) real estate consultancy.

Real Estate Brokerage

Our primary business is in the provision of real estate brokerage services comprising real estate agency and project marketing services. We operate our real estate agency through our wholly owned subsidiary, PropNex Realty which is supported by PropNex International in project marketing. As at 1 January 2018, PropNex Realty is Singapore’s largest real estate agency with 6,684 salespersons⁽¹⁾. As at the Latest Practicable Date, we have 7,248 salespersons. We are a leading project marketing agency with a market share of 42.7% of the residential primary private market⁽²⁾. We believe we also lead the market in the residential HDB resale market with a market share of 45.3%⁽²⁾.

Notes:

- (1) Based on information obtained from the CEA media release dated 4 January 2018 on “Licensing and Registration Exercise For Property Agencies and Agents”. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Issue Manager, Underwriter and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, Vendor and Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.
- (2) According to the Independent Market Research Report, the percentage is in terms of number of units transacted in 2017.

Training

Life Mastery Academy is the training arm of PropNex and is also a CEA-accredited provider of continuing professional development (“CPD”) courses. The academy provides trainings for salespersons to equip them with the necessary knowledge to carry out real estate agency work. The current regulatory framework requires all practising salespersons in Singapore to undertake mandatory CPD courses for a minimum of six (6) hours of credits each calendar year.

Property Management

PropNex Property Management was set up as a one-stop professional consultancy to manage boutique and high-end condominiums. PropNex Property Management provides specialised solutions in property management, building diagnostics and facility management. The team builds on long-term alliances and collaborations with various industry experts and partners to provide a

OVERVIEW OF OUR GROUP

number of services, including property and facility maintenance, administration of common areas, communal and lifestyle services, security management, defects resolution, and project management.

Real Estate Consultancy

Between January 2018 and March 2018, we established a real estate consultancy arm under PropNex Realty to provide auction and corporate sales services and investment or en bloc services.

Please refer to the section entitled “*Our Business*” of this Prospectus for further details.

OUR COMPETITIVE STRENGTHS

We believe that our position as one of the industry leaders is based on the following competitive strengths:

- (a) We are the largest real estate agency in Singapore.
- (b) We own the rights to our proprietary brand “PropNex”.
- (c) We operate with an asset light and resilient business model.
- (d) We have a strong partnership with JLL.
- (e) We have an experienced and committed key management team.

For further details, please refer to the section entitled “*Our Business – Our Competitive Strengths*” of this Prospectus. Please also refer to the section entitled “*Prospects, Business Strategies and Plans*” of this Prospectus.

COMPANY BACKGROUND

Our Company was incorporated in Singapore on 10 January 2018 as a private company limited by shares under the name PropNex Pte. Ltd.. On 13 June 2018, our Company was converted into a public company limited by shares and changed its name to PropNex Limited.

Our registered address is at 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480 and our telephone and facsimile numbers are +65 6820 8000 and +65 6829 6600 respectively.

Our website address is <https://www.propnex.com>. Information contained in our website does not constitute part of this Prospectus and should not be relied on.

RISK FACTORS

Prospective investors should carefully consider and evaluate each of the following risk factors (which are not intended to be exhaustive) and all other information set forth in this Prospectus before deciding to invest in the Offering Shares. Some of the following risk factors relate principally to the industry in which our Group operates and the business of our Group in general. Other risk factors relate principally to general social, economic, political and regulatory conditions, the securities market and ownership of our Shares, including possible future sales of our Shares.

If any of the following risks and uncertainties develop into actual events, our business, financial condition, results of operations and prospects could be materially and adversely affected. In such cases, the price of our Shares could decline due to any of these risks and uncertainties and you may lose all or part of your investment in our Shares.

To the best of our Directors' knowledge and belief, all risk factors which are material to investors in making an informed judgement about our Group have been set out below. Before deciding to invest in the Shares, prospective investors should seek professional advice from their advisers about their particular circumstances.

RISKS RELATING TO OUR INDUSTRY, BUSINESS AND OPERATIONS

We are dependent on Singapore's property market and are exposed to its market forces

Our real estate brokerage business is dependent on, among other things the number of property transactions completed and projects launched, and transaction prices. The number of property transactions and property prices in Singapore are largely affected by the supply and demand for properties. Typically, the demand for properties in Singapore follows a cyclical pattern and is generally affected by the Singapore economy, which is in turn affected by global economic conditions. Cyclical downturns in the property market may arise from changes in global and local economic conditions, periodic local oversupply of properties for sale or lease, government regulations and rises in interest rates. Moreover, demand for the projects that we market may be affected by the number and pricing of new project launches, which may in turn be affected by rising wage costs and levies, construction costs and development charges. Should the property market experience a downturn, demand for our real estate brokerage services is likely to slow down significantly. We cannot predict whether, when, or which parts of, the Singapore property market will experience a period of sustained growth or downturn. If the Singapore economy, or parts thereof, stagnate or contract, average property prices and the volume of activity in the Singapore property market could decrease further, which may have a material adverse effect on our business, prospects, results of operations and financial performance.

Notably, a significant portion of our revenue is derived from taking a commission on each property transaction that our salespersons broker. Please refer to the section entitled “*Management's Discussion and Analysis of Results of Operations and Financial Position – Revenue*” in this Prospectus for a breakdown of our revenue by business segments for the Period Under Review. Consequently, we may be adversely affected by factors that reduce transaction volumes or sales prices and rental rates in the Singapore property market. In particular, the number of property transactions could decrease significantly if the Singapore residential property market contracts. Transaction volumes in the Singapore residential market are dependent on numerous factors beyond our control, including (i) the level of household income and disposable income, (ii) prevailing sales prices and rental rates and the future outlook of sales prices and rental rates, (iii) vacancy rates, (iv) the availability and affordability of mortgage financing to purchase homes and the willingness of borrowers to incur mortgage loans to finance property purchases, (v) the number of foreigners or expatriates in Singapore who require rental accommodation and (vi) any change in Singapore's cultural predisposition towards property ownership or rentals. When the

RISK FACTORS

number of transactions brokered by our salespersons decreases without a corresponding increase in commissions and/or property prices, the commissions we earn will decrease. Generally, when the volume of residential property sales decreases and/or sales prices decrease, our total revenue generated from commissions decreases. Commissions for property rental transactions also depend on the duration of tenancies, which is affected by many factors beyond our control. These may in turn have a material adverse effect on our business, prospects, results of operations and financial performance.

Our business is dependent on the availability of mortgage financing

Our real estate brokerage business is particularly exposed to the level of mortgage approvals. In particular, since the Total Debt Servicing Ratio (“TDSR”) framework introduced by the MAS in July 2013 imposed restrictions on the amount that financial institutions could lend to potential property buyers, the volume of mortgage approvals in Singapore for residential property transactions has decreased considerably. A further contraction in the volume of mortgage approvals could occur. The number of mortgage approvals may be affected by (i) macroeconomic factors, such as the factors leading to the 2008 financial crisis, constrained wholesale funding markets, availability of credit and higher interest rates, (ii) new regulations, especially those increasing the capital requirements of certain banks or decreasing buyers’ ability to borrow such as the TDSR framework, and (iii) changes in lenders’ approval policies and processes.

Historically, low levels of mortgage approvals have had a direct correlation with the number of properties that we broker. Any reduction (or perceived reduction) in mortgage loan availability or in the affordability of mortgage products for prospective property buyers could result in a decrease in the volume of residential property sales transactions in Singapore, which could have a material adverse effect on our business, prospects, results of operations and financial performance.

We are subject to government policies, laws and regulations with which we may be found to be non-compliant, and changes in government policies, laws or regulations may affect our business and profitability

We are subject to government policies, laws, regulations and industry codes of conduct, in particular, those promulgated by the CEA. Please refer to the section entitled “*Government Regulations and Licensing*” of this Prospectus for further details. Regulators (in particular, the CEA) can conduct industry-wide investigations into certain products, selling practices or other aspects of the business of entities supervised by that regulator. Such investigations can arise as a result of adverse publicity in respect of another participant in the same industry as us and might not necessarily result from any action or omission by us. A regulator may determine that we have failed to comply with applicable laws, regulations or rules or that we have not undertaken corrective action required by that regulator. The impact of us being found to be non-compliant in any such inquiry and/or investigation is difficult to assess or quantify and would depend on which regulatory regime was involved and the disciplinary/enforcement powers of the relevant regulator. Such inquiries or investigations could result in adverse publicity for, or negative perceptions of us and affect our relationships with regulators as well as current and potential customers and salespersons. This may also cause our management’s attention to be diverted and additional expenses to be incurred.

We rely upon, and may be responsible for, the actions of our salespersons. Acts or omissions of our salespersons (including negligence, fraud and other misconduct) could result in us failing to comply with applicable laws, regulations, rules or industry codes of conduct, or requirements imposed or supervision by a regulator, which could lead to onerous requests for information, prosecution, disciplinary action, imposition of fines or the revocation of a permission or

RISK FACTORS

authorisation, and could result in adverse publicity for, or negative perceptions of, us and affect our relationships with our current and potential customers and applicants, as well as diverting management's attention. Any of these outcomes could have a material adverse effect on our business, prospects, results of operations and financial condition.

In addition, changes in government policies, laws, regulations and/or industry codes of conduct in Singapore may significantly decrease the number of residential property transactions and may increase the cost or reduce the profitability of providing services related to such transactions. For example, adverse tax (including stamp duty) policies, changes in the regulation of the real estate agency industry or changes in regulations relating to the granting of mortgages to potential buyers (such as the TDSR framework (see "*Risk Factors – Risks Relating To Our Industry, Business and Operations – Our business is dependent on the availability of mortgage financing*")), may affect the volume of transactions in the Singapore housing market and could also increase the cost of providing services related to such transactions. Furthermore, a change in the regulation of property sales (whether by legislation or through industry codes of conduct) may reduce or otherwise limit the amount of commission payable on sales transactions to us or other charges levied by us for providing our real estate brokerage services. Changes may also limit our ability to offer certain products and services, including our ancillary services, or prescribe more onerous requirements for the conduct of business. Even though some changes may have a beneficial impact in the medium or long term, they may create uncertainty and decrease residential property transaction volumes in the short term, which could have a material adverse effect on our business, prospects, results of operations and financial condition.

We may be liable to sanction by the CEA if we fail to comply with applicable laws and regulations

We are required to comply with the current regulatory framework. We may receive letters of advice from the CEA from time to time in relation to actions of our salespersons or our Group. While the Group has not been sanctioned by the CEA in the past, in the event that we do not comply with the provisions of the Estate Agents Act, we may be liable to sanction by CEA which may include the imposition of fines, or the suspension or revocation of our Estate Agent Licence. In such event, our business, prospects, results of operations and financial performance may be adversely affected. Please refer to the section entitled "*Government Regulations and Licensing – Estate Agents (Estate Agency Work) Regulations 2010*" of this Prospectus for letters of advice received from CEA in the past.

We may fail to successfully renew our Estate Agent Licence applicable to the Real Estate Agency Industry

We are subject to the current regulatory framework, which requires us to apply for and renew our Estate Agent Licence with the CEA annually. While we have not had any issues in renewing our Estate Agent Licence in the past and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of any of these licences, permits and approvals to be rejected by the relevant authorities, there is no assurance that we will be able to renew our Estate Agent Licence in the future under the current regulatory framework. In the event that we are unable to renew our Estate Agent Licence, it would affect our ability to continue to carry on the real estate agency business, and our business, prospects, results of operations and financial performance may be adversely affected. Please refer to the section entitled "*Government Regulations and Licensing – Regulatory Licences, Permits and Approvals*" of this Prospectus for details on our regulatory licences, permits and approvals.

RISK FACTORS

We may not be able to maintain our status as a course provider approved by CEA

Life Mastery Academy is an approved course provider certified by the CEA to provide (i) preparatory courses for individuals who intend to pursue a career as a salesperson; and (ii) CPD courses for existing salespersons. We are hence subject to the current regulatory framework, which requires us to renew our approval as an ACP with the CEA annually. While we have not had any issues in renewing our approval as an ACP in the past and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of any of these licences, permits and approvals to be rejected by the relevant authorities, there is no assurance that we will be able to renew our approval as an ACP in the future under the current regulatory framework. In the event that we are unable to renew our status as an ACP, our ability to continue to carry on the business of providing real estate training, and consequently our business, prospects, results of operations and financial performance, may be adversely affected. Please refer to the section entitled “*Government Regulations and Licensing*” of this Prospectus for details on our regulatory licences, permits and approvals.

Significant increases in interest rates generally decrease the number of home sales

Any increase in interest rates on mortgage products which results in higher monthly payments by borrowers may make mortgage products unaffordable for some prospective property buyers. Any perception by prospective property buyers that interest rates on mortgage products could increase in the future may result in a reluctance of prospective property buyers to incur mortgage debt to finance a residential property purchase.

While a modest increase in the base rate may not significantly affect the housing market (since current rates are low), increases in the base rate have previously had a negative impact on the Singapore housing market because interest rates charged on mortgages have increased correspondingly, thereby making it more expensive for prospective buyers to purchase residential property. Prospective buyers who can obtain a mortgage at current interest rate levels may be deterred by the possibility of increased rates and instead elect to remain in their current property or to continue renting. Higher interest rates (and, in turn, higher monthly interest payments) may make mortgages unobtainable for some prospective buyers. Any of these factors could depress Singapore’s residential property market, which may reduce the volume and value of property transactions we broker and the revenue derived from them. This could have a material adverse effect on our business, prospects, results of operations and financial performance.

We are highly dependent on recruiting and/or retaining our salespersons and Team Leaders

We believe that our market position is highly dependent on the competency of our salespersons and Team Leaders. As at the Latest Practicable Date, we have 7,248 salespersons and approximately 200 Team Leaders. In the event that we are unable to recruit and/or retain our salespersons and Team Leaders, our business and financial performance may be materially and adversely affected.

Our salespersons and team managers work in teams led by Team Leaders, and it is not unusual for our salespersons and Team Leaders to leave our Group in team(s) in the event the respective Team Leaders leave our Group. As at the Latest Practicable Date, we have in total approximately 200 teams of salespersons, with each team differing in size, ranging from approximately 10 to 500 salespersons each as their downline. In the event that the departing team(s) (i) contribute towards a significant portion of our revenue, and if we fail, for any reason, to recruit salespersons and

RISK FACTORS

Team Leaders to replace the departing teams or individuals in a timely manner or (ii) set up competing business, our business, prospects, results of operations and financial performance may be materially and adversely affected.

Pursuant to the current regulatory framework, salespersons have to meet minimum requirements for the renewal of their registration as salespersons with CEA. In the event that a large number of our existing pool of salespersons are inactive and/or unqualified, and are unable to meet the criteria for the renewal of their registration with CEA, the number of our salespersons may decrease, and our business and financial performance may be materially and adversely affected.

In addition, our high-performing salespersons are key to the success of our business. All of our salespersons are independent contractors and are able to leave us at short notice and potentially join other agencies. There is substantial competition for high-performing salespersons in the industry, which is characterised by high levels of salesperson turnover. As we rely heavily on commissions generated by our salespersons, the loss of high-performing or a substantial number of salespersons, especially to competitors, or an inability to attract, retain and motivate additional high-performing salespersons required for the expansion of our business, could have a material adverse effect on our business, prospects, results of operations and financial performance.

We are dependent on the strength of the PropNex brand and on our reputation and goodwill, all of which may be affected by factors such as litigation, salesperson and employee misconduct and negative publicity

The strength of the PropNex brand and our reputation and goodwill underpin consumer perception of us. We operate in an industry where integrity, trust and confidence are important. Consequently, we are exposed to risks which could undermine any of those characteristics, such as, but not limited to, litigation, salesperson and employee misconduct, operational failures, adverse regulatory investigations, negative publicity or press speculation (including adverse social media commentary), unauthorised disclosure of or access to confidential or personal information and poor service.

In particular, the conduct of our salespersons and Team Leaders, both past and present, may affect our brand name and reputation as a quality service provider.

The real estate industry is subject to rapid changes and developments. We strongly encourage our salespersons and Team Leaders to continually update themselves to keep pace with market developments. In the event that our salespersons and Team Leaders are not updated with the latest developments in the industries in which we serve and/or are unable to provide quality service to our customers, our brand name and reputation as a quality service provider may be negatively affected and hence may adversely affect our business, prospects, results of operations and financial performance.

As our salespersons and Team Leaders are mobile and they interact with our customers and the public on a daily basis, we may not be able to closely monitor and manage the conduct of our salespersons and Team Leaders on a constant basis. Our ex-salespersons and ex-Team Leaders may continue to pose as representatives of our Group. In the event that our past or present salesperson or Team Leader commits fraud or misrepresents or acts illegally alleging to represent our Group, our brand name and reputation as a quality service provider may be negatively affected and our business, prospects, results of operations and financial performance may be adversely affected.

RISK FACTORS

While there has not been a material adverse impact on our Group's operations and/or financial condition as a result of any of the above risks and we continually review our risk management policies and procedures, keep track of misconduct by salespersons and employees and have policies and procedures in place to minimise the impact of any such misconduct, we cannot assure you that these procedures will be sufficient (for example, to avoid salesperson fraud). Failure (or the perception that we have failed) to develop, implement, monitor and when necessary pre-emptively upgrade our risk management policies and procedures could adversely affect our reputation.

Additionally, as we have franchised and licensed the use of the PropNex brand to our master franchisee in Indonesia (and its sub-franchisees) and master licensees in Malaysia (and their sub-licensees) respectively, the strength of the PropNex brand and our reputation are also subject to consumer perception in those territories, of which we have little or no control over.

Furthermore, adverse publicity about another operator in our industry may have a negative impact on us even if we are not (or have not been) directly involved. While our Company and our salespersons are covered under professional indemnity insurance which may help to mitigate economic losses, any such occurrence could materially and adversely impact our reputation and goodwill, cause loss of consumer and customer confidence in us and loss of customers, which could in turn have a material adverse effect on our business, prospects, results of operations and financial performance.

We may be liable for representations made by us, or our salespersons and Team Leaders

From time to time, dissatisfied customers may lodge complaints or take legal action against us for certain representations which we or our salespersons may have made in the course of promoting property developments, marketing new and resale properties for other developers and our marketing activities. While our Company and our salespersons are covered under professional indemnity insurance which may help to mitigate economic losses, any such occurrence could materially and adversely impact our reputation and goodwill, cause loss of customer confidence in us and loss of customers, which could in turn have a material adverse effect on our business, prospects, results of operations and financial performance. As at the Latest Practicable Date, we have not received and/or are aware of any complaint or dispute against our Group which may adversely affect our financial performance.

As a result of such complaints lodged or legal action taken against us, we may be held liable for any damages suffered by our customers, and our financial conditions or results of operations may be materially affected depending on the quantum of damages payable. Even if we are not held liable for any damages, the negative publicity arising from any such complaints to the press, CEA, MAS or any other governmental authorities may adversely affect our reputation, business, prospects, results of operations and financial performance.

We are dependent on our ability to retain the existing franchisees and licensees, as well as our ability to attract new franchisees and licensees

We have franchised the use of the PropNex brand and certain PropNex trademarks to our master franchisee in Indonesia and also licensed the use of the same to our master licensee in Malaysia. We are dependent on our ability to retain our existing master franchisee and its sub-franchisees as well as our master licensee and their sub-licensees, and our ability to attract new franchisees and licensees. We also intend to expand and deepen our presence in key markets in the Asia-Pacific region either by setting up a brokerage office, entering into franchise or licence

RISK FACTORS

arrangements with local operators or joint ventures with local operators, as described in the section entitled “*Prospects, Business Strategies and Plans*” of this Prospectus.

Our existing master franchisee and/or master licensees may terminate their master franchise agreement and/or master licence agreement respectively and join another franchise or license network or commence their own operations, subject to compliance with any applicable non-compete restrictions. This would reduce the revenue we generate from our master franchisee and its sub-franchisees as well as our master licensees and their sub-licensees. If we are also unable to attract new franchisees and/or licensees, our business, prospects, results of operations and financial performance could be materially and adversely affected.

The revenue that we generate from our franchisees and licensees is also dependent on their performance, as the amount of royalties paid to us by them is generally computed as a percentage of their respective gross revenues. Further, while there have not been any material disagreements or disputes with our master franchisee or master licensees, we cannot assure you that disagreements or disputes over material terms of the master franchise agreement or master licence agreement (such as fees or performance of obligations) will not arise in the future between the parties. Poor performance by or disagreements or disputes with our master franchisee and/or master licensees may have a material adverse effect on our business, prospects, results of operations and financial performance, as well as the reputation of the PropNex brand.

We rely on information technology systems and services to operate our business and maintain our competitiveness

Our business operations are substantially dependent on the reliability and efficiency of our information technology (“IT”) systems, including technology and systems utilised for communications, call centre operations, agency management and administrative systems. These IT systems and services may be provided by third party suppliers and service providers, which quality and consistency of services we are unable to control.

We may also face disruptions arising from (i) power losses, computer systems failure, data communications or telecommunications failures, operator error, and losses and corruption of data; or (ii) computer viruses, hackers seeking to disrupt operations or misappropriate information and other physical or electronic breaches of security. Any interruption or extended interruption in our technologies or systems could significantly curtail our ability to conduct business.

In addition, our information technologies and systems are expected to undergo refinements and updates on a continual basis and we expect that advanced new technologies and systems will continue to be introduced. In the event that our systems become outdated and we cease to be able to compete effectively, our business, prospects, results of operations and financial performance may be adversely affected. Also, there can be no assurance that we will achieve the benefits anticipated or required from any new technology or system, or that we will be able to devote financial resources to new technologies and systems in the future.

We are subject to regulations and other legal obligations relating to privacy and data protection

We process, store and use personal information and other data which subjects us to regulations and other legal obligations relating to privacy and data protection. If the security measures of our designated data centres and networks are compromised, proprietary information of our customers or information belonging to our customers may be misappropriated. While we aim to comply with all relevant regulations and have put in place the necessary data protection policies and controls

RISK FACTORS

and we believe that the measures in place are sufficient, we are susceptible to breaches that may arise from inadvertent oversight. Please refer to the section entitled “*Government Regulations and Licensing – Personal Data Protection Act 2012*” in this Prospectus for a past breach of the Personal Data Protection Act 2012.

There is no assurance that our various measures will adequately address any other future breaches and/or non-compliance with applicable laws and/or regulations. Inability to maintain confidentiality of customer data in our possession due to security breaches, errors, malfunctions, breakdowns of our information technology systems or defects in service could damage our reputation and cause us to lose customers and subject us to significant liability under breach of confidentiality provisions, which, either alone or in aggregate could have a material adverse effect on our business, prospects, results of operations and financial performance. Additionally, any actual or perceived failure on our part to comply with such regulations and obligations could expose us to liabilities and penalties and harm our business and reputation.

Our business depends substantially on the continuing efforts of our management and other key personnel

Our future success substantially depends upon the continued services of our management and other key employees. Our success to date has been largely attributable to the efforts of our management team. If one or more of our management or key personnel are unable or unwilling to continue in their present positions, we might not be able to replace them easily or at all. Competition for management in our industry is intense, and we may not be able to retain management personnel or attract and retain new management personnel in the future. Furthermore, if any of our management or key personnel were to join a competitor or form a competing company, we may lose customers, suppliers, expertise, key professionals and staff members. While we have put in place provisions in relevant service agreements relating to non-competition and confidentiality, we cannot assure you that the departure and transition of management personnel will not cause disruption to our operations or customer relationships, or materially impact our results of operations. Please refer to the section entitled “*Directors, Management and Staff – Service Agreement*” for details relating to the service agreements with our Executive Directors.

There can be no assurance that we will be successful in retaining our management or key employees or will be able to hire qualified management personnel to replace them, should such a need arise. In such events, our business may be severely disrupted and it may materially and adversely affect our business, prospects, results of operations and financial performance. Furthermore, we presently do not maintain key man life insurance for any of the senior members of our management team or other key personnel. The loss of any member of our senior management or other key personnel may have a material adverse effect on our business, prospects, results of operations and financial performance.

We are subject to political, economic and social developments, as well as the laws, regulations and licensing requirements, in the countries in which we operate

Our business may be materially and adversely affected by local and global developments in relation to inflation, bank interest rates, government policies and regulations and other conditions which impact on social, economic and political stability. Our business activities are subject to the legal and regulatory framework in these countries and these laws and regulations may change and are often subject to a number of conflicting interpretations. We have no control over such

RISK FACTORS

conditions and developments and there is no assurance that such conditions and developments will not occur and adversely affect our business, prospects, results of operations and financial performance.

Our business and financial performance may be adversely affected by changes in and uncertainty surrounding governmental policies, in particular with respect to business laws and regulations, licences and permits, taxation, interest rates, exchange control regulations and price and wage controls. Any changes in economic, political, legal and regulatory conditions or policies in these countries may also adversely affect our business, prospects, results of operations and financial performance.

We face significant competition in all our businesses

Our Group faces significant competition in the business segments in which it operates in from new and existing competitors in Singapore and elsewhere.

Real Estate Brokerage

The real estate brokerage industry in Singapore is highly competitive, and we face significant competition from local and foreign real estate agencies with a similar focus. Our key competitors in the Singapore market are ERA Realty Network Pte Ltd, OrangeTee & Tie Pte Ltd and Huttons Asia Pte Ltd. In addition, as barriers to entry in the Real Estate Agency Industry are relatively low, new competitors may enter and compete with us. This may include market disruptors that leverage on technology such as Property Guru or 99.co which facilitate transactions without salespersons thus allowing cost savings for parties to the transaction. Our salespersons may also be recruited by new and existing competitors. Keen competition amongst the real estate agencies in Singapore may depress the commission that we charge our customers, increase the commission that we pay to our salespersons, and/or reduce the number of property transactions completed by our Group. Our large and multi-racial pool of salespersons, quality of services and brand name recognition give us a competitive edge. In the event we are unable to compete effectively with the other real estate agencies or new entrants with different business models due to a loss of our competitive edge, our business, prospects, results of operations and financial performance may be adversely affected.

In relation to our real estate project marketing business, our performance is dependent on our ability to secure and market new projects both locally and overseas. We compete with other real estate agencies to secure new projects by emphasising, among other things, our expertise in the real estate industry, our large and multi-racial pool of salespersons to assist in the marketing of the projects, and the quality of our services. In the event there is a decrease in the number of new projects being launched, or if there is increased competition from our competitors, we may be unable to secure new projects. We may also incur increased marketing costs due to unforeseen circumstances such as adverse weather conditions. In such cases, our business, prospects, results of operations and financial performance may be adversely affected.

Property Management

In relation to our property management business, we compete on our quality of service and brand name recognition. In the event we are unable to offer superior services, manage our costs efficiently, or are otherwise unable to compete effectively with our competitors, we may be unable to secure new properties to manage and/or renew our existing property management agreements with the various developments. In such cases, our business, prospects, results of operations and financial performance may be adversely affected.

RISK FACTORS

Training

In relation to our training business, we are not the only provider accredited by CEA to provide (i) preparatory courses for individuals who intend to pursue a career as a salesperson; and (ii) CPD courses for existing salespersons. There is no assurance that we are able to sustain the current level of sign-ups with our Group for such courses. If more organisations are approved by CEA to provide such courses, with the increase in supply of ACPs, there may be increased competition amongst the various ACPs competing to sign up a limited pool of participants. In the event we are unable to recruit experienced trainers to conduct our courses, introduce relevant courses and seminars, or are otherwise unable to compete effectively with other course providers, our business, prospects, results of operations and financial performance may be adversely affected.

We are dependent on our relationships with property developers for access to a pipeline of new projects

We carry out project sales and marketing through PropNex International with support from PropNex Realty. Our close relationships with property developers in Singapore, coupled with our strong presence as the largest real estate agency in Singapore, allow us to secure a steady stream of marketing mandates for new projects. We maintain close working relationships with property developers and assist them in a variety of areas including project consultancy, pre-launch marketing and sales.

While we believe that we have cultivated strong relationships with major residential property developers in Singapore and we intend to continue building these relationships going forward, there can be no assurance that we will be able to maintain close working relationships with the developers or be appointed as marketing agent for their projects.

Any adverse development in our relationships with property developers may limit our involvement in new projects and reduce the revenue we generate from new home sales, which could have a material adverse effect on our business, prospects, results of operations and financial performance.

Litigation and other adversarial actions in the ordinary course of business could materially adversely affect us

We may be subject to disputes, claims and complaints, lawsuits including adversarial actions, by customers, salespersons, employees, suppliers, insurers, property information platform providers, parties which we may collaborate with, and others in the ordinary course of business. Relevant regulators and governmental authorities may also bring administrative or other enforcement actions against us. Significant claims or a substantial number of small claims may be expensive to defend, may divert the time and focus of management away from our operations and may result in us having to pay monetary judgements, any of which could have a material adverse effect on our results of operations and financial condition. In addition, adverse publicity arising from any litigation or adverse judgement against us could negatively impact our reputation, even if we are not found liable, which could in turn have a material adverse effect on our business, prospects, results of operations and financial performance. Please also refer to “*General Information – Litigation and Arbitration Proceedings*” of this Prospectus.

RISK FACTORS

Acquisitions, joint ventures and strategic alliances which we may undertake and/or enter into may not achieve the expected financial returns and/or may place significant demands on our resources

We may in the future expand our business through acquisitions, locally or in foreign jurisdictions. We would before doing so undertake an analysis of the market opportunity in respect of the acquisition target, including estimating the value of the target and the market potential of the jurisdiction in which it operates. However, there can be no guarantee that our analysis of the market opportunity, or in respect of the jurisdiction in question will provide an accurate indication of its future potential. If the market opportunity is less profitable than we expected following the acquisition, we may not be able to achieve the returns which we anticipated. Any expansion in foreign jurisdictions carries additional risks compared to acquisitions we might undertake in Singapore. Please refer to the risk factor entitled “*Risk Factors – Risks relating to our industry, business and operations – We may not be able to successfully implement our business and growth strategies or replicate our business model in other geographic markets*” of this Prospectus. If we fail to manage the risks associated with our acquisition and are unable to implement, integrate and manage an expansion plan successfully, it may adversely affect our business, prospects, results of operations and financial performance.

We may also undertake joint ventures with strategic partners in order to tap into strengths they may offer or mitigate certain risks. There is no guarantee that such joint ventures will be successful and should we fail to manage the risks associated with joint ventures, it may adversely affect our business, prospects, results of operations and financial performance. We currently have a joint venture with JLL through PropNex International. The relationship between the parties is governed by the PropNex International SHA, a summary of which is set out in the section entitled “*Our Business – Our Services – Real Estate Brokerage – Joint Venture with JLLPC*” of this Prospectus. If we, or our Controlling Shareholders, are unable to fulfil our obligations under the PropNex International SHA, it may adversely affect our business, prospects, results of operations and financial performance.

Further, any expansion strategy we may implement may place significant demands on our management, administrative, operational, IT, financial and other resources.

The successful implementation of any expansion strategy depends on our ability to continue maintaining, developing and integrating our management, administrative, operational, financial and accounting systems, internal controls and supervisory procedures. As our operations expand, we may also be required to incur further expenditure and effort to invest in our IT systems and infrastructure. Although our management, administrative, operational, financial and accounting systems and internal controls and supervisory procedures have been designed to be scalable and to support any anticipated expansion strategy, there can be no assurance that they will be suitable or perform as designed. The actions, processes and events we may undertake in furtherance of any expansion strategy are time-consuming and may be expensive, will increase management responsibilities and will divert management attention. In the event that there is prolonged strain on management resources without the successful implementation of strategies, this may have a material adverse effect on our business, prospects, results of operations and financial performance.

We may not be able to successfully implement our business and growth strategies or replicate our business model in other geographic markets

As part of our future business plans, and in order to improve our future growth and earnings, we intend to expand our presence locally and regionally through the franchising/licensing of our real estate agency business, and through potential acquisitions and joint venture opportunities. In

RISK FACTORS

addition, we also intend to expand the range of our business services, especially in relation to our new business in real estate consultancy, to include the provision of valuation services, research and marketing services and corporate leasing services. Please refer to the section entitled “*Prospects, Business Strategies and Plans – Business Strategies and Plans*” of this Prospectus for further details.

Our future business plans and growth strategies will require substantial capital expenditure and financial resources. The success of our future business plans depends on many factors, some of which are not within our control, including future local, regional and global economic conditions. We may not succeed in expanding our business into new jurisdictions on a timely basis or in achieving profitability, and we may not be able to transfer skills and experience from one market to another or be able to deliver consistent quality of service across the markets we target to expand into. In addition to regulatory barriers, we may also encounter problems conducting operations in new jurisdictions with different cultures and legal systems where historical practices may not align with our business practices and corporate policies, or where we have limited knowledge and understanding of the local economy and businesses, an absence of business relationships or unfamiliarity with local governmental and relevant laws and regulations. Such new jurisdictions may present distinct market opportunities, risk profiles and competitive landscapes. Growth strategies we successfully adopt in one jurisdiction may not be viable for our business in another jurisdiction. There is no assurance that we would be able to transplant and adapt our existing business model successfully to any other jurisdiction or that we would not risk prohibitive costs and expenses doing so. Any of these factors could materially and adversely affect our ability to successfully expand our business, and our failure to effectively manage any expansion could have a material adverse effect on our business, prospects, results of operations and financial performance.

We may require additional capital in the longer term, depending on factors such as regulatory changes or the pursuit of our growth strategy. Such additional capital may not be available or may only be available on unfavourable terms.

Our capital requirements depend on numerous factors, including, but not limited to, working capital. If our capital requirements in the longer term were to vary materially from those which we currently anticipate, or if we require significantly more capital for any expansion we may undertake than anticipated, we might require additional financing. In order to be able to meet our financial obligations, we may need to obtain borrowing facilities or seek to raise funds in the capital markets, failing which we may have to raise additional capital from Shareholders. There can be no assurance that we will be able to raise additional funds, whether in the form of debt or equity, when needed or that such funds will be available on terms acceptable to us.

A number of factors (including conditions in the credit, debt and equity markets and general economic conditions) may make it difficult for us to obtain additional financing or raise capital on favourable terms or at all. If, in the longer term, we fail to raise additional funds when needed or to obtain such funds on terms acceptable to us, this could affect any plans for expansion and could have a material adverse effect on our business, prospects, results of operations and financial performance.

We are subject to defaults and/or delays in payments by our customers

Depending on the creditworthiness of our customers, we are exposed to payment delays and defaults by our customers. We depend on the prompt payment of, among other things, (i) commission for our real estate brokerage business; and (ii) management fees for our property management business.

RISK FACTORS

There is no assurance that we will be able to successfully and/or promptly collect payments from our customers, including purchasers, sellers or developers, or we will not experience cashflow problems in the event of such defaults in payments. Should these develop into actual events, or in the event there is an increase in the number of such defaults in payment, our cashflow and financial position may be adversely affected. Please refer to the section entitled “*Our Business – Credit Management*” of this Prospectus for an analysis of our Group’s credit management.

We may be affected by our leases owing to rental increases, failure to procure renewals of existing leases or new leases at strategic locations, or termination of leases prior to expiry

We lease all of our premises for our business operations. Given the economic growth of Singapore generally, rental costs in Singapore for new or renewed leases may increase. We may also be unable to obtain or renew leases on terms and conditions favourable to us, or at all. In addition, in the event a landlord is of the opinion that our manner of occupation or our operations are not consistent with the landlord’s terms or conditions for use of the premises, we may be subject to inspections, required to adapt or curtail our operations, and/or our lease of such premises may be terminated.

The termination or non-renewal of our leases or renewal upon less favourable terms may have an adverse effect on our business, prospects, results of operations and financial performance as we may have to seek alternative premises for existing business operations, and there can be no assurance that alternative premises will be available at comparable locations or leased on comparable terms.

We may not be adequately insured

Certain liabilities and risks in respect of our business, operations and assets may not be covered or adequately covered by insurance for a variety of reasons. As far as we are aware, our insurance coverage and requirements are in line with industry practice. However, in the event of significant disruption to our operations or damage to our properties or assets, whether as a result of fire and/or other causes, and to the extent that such disruption or damage is not covered or adequately covered under our insurance, this may have a material adverse impact on our results of operations or financial condition. In the event that we are not insured or are inadequately insured against losses, damages or liabilities, our business, prospects, results of operations and financial performance may be adversely affected. In addition, the payment by our insurers of such insurance claims may result in increases in the quantum of premiums payable by us for our insurance policies. In such cases, our financial position may be adversely affected. Please refer to the section of this Prospectus entitled “*Our Business – Insurance*” for more details on the insurance of the Group.

We may be subject to foreign exchange risks

We intend to expand our overseas presence by undertaking more overseas real estate project marketing and overseas franchise of our real estate agency business. If these businesses grow significantly, our exposure to foreign exchange risks will correspondingly increase as a result of an increase in the number of transactions denominated in currencies other than the respective functional currencies of our Group. Any significant fluctuation of the Singapore dollar against the respective foreign currencies may adversely affect our financial performance.

RISK FACTORS

We may be affected by the occurrence of any acts of God, such as natural disasters, war, terrorist attacks, riots, civil hostilities, widespread communicable diseases (such as MERS, Ebola, the avian flu, H1N1, SARS and the Zika virus) and other events beyond our control

Acts of God, such as natural disasters, war, terrorist attacks, riots, civil hostilities, and widespread communicable diseases (such as MERS, Ebola, the avian flu, H1N1, SARS and the Zika virus) are beyond the control of our Group. These may materially and adversely affect the economy, infrastructure and livelihood of the local population or regions in the markets that we operate in. As our Group's business requires interactions and communications between salespersons, homeowners and developers, should such acts of God occur, these may prevent or deter such interactions and may adversely affect our Group's business and operations. Such events may also reduce demand for real estate and may affect the amount of commission earned by the Group. There can be no assurance that any war, adverse political development, terrorist attack or other hostilities in any part of the world, potential, threatened or otherwise, will not, directly or indirectly, have a material adverse effect on our business, prospects, results of operations and financial performance.

In addition, any worldwide financial instability, such as the recent economic slowdown, could also have a negative impact on the regional economy. Financial disruptions may occur and may harm our business, prospects, results of operations and financial performance. Please refer to the risk factor entitled "*We are dependent on Singapore's property market and are exposed to its market forces*" of this Prospectus for a more detailed analysis of the related risks.

RISKS RELATING TO OWNERSHIP OF OUR SHARES

Our Shares may not be a suitable investment for all investors

Each prospective investor in the Shares must determine the suitability of that investment in light of its own circumstances. In particular, each prospective investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Shares, our Company, the merits and risks of investing in the Shares and the information contained or incorporated by reference in this Prospectus;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Shares and the effect the Shares will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Shares, including where the currency of the Shares is different from the prospective investor's currency;
- understand thoroughly the terms of the Offering; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

RISK FACTORS

Public trading in our Shares might not develop. The Offering may not result in an active or liquid market on the SGX-ST for our Shares

We have received an eligibility-to-list letter from the SGX-ST to have our Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that liquid trading in our Shares will develop after the Offering and that its price will not fall below the Offering Price. The Offering Price for our Shares was determined by way of a book-building procedure and will not necessarily provide any indication of the price at which they will subsequently be traded on the SGX-ST. We cannot predict the extent of investors' interest in our Shares, or that such interest will foster trading, in particular, if the number of Shares allotted to investors in the course of the Offering will be substantially less than envisaged. Although we currently intend that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares on the SGX-ST. If our Shares are suspended from quotation on, or removed from trading on the SGX-ST, you will not be able to trade your Shares on the same and there is no assurance that you will be entitled to compensation or an exit offer, or should you be so entitled, that you will receive realisation for your investments that you would have been able to obtain through trading your Shares on the SGX-ST.

Our Controlling Shareholders will retain significant control over our Group after the Offering which will allow it to influence the outcome of matters submitted to Shareholders for approval

Upon completion of the Offering, and assuming the full exercise of the Over-allotment Option, our Controlling Shareholders, namely P&N, Mr. Mohamed Ismail and Mr. Alan Lim, will together own approximately 63.9% of our Company's post-Offering share capital. As a result, our Controlling Shareholders will be able to exercise significant influence over matters requiring the approval of Shareholders, including the election of Directors and approval of significant corporate transactions. Our Controlling Shareholders will also have majority control of the Group and will be able to approve with respect to any action of Shareholders' requiring a majority vote except where they are required by the rules of the Listing Manual or other applicable regulations to abstain from voting. Such concentration of ownership could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, take-over or other business combination involving our Company, or discourage a potential acquirer from making a take-over offer or otherwise attempting to obtain control of our Company.

Future sales or issuances of a substantial number of our Shares may depress the market price of our Shares. Future capitalisation measures could lead to substantial dilution of existing shareholders' interests in our Company

Sales of substantial amounts of our Shares in the public market following this Offering, or the perception that these sales could occur, could cause the market value of our Shares to decline. These sales could also make it more difficult for us to sell equity or equity-related securities in the future at a time and price that we consider appropriate.

Immediately upon closing of the Offering and assuming the full exercise of the Over-allotment Option, P&N, Mr. Mohamed Ismail and Mr. Alan Lim will still have a controlling shareholding in our Company, holding approximately 63.9% of the voting rights. All of these shares are bound by a moratorium for a period of six (6) months from the admission of our Shares to trading on the SGX-ST. In addition, certain other Shareholders have also agreed to subject their shares to a moratorium. Please refer to the section entitled "Shareholders – Moratorium" of this Prospectus for further details.

RISK FACTORS

In addition to the above, our issuance of additional equity securities or securities with rights to convert into equity could potentially reduce the market price of our Shares and would dilute the economic and voting rights of existing shareholders if made without granting subscription rights to these shareholders.

We cannot be assured that our Shareholders will not sell a substantial number of their Shares following the expiry of their respective moratoriums. A sale of a substantial number of these Shares or the perception that these sales could occur could cause the market value of our Shares to decline.

Our Share price may fluctuate following this Offering

After this Offering, the price of our Company's shares could fluctuate significantly and rapidly in response to, amongst other things, the following factors, some of which are beyond our control:

- changes in conditions affecting our industry, general economic and stock market conditions, stock market sentiments or other events or factors;
- variations in our operating results;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in market valuations and share prices of companies with similar businesses to our Company and which are listed on the SGX-ST;
- the general volatility of stock exchange prices;
- announcements by our competitors or us of gain or loss of significant contracts, acquisitions, strategic partnerships, joint ventures or capital commitments;
- additions or departures of key personnel;
- fluctuations in stock price and trading volume;
- involvements in litigation or arbitration;
- success or failure of our management team in implementing business and growth strategies; and
- negative publicity involving our Company, any of our Directors, Executive Officers or Substantial Shareholders, whether or not it is justified.

Any of the factors listed above could adversely affect the price of the Shares and you may not be able to resell your Shares at a price that is attractive to you, or at all.

RISK FACTORS

Investors in our Shares would face immediate and substantial dilution in NAV per Share and may experience future dilution

Our Offering Price of 65 cents is higher than our Group's NAV per Share of 15.2 cents as at 31 December 2017 (adjusted for the effects of the Offering) by 49.8 cents. Thus, there is an immediate and substantial dilution in the book value per Share for investors who purchase our Shares. If we were liquidated for NAV immediately following the Offering, each Shareholder subscribing to the Offering would receive less than the price they paid for their Shares. Please refer to the section entitled "*Dilution*" of this Prospectus for further details.

In addition, we intend to issue options under our PropNex ESOS and share awards under our PropNex PSP. To the extent that new Shares are issued pursuant to the exercise of our Options, or such awards are released and new Shares are issued pursuant to such release, there will be further dilution to investors participating in the Offering. Further details of the PropNex PSP and PropNex ESOS are described under the sections entitled "*PropNex PSP*" and "*PropNex ESOS*" of this Prospectus and in Appendices D and E of this Prospectus where the rules of the PropNex PSP and PropNex ESOS respectively are set out.

We may not be able to pay dividends

Our ability to declare dividends in relation to our Shares will depend on our future financial performance which, in turn, depends on successfully implementing our strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices of our products, and other factors specific to our industry, many of which are beyond our control.

Further, our ability to declare dividends will also be dependent on dividend distributions from our principal operating subsidiaries and associated companies. While none of our principal operating subsidiaries and associated companies currently have any such loan facilities, they may, from time to time, enter into loan facilities with various banks and financial institutions pursuant to which the relevant subsidiary or associate may be prohibited from making any distribution (including dividends) unless the relevant bank or financial institution has determined that such distribution will not affect the ability of that subsidiary or associate, as the case may be, from repaying that particular loan.

In addition, the receipt of dividends from our principal operating subsidiaries and associated companies may be adversely affected by the passage of new laws, adoption of new regulations or changes to, or in the interpretation or implementation of, existing laws and regulations and other events beyond our control.

Please refer to the section entitled "*Dividend Policy*" of this Prospectus for further details.

Singapore law contains provisions that could discourage a take-over of our Company

Sections 138, 139 and 140 of the SFA and the Take-over Code (collectively, the "**Singapore Take-over Laws and Regulations**") contain certain provisions that may delay, deter or prevent a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30% or more of our Shares, or, if such person holds, either on his own or together with parties acting in concert with him, not less than 30% but not more than 50% of our Shares, and he (or parties acting in concert with him) acquires additional Shares representing more than 1% of our

RISK FACTORS

Shares in any six (6) month period, must, except with the consent of the Securities Industries Council, extend a take-over offer for the remaining Shares in accordance with the provisions of the Singapore Take-over Laws and Regulations. While the Singapore Take-over Laws and Regulations seek to ensure equality of treatment among Shareholders, their provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our Company. Some of our Shareholders, which may include you, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of shares at a price above the prevailing market price.

Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues by us

If we offer, or cause to be offered, to holders of our Shares rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making these rights available to holders of our Shares or in disposing of these rights for the benefit of such holders and making the net proceeds available to such holders. We may not be able to offer these rights to the holders of our Shares having an address in a jurisdiction outside Singapore. Accordingly, Shareholders who are outside or have a registered address outside Singapore may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

SELECTED COMBINED FINANCIAL INFORMATION

The following selected combined financial information should be read in conjunction with the full text of this Prospectus, including the section entitled “*Management’s Discussion and Analysis of Results of Operations and Financial Position*” of this Prospectus, and the section entitled “*Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017*” as set out in Appendix A of this Prospectus.

Combined Statements of Comprehensive Income

	FY2015 S\$	FY2016 S\$	FY2017 S\$
Revenue	204,772,478	245,034,849	361,255,677
Cost of services rendered	(185,585,206)	(225,902,060)	(327,499,946)
Finance income	75,567	87,810	121,231
Other income	2,711,652	2,543,923	2,816,525
Staff costs	(6,935,162)	(7,611,470)	(8,283,136)
Depreciation of plant and equipment	(397,296)	(407,516)	(373,702)
Other expenses	(5,312,118)	(3,781,937)	(5,847,282)
Share of loss of associate	—	—	(33,000)
Profit before tax	9,329,915	9,963,599	22,156,367
Tax expense	(1,010,890)	(1,104,509)	(3,270,956)
Profit from continuing operations	8,319,025	8,859,090	18,885,411
Profit attributable to:			
Owners of the Company	6,541,488	7,615,625	16,273,279
Non-controlling interests	1,777,537	1,243,465	2,612,132
Profit for the year	8,319,025	8,859,090	18,885,411
Earnings per share			
Basic and diluted ⁽¹⁾	2.13	2.48	5.30
Adjusted ⁽²⁾	1.77	2.06	4.40

Notes:

- (1) For comparative purposes, the basic and diluted earnings per Share have been computed based on our share capital of 307,100,000 Shares (after adjusting for the Share Split) prior to the completion of the Offering and the issue of the Cornerstone Shares.
- (2) For comparative purposes, the adjusted earnings per Share have been computed based on our share capital of 370,000,000 Shares (after adjusting for the Share Split) immediately after the completion of the Offering and the issue of the Cornerstone Shares.

SELECTED COMBINED FINANCIAL INFORMATION

Combined Statements of Financial Position of our Group

	As at 31 December 2015 S\$	As at 31 December 2016 S\$	As at 31 December 2017 S\$
ASSETS			
Plant and equipment	799,146	683,024	1,747,231
Trademark	7,862	7,862	7,862
Associate	—	—	—
Non-current assets	807,008	690,886	1,755,093
Current assets			
Trade and other receivables	25,632,488	34,025,557	62,926,455
Cash and cash equivalents	12,948,404	16,129,642	27,675,713
Total current assets	38,580,892	50,155,199	90,602,168
Total assets	39,387,900	50,846,085	92,357,261
EQUITY			
Share capital	435,002	435,002	435,002
Translation reserve	7,058	11,645	10,608
Capital reserve	207,119	606,615	606,615
Accumulated profits	7,972,722	10,468,347	17,045,941
Equity attributable to owners of the Company	8,621,901	11,521,609	18,098,166
Non-controlling interests	2,215,096	1,510,393	3,061,404
Total equity	10,836,997	13,032,002	21,159,570
Liabilities			
Deferred tax liability	30,714	30,714	143,710
Non-current liability	30,714	30,714	143,710
Trade and other payables	26,812,020	36,001,153	67,211,115
Current tax liabilities	1,067,960	1,160,212	3,194,525
Deferred income	640,209	622,004	648,341
Current liabilities	28,520,189	37,783,369	71,053,981
Total liabilities	28,550,903	37,814,083	71,197,691
Total equity and liabilities	39,387,900	50,846,085	92,357,261

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following discussion and analysis of our results of operations and financial position has been prepared by our management and should be read in conjunction with the sections entitled “*Selected Combined Financial Information*” and “*Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017*” as set out in Appendix A of this Prospectus.

This discussion and analysis contains forward-looking statements that reflect our current views with respect to future events and our financial performance and they involve risks and uncertainties. Our actual results may differ significantly from those anticipated in the forward-looking statements as a result of any number of factors, including those set forth in this section and under the sections entitled “*Risk Factors*” and “*Cautionary Note on Forward-looking Statements*” of this Prospectus. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled “*Risk Factors*”. Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Issue Manager, Underwriter and Placement Agent or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the sections entitled “*Risk Factors*” and “*Cautionary Note on Forward-Looking Statements*” of this Prospectus for further details.

OVERVIEW

We are an integrated real estate services group. Based on CEA's media release on 4 January 2018, as at 1 January 2018, we are Singapore's largest home-grown real estate agency and provide real estate brokerage, project marketing, training and property management services. Please refer to the section entitled “*Our Business*” of this Prospectus for further details.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The key factors that can affect the results of our operations include the following:

- (a) The general economic and financial market conditions will have an impact on the general demand for real estate brokerage services from our customers;
- (b) Changes in government policies governing real estate transactions in the jurisdictions in which we have a presence, in particular Singapore which accounts for most of our revenue;
- (c) The number of competitors and the level of competition will impact our market share and profit margins;
- (d) Our ability to adapt to changes in our salespersons' expectations and introduction of new commission structures due to changes in industry standards or enhancement of existing commission structures, which is consequential to our ability to retain our existing salespersons base and to grow our market share;
- (e) Change in revenue contributed by different business segments, as our gross profit margin for each business segment differs; and
- (f) Our ability to adapt to new technological trends and disruptions and adopt new technological tools to enhance the efficiency of our salespersons.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVENUE

Revenue is mainly derived from our real estate brokerage services ("**Brokerage Services**") which include commission income derived from real estate agency services and real estate project marketing services.

Real estate agency services ("**Agency Services**") relate mainly 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 condominiums, private condominiums, landed properties, retail shops, offices and factories.

Real estate project marketing services ("**Project Marketing Services**") relate mainly to services rendered in the sale of new private residential development projects for third-party property developers in Singapore as well as overseas.

Revenue is also generated from two other revenue streams, namely, Property Management Services (as defined below) and Training Services (as defined below).

Property management services relate mainly to real estate management services rendered to private residential properties ("**Property Management Services**").

Training services relate mainly to real estate related courses and training programmes organised by the Group to salespersons ("**Training Services**").

Commission income from Agency Services and Project Marketing Services are recognised when services are rendered and invoiced. Property management fee and courses and related fee income from Training Services are recognised when services are rendered.

The following table shows the breakdown of our revenue by business segments for the Period Under Review:

Revenue	Audited FY2015		Audited FY2016		Audited FY2017	
	S\$'000	%	S\$'000	%	S\$'000	%
Commission income from Agency Services	165,788	81.0	197,303	80.5	240,473	66.6
Commission income from Project Marketing Services	34,339	16.8	43,073	17.6	115,317	31.9
Administrative support fee income	1,945	0.9	1,953	0.8	2,135	0.6
Total Brokerage Services income	202,072	98.7	242,329	98.9	357,925	99.1
Property management fee	1,873	0.9	1,969	0.8	2,274	0.6
Course related fee income from Training Services	827	0.4	737	0.3	1,057	0.3
Total Revenue	204,772	100.0	245,035	100.0	361,256	100.0

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

A detailed account of the risk factors affecting our business activities are set out under the section entitled “*Risk Factors*” of this Prospectus.

Our revenue is substantially derived from Singapore.

COST OF SERVICES

The following table shows the breakdown of our cost of services rendered by business segments for the Period Under Review:

Cost of Services	Audited FY2015		Audited FY2016		Audited FY2017	
	S\$'000	%	S\$'000	%	S\$'000	%
Brokerage Services	184,288	99.3	224,508	99.4	325,929	99.5
Property Management Services	1,010	0.5	1,066	0.5	1,224	0.4
Training Services	287	0.2	328	0.1	347	0.1
Total Cost of Services	185,585	100.0	225,902	100.0	327,500	100.0

In general, our cost of services increases in tandem with the increase in our revenue.

The key components of our cost of services include the following:

- (a) Brokerage Services – Our salespersons receive commission up to 90% of our commission income for the brokerage of resale, rental and new home sales transactions. The commission rate payable to each salesperson is dependent on performance, as measured by the cumulative commission earned by each such salesperson over time and the commissions are subjected to team managers and Team Leaders overrides of up to 5.0% of our commission income. We also pay out to external real estate agencies whose salespersons are involved in co-brokering the same property transactions with our salespersons.
- (b) Property Management Services – Manpower costs like salary and CPF contributions made for staffs that manage the properties are the main cost of the property management package projects.
- (c) Training Services – Our trainers are paid a fixed fee or variable fee based on profit of the respective course.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit represents revenue earned by our Group after deducting the cost of services rendered.

The following table shows the breakdown of our Group's gross profit by business segments for the Period Under Review:

Gross Profit	Audited FY2015		Audited FY2016		Audited FY2017	
	S\$'000	%	S\$'000	%	S\$'000	%
Brokerage Services	17,784	92.7	17,821	93.2	31,996	94.8
Property Management Services	863	4.5	903	4.7	1,050	3.1
Training Services	540	2.8	409	2.1	710	2.1
Total Gross Profit	19,187	100.0	19,133	100.0	33,756	100.0

The following table shows the breakdown of our Group's gross profit margin by business segments for the Period Under Review:

Gross Profit Margin	Audited FY2015 %	Audited FY2016 %	Audited FY2017 %
Brokerage Services	8.8	7.4	8.9
Property Management Services	46.1	45.9	46.2
Training Services	65.3	55.5	67.2
Average Gross Profit Margin	9.4	7.8	9.3

Each of our business segment's gross profit margins differs. The brokerage segment has lower gross profit margin than the other business segments mainly due to up to 90% of the commissions are paid to our salespersons. Property Management Services and Training Services have higher gross profit margins as the cost of these services are mainly manpower cost.

The following table shows the gross profit of our Brokerage Services for the Period Under Review:

Gross Profit	Audited FY2015 S\$'000	Audited FY2016 S\$'000	Audited FY2017 S\$'000
Agency Services	11,691	11,506	19,201
Project Marketing Services	6,638	6,709	13,070

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

The following table shows the gross profit margin of our Brokerage Services for the Period Under Review:

Gross Profit Margin	Audited FY2015 %	Audited FY2016 %	Audited FY2017 %
Agency Services	7.1	5.8	8.0
Project Marketing Services	19.3	15.6	11.3

FINANCE INCOME

Finance income comprised interest income from fixed deposits and cash held in current account in bank. Finance income was S\$75,567, S\$87,810 and S\$121,231 in FY2015, FY2016 and FY2017 respectively.

OTHER INCOME

Other income relates mainly to referral fee income, marketing fee income, government grants, recovery of bad debts and sponsorship income. Other income represented approximately 1.3%, 1.0% and 0.8% of our revenue in FY2015, FY2016 and FY2017 respectively.

OPERATING EXPENSES

The following table shows the changes in our total operating expenses as compared to the changes in our revenue in the last three (3) financial years.

	FY2015	FY2016	FY2017
Total operating expenses (S\$'000)	12,645	11,801	14,504
Change in total operating expenses (%)	–	(6.7)	22.9
Revenue (S\$'000)	204,772	245,035	361,256
Change in revenue (%)	–	19.7	47.4

Our operating expenses include staff costs, depreciation of plant and equipment and other expenses. Operating expenses represented approximately 6.2%, 4.8% and 4.0% of our revenue in FY2015, FY2016 and FY2017, respectively.

Staff cost accounted for approximately 54.8%, 64.5% and 57.1% of operating expenses in FY2015, FY2016 and FY2017, respectively. Our staff cost mainly comprise salaries, bonus, employer's contribution to defined contribution plans, staff welfare and benefits.

Depreciation of plant and equipment accounted for approximately 3.1%, 3.5% and 2.6% of operating expenses in FY2015, FY2016 and FY2017, respectively.

Other expenses accounted for approximately 42.0%, 32.0% and 40.3% of operating expenses in FY2015, FY2016 and FY2017, respectively. Other operating expenses mainly comprise marketing expenses, impairment losses recognised on trade and other receivables, referral fees, recruitment expenses, operating lease expenses and general office expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

TAX EXPENSE

Our tax expense for FY2015, FY2016 and FY2017 comprised current tax expense and deferred tax expense. Current tax expense is the expected tax payable on the taxable income for FY2015, FY2016 and FY2017 using tax rates enacted or substantively enacted at the respective reporting dates, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unutilised tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised.

Our operations in Singapore are subject to corporate tax rates of 17.0%.

Our tax expense and the effective tax rates are set out below:

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000
Current tax expense	1,011	1,105	3,158
Deferred tax expense	—	—	113
Tax expense	1,011	1,105	3,271
Effective tax rate (%)	10.8	11.1	14.8

The effective tax rate is derived after taking current year tax expense and deferred tax expense, divided by profit before tax.

The effective tax rates were generally lower than the statutory tax rates, mainly due to the effect of the tax rebate from the Productivity and Innovation Credit Scheme and tax exempt income.

INFLATION

The impact of inflation on our financial performance over the Period Under Review was not significant.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF PAST OPERATING PERFORMANCE

FY2015 vs FY2016

Revenue

Revenue increased by approximately S\$40.27 million or 19.7%, from S\$204.77 million in FY2015 to S\$245.04 million in FY2016. This was mainly due to the following reasons:

- (a) Commission income from Agency Services increased by approximately S\$31.51 million or 19.0%, from S\$165.79 million in FY2015 to S\$197.30 million in FY2016 due to higher resale market transactions volume (FY2015: 11,546 as compared to FY2016: 12,757) and higher rental market transactions volume (FY2015: 27,303 as compared to FY2016: 30,528) in Singapore; and
- (b) Commission income from Project Marketing Services increased by approximately S\$8.73 million or 25.4% from S\$34.34 million in FY2015 to S\$43.07 million in FY2016 due to higher percentage of sales commission given by property developers averaging approximately 1.3% in FY2015 as compared to 1.7% in FY2016 due to lacklustre property market sentiments which resulted in a lower new project sale transactions volume (FY2015: 2,734 as compared to FY2016: 2,231).

Cost of Services

Cost of services increased by approximately S\$40.31 million or 21.7%, from S\$185.59 million in FY2015 to S\$225.90 million in FY2016. The increase in commission cost to our salespersons is in tandem with the increase in our commission income.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by approximately S\$0.05 million or 0.3%, from S\$19.18 million in FY2015 to S\$19.13 million in FY2016 and the gross profit margin of the Group decreased from 9.4% in FY2015 to 7.8% in FY2016. The reduction of gross profit margin was mainly due to the reduction of gross profit margin of the Group's Brokerage Services segment from 8.8% in FY2015 to 7.4% in FY2016 which is attributed to a non-recurring one-off management and founder overriding fee of S\$1.72 million incurred in FY2016.

For illustrative purposes, assuming the non-recurring one-off management and founder overriding fee of S\$1.72 million is excluded in FY2016, the gross profit of the Group would have been S\$20.85 million which increased by S\$1.67 million or 8.7% from FY2015 and the gross profit margin of the Group and Brokerage Services in FY2016 would have been 8.5% and 8.1% respectively.

Under the Brokerage Services segment, the reduction of the gross profit margin of Agency Services from 7.1% in FY2015 to 5.8% in FY2016 was mainly to a non-recurring one-off management and founder overriding fee of S\$1.72 million incurred in FY2016. For illustrative purposes, assuming the non-recurring one-off management and founder overriding fee of S\$1.72 million is excluded in FY2016, the gross profit and gross profit margin of Agency Services would have been S\$13.23 million and 6.7% respectively. The gross margin of Project Marketing Services decreased from 19.3% in FY2015 to 15.6% in FY2016 due to our Group retaining a fixed portion

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

of commission in both FY2016 and FY2015 despite the higher commission received from the developers in FY2016 as compared to FY2015.

Finance Income

Finance income increased by approximately S\$0.01 million or 16.2%, from S\$0.08 million in FY2015 to S\$0.09 million in FY2016. This was due to the increase in overall fixed deposit and bank balance by approximately S\$3.18 million from S\$12.95 million in FY2015 to S\$16.13 million in FY2016.

Other Income

Other income decreased by approximately S\$0.17 million or 6.3%, from S\$2.71 million in FY2015 to S\$2.54 million in FY2016. This was mainly due to the decrease in recovery of bad debts by approximately S\$0.18 million from approximately S\$0.18 million in FY2015 to S\$1,747 in FY2016.

Operating Expenses

Staff cost increased by approximately S\$0.67 million or 9.8%, from S\$6.94 million in FY2015 to S\$7.61 million in FY2016. This was due to an increase in payroll and staff-related expenses and increase in our average staff headcount from 143 in FY2015 to 146 in FY2016.

Depreciation of plant and equipment increased by approximately S\$0.01 million or 2.6%, from S\$0.40 million in FY2015 to S\$0.41 million in FY2016. This was mainly due to the addition of the new computer and related assets of approximately S\$0.29 million in FY2016.

Other expenses decreased by approximately S\$1.53 million or 28.8%, from S\$5.31 million in FY2015 to S\$3.78 million in FY2016. This was mainly due to a decrease in marketing expenses of approximately S\$0.51 million from S\$1.13 million in FY2015 to S\$0.62 million in FY2016, a decrease in impairment losses recognised on trade and receivables of approximately S\$0.21 million from S\$0.87 million in FY2015 to S\$0.66 million in FY2016, a decrease in write-off of plant and equipment of approximately S\$0.16 million in FY2016 as there was no write-off in FY2015, a decrease in donation of approximately S\$0.13 million from S\$0.24 million in FY2015 to S\$0.11 million in FY2016 and a decrease in general office expenses by approximately S\$0.10 million from S\$0.32 million in FY2015 to S\$0.22 million in FY2016.

Profit Before Tax

As a result of the foregoing, profit before tax increased by approximately S\$0.63 million or 6.8%, from S\$9.33 million in FY2015 to S\$9.96 million in FY2016.

Tax Expense

Tax expense increased by approximately S\$0.10 million or 9.9%, from S\$1.01 million in FY2015 to S\$1.11 million in FY2016. This was in line with the higher profit in FY2016. Our effective tax rates for FY2015 and FY2016 were 10.8% and 11.1% respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2016 vs FY2017

Revenue

Revenue increased by approximately S\$116.22 million or 47.4%, from S\$245.04 million in FY2016 to S\$361.26 million in FY2017. This was mainly due to the following reasons:

- (a) Commission income from Agency Services increased by approximately S\$43.17 million or 21.9%, from S\$197.30 million in FY2016 to S\$240.47 million in FY2017 due to higher resale market transactions volume (FY2016: 12,757 as compared to FY2017: 15,087) and higher rental market transactions volume (FY2016: 30,528 as compared to FY2017: 32,491) in Singapore; and
- (b) Commission income from Project Marketing Services increased by approximately S\$72.24 million or 167.7% from S\$43.07 million in FY2016 to S\$115.31 million in FY2017 due to higher percentage of sales commission given by property developers averaging approximately 1.7% in FY2016 as compared to 2.3% in FY2017 and higher new project sale transactions volume (FY2016: 2,231 as compared to FY2017: 4,498).

Cost of Services

Cost of services increased by approximately S\$101.60 million or 45.0%, from S\$225.90 million in FY2016 to S\$327.50 million in FY2017. The increase in commission cost to our salespersons is in tandem with the increase in our commission income.

Gross Profit and Gross Profit Margin

Gross profit of the Group increased by approximately S\$14.63 million or 76.5%, from S\$19.13 million in FY2016 to S\$33.76 million in FY2017 and the gross profit margin of the Group increased from 7.8% in FY2016 to 9.3% in FY2017. The increase in gross profit margin was mainly driven by the increase of gross profit margin of the Group's Brokerage Services segment from 7.4% in FY2016 to 8.9% in FY2017 which is due to a non-recurring one-off management and founder overriding fee of S\$1.72 million incurred in FY2016.

For illustrative purposes, assuming the non-recurring one-off management and founder overriding fee of S\$1.72 million is excluded in FY2016, the gross profit of the Group would have been S\$20.85 million in FY2016 and the gross profit margin of the Group and Brokerage Services in FY2016 would have been 8.5% and 8.1% respectively. Gross profit of the Group in FY2017 would have increased by approximately S\$12.91 million or 61.9% from FY2016.

Under the Brokerage Services segment, the increase in the gross profit margin of Agency Services from 5.8% in FY2016 to 8.0% in FY2017 was mainly to a non-recurring one-off management and founder overriding fee of S\$1.72 million incurred in FY2016. For illustrative purposes, assuming the non-recurring one-off management and founder overriding fee of S\$1.72 million is excluded in FY2016, the gross profit and gross profit margin of Agency Services would have been S\$13.23 million and 6.7% respectively. The gross margin of Project Marketing Services decreased from 15.6% in FY2016 to 11.3% in FY2017 due to our Group retaining a fixed portion of commission in both FY2017 and FY2016 despite the higher commission received from the developers in FY2017 as compared to FY2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Finance Income

Finance income increased by approximately S\$0.03 million or 38.1%, from S\$0.09 million in FY2016 to S\$0.12 million in FY2017. This was due to the increase in overall fixed deposit and bank balance by approximately S\$11.55 million from S\$16.13 million in FY2016 to S\$27.68 million in FY2017.

Other Income

Other income increased by approximately S\$0.28 million or 11.0%, from S\$2.54 million in FY2016 to S\$2.82 million in FY2017. This was mainly due to the increase in referral fee income by approximately S\$0.37 million from approximately S\$1.03 million in FY2016 to S\$1.40 million in FY2017. The referral fee income comprised referral fees collected from banks due to salespersons referring their clients to take up loans from the banks.

Operating Expenses

Staff cost increased by approximately S\$0.67 million or 8.8%, from S\$7.61 million in FY2016 to S\$8.28 million in FY2017. This was due to an increase in payroll and staff-related expenses and an increase in our average staff headcount from 146 in FY2016 to 158 in FY2017.

Depreciation of plant and equipment decreased by approximately S\$0.04 million or 8.3%, from S\$0.41 million in FY2016 to S\$0.37 million in FY2017. This was mainly due to a decrease in the depreciation of computers by approximately S\$0.08 million as the computers bought in FY2013 which amounted to cost S\$0.49 million were fully depreciated in FY2016.

Other expenses increased by approximately S\$2.07 million or 54.8%, from S\$3.78 million in FY2016 to S\$5.85 million in FY2017. This was mainly due to a one-off assignment fee of approximately S\$0.70 million in FY2017 pursuant to the transfer of salespersons from Dennis Wee Realty Pte. Ltd., an increase in impairment loss on trade and other receivables of approximately S\$0.32 million from S\$0.66 million in FY2016 to S\$0.98 million in FY2017, an increase in recruitment expenses of approximately S\$0.31 million from S\$0.19 million in FY2016 to S\$0.50 million in FY2017, an increase in bad debts written off of approximately S\$0.25 million from S\$1,570 in FY2016 to S\$0.25 million in FY2017, and an increase in referral fee expenses of approximately S\$0.21 million from S\$0.54 million in FY2016 to S\$0.75 million in FY2017.

Profit Before Tax

As a result of the foregoing, profit before tax increased by approximately S\$12.20 million or 122.5%, from S\$9.96 million in FY2016 to S\$22.16 million in FY2017.

Tax Expense

Tax expense increased by approximately S\$2.16 million or 194.6%, from S\$1.11 million in FY2016 to S\$3.27 million in FY2017. This was in line with the higher profit in FY2017. Our effective tax rates for FY2016 and FY2017 were 11.1% and 14.8% respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

REVIEW OF PAST FINANCIAL POSITION

Audited Combined Statement of Financial Position as at 31 December 2016 and 31 December 2017

A review of our financial position based on the audited combined statement of financial position of our Group as at 31 December 2016 and 31 December 2017 is set out below.

Non-current Assets

Our non-current assets comprised mainly (a) plant and equipment and (b) trademark. Non-current assets amounted to approximately S\$0.69 million and S\$1.75 million as at 31 December 2016 and 31 December 2017 respectively, representing 1.4% and 1.9% of our total assets as at their respective dates.

These non-current assets comprised the following:

- (a) Plant and equipment comprised office equipment, computers, furniture and fittings, and renovation

The net book value of plant and equipment amounted to approximately S\$0.68 million and accounted for 98.9% of our total non-current assets as at 31 December 2016. As at 31 December 2017, the net book value of plant and equipment amounted to approximately S\$1.75 million or 99.6% of our total non-current assets.

- (b) Trademark

The net book value of trademark amounted to S\$7,862 and accounted for 1.1% of our total non-current assets as at 31 December 2016. As at 31 December 2017, the net book value of trademark amounted to approximately S\$7,862 or 0.4% of our total non-current assets.

Current Assets

Our current assets comprised mainly (a) trade and other receivables, and (b) cash and cash equivalents.

Our current assets amounted to approximately S\$50.16 million and S\$90.60 million as at 31 December 2016 and 31 December 2017 respectively, representing 98.6% and 98.1% of our total assets as at their respective dates.

These current assets comprised the following:

- (a) Trade and other receivables amounted to approximately S\$34.03 million and S\$62.93 million as at 31 December 2016 and 31 December 2017 respectively, representing 67.8% and 69.5% of our total current assets as at their respective dates. Trade and other receivables comprised mainly commission and fee due from customers and real estate developers for services rendered amounting to approximately S\$30.01 million and S\$61.51 million as at 31 December 2016 and 31 December 2017 respectively. The increase in trade receivables 31 December 2016 to 31 December 2017 is mainly due to majority of the projects being due for billing in December 2017 amounting to approximately S\$14.91 million. The increase in

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

trade and other receivables is also in line with the increase in our Group's revenue of approximately S\$116.22 million or 47.4%, from S\$245.04 million in FY2016 to S\$361.26 million in FY2017.

- (b) Cash and cash equivalents amounted to approximately S\$16.13 million and S\$27.68 million as at 31 December 2016 and 31 December 2017 respectively, representing 32.2% and 30.5% of our total current assets as at their respective dates.

Non-current Liabilities

Our non-current liabilities comprised solely deferred tax liabilities. Deferred tax liabilities amounted to approximately S\$0.03 million or 0.1% and S\$0.14 million or 0.2% of total liabilities as at 31 December 2016 and 31 December 2017.

Current Liabilities

Our current liabilities comprised mainly (a) trade payables and other payables, (b) current tax liabilities, and (c) deferred income.

Our current liabilities amounted to approximately S\$37.78 million and S\$71.05 million as at 31 December 2016 and 31 December 2017 respectively, representing 99.9% and 99.8% of our total liabilities as at their respective dates.

These current liabilities comprised the following:

- (a) Trade and other payables amounted to approximately S\$36.00 million and S\$67.21 million as at 31 December 2016 and 31 December 2017 respectively, representing 95.3% and 94.6% of our total current liabilities as at their respective dates. Trade payables and other payables comprised mainly trade payables of commission and fees to our salespersons and suppliers for services rendered of approximately S\$31.79 million and S\$54.05 million as at 31 December 2016 and 31 December 2017 respectively and accrued expenses of approximately S\$2.17 million and S\$2.94 million as at 31 December 2016 and 31 December 2017 respectively. The increase in trade payables and accrued expenses from 31 December 2016 to 31 December 2017 is as a result of the increase in our Group's revenue of approximately S\$116.22 million or 47.4%, from S\$245.04 million in FY2016 to S\$361.26 million in FY2017.
- (b) Current tax liabilities amounted to approximately S\$1.16 million and S\$3.19 million as at 31 December 2016 and 31 December 2017 respectively, representing 3.1% and 4.5% of our total current liabilities as at their respective dates.
- (c) Deferred income amounted to approximately S\$0.62 million and S\$0.65 million as at 31 December 2016 and 31 December 2017 respectively, representing 1.6% and 0.9% of our total current liabilities as at their respective dates.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Equity

As at 31 December 2016, equity amounted to approximately S\$13.03 million and comprised mainly equity attributable to owners of the Company of approximately S\$11.52 million and non-controlling interests of S\$1.51 million. The equity attributable to owners of the Company comprised share capital of approximately S\$0.44 million, translation reserve of S\$11,645, capital reserve of approximately S\$0.61 million and accumulated profits of approximately S\$10.47 million.

As at 31 December 2017, equity amounted to approximately S\$21.16 million and comprised mainly equity attributable to owners of the Company of approximately S\$18.10 million and non-controlling interests of S\$3.06 million. The equity attributable to owners of the Company comprised share capital of approximately S\$0.44 million, translation reserve of S\$10,608, capital reserve of approximately S\$0.61 million and accumulated profits of approximately S\$17.05 million.

LIQUIDITY AND CAPITAL RESOURCES

During the Period Under Review, we financed our growth and operations mainly through a combination of shareholders' equity (including accumulated profits) and cash generated from operations. Our principal use of cash has been to finance our working capital in payroll and staff-related expenses and other operating costs.

Our Group had cash and cash equivalents of approximately S\$27.68 million and S\$25.13 million as at 31 December 2017 and 31 May 2018 respectively. Based on our combined statements of financial position as at 31 December 2017, our total equity amounted to approximately S\$21.16 million and as at 31 December 2017 to the Latest Practicable Date, we do not have any indebtedness or material sources of unused liquidity. For the purpose of this Prospectus, indebtedness comprises loans and finance leases but excludes trade and other payables.

We recorded cash generated from our operations of S\$5.50 million, S\$10.05 million and S\$23.68 million for FY2015, FY2016 and FY2017 respectively.

We recorded positive working capital (defined as current assets less current liabilities) of approximately S\$10.06 million, S\$12.37 million and S\$19.55 million as at 31 December 2015, 31 December 2016 and 31 December 2017 respectively. As at 31 May 2018, we recorded positive working capital of approximately S\$19.87 million. Our working capital ratio (defined as current assets divided by current liabilities) was approximately 1.35 times, 1.33 times, 1.28 times and 1.25 times as at 31 December 2015, 31 December 2016, 31 December 2017 and 31 May 2018 respectively.

Our Directors are of the reasonable opinion that, after taking into account the cash flows generated from our operations, our existing cash and cash equivalents and the working capital available to us as at the date of lodgement of this Prospectus are sufficient for our present requirements and for at least twelve (12) months after the Listing of our Company on SGX-ST.

Please refer to the section entitled "*Capitalisation and Indebtedness*" of this Prospectus for details of our Group's cash and cash equivalents and level of borrowings.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the Period Under Review and as at the Latest Practicable Date, our Group does not have any credit facilities and is therefore not in breach of any terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our Company's financial position and results or business operations, or the investments by holders of Shares.

CASH FLOW

We set out below a summary of our combined statements of cash flows for the Period Under Review. The following net cash flow summary should be read in conjunction with the full text of this Prospectus, including the section entitled "*Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017*" as set out in Appendix A of this Prospectus.

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000
Net cash from operating activities	5,495	10,050	23,684
Net cash used in investing activities	(441)	(204)	(1,382)
Net cash used in financing activities	(5,800)	(6,665)	(10,756)
Net (decrease)/increase in cash and cash equivalents	(746)	3,181	11,546
Cash and cash equivalents at 1 January	13,634	12,888	16,069
Cash and cash equivalents at 31 December	12,888	16,069	27,615

FY2015

Net Cash from Operating Activities

For FY2015, cash generated from operations was approximately S\$6.19 million. This comprised operating cash flows before changes in working capital of approximately S\$10.73 million, and adjusted by a decrease in working capital of approximately S\$4.54 million. The decrease in working capital was due to the increase in trade and other receivables of approximately S\$8.82 million offset by an increase in trade and other payables of approximately S\$4.27 million and deferred income of S\$6,217. In addition, there was income tax paid of approximately S\$0.69 million. Net cash from operating activities was approximately S\$5.50 million.

Net Cash used in Investing Activities

For FY2015, net cash used in investing activities was approximately S\$0.44 million mainly due to the acquisition of plant and equipment of approximately S\$0.52 million and deposit pledged of S\$152. This was partially offset by interest received of approximately S\$0.08 million and proceeds from sale of plant and equipment of S\$5,226.

Net Cash used in Financing Activities

For FY2015, net cash used in financing activities was S\$5.80 million due to the dividends paid to owners and non-controlling interests of S\$4.55 million and S\$1.25 million respectively.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

FY2016

Net Cash from Operating Activities

For FY2016, cash generated from operations was approximately S\$11.06 million. This comprised operating cash flows before changes in working capital of approximately S\$10.95 million, and adjusted by an increase in working capital of approximately S\$0.11 million. The increase in working capital was due to the increase in trade and other payables of approximately S\$9.19 million offset by an increase in trade and other receivables of approximately S\$9.06 million and an decrease in deferred income of approximately S\$0.02 million. In addition, there was income tax paid of approximately S\$1.04 million and tax refunded of approximately S\$0.03 million. Net cash from operating activities was approximately S\$10.05 million.

Net Cash Used in Investing Activities

For FY2016, net cash used in investing activities was approximately S\$0.20 million mainly due to the acquisition of plant and equipment of approximately S\$0.29 million and deposit pledged of S\$152. This was partially offset by interest received of approximately S\$0.09 million.

Net Cash from Financing Activities

For FY2016, net cash used in financing activities was approximately S\$6.67 million due to the dividends paid to owners and non-controlling interests of S\$5.12 million and approximately S\$1.55 million respectively.

FY2017

Net Cash from Operating Activities

For FY2017, cash generated from operations was approximately S\$24.81 million. This comprised operating cash flows before changes in working capital of approximately S\$23.70 million, and adjusted by an increase in working capital of approximately S\$1.11 million. The increase in working capital was due to an increase in trade and other payables of approximately S\$31.21 million and an increase in deferred income of approximately S\$0.03 million, offset by an increase in trade and other receivables of approximately S\$30.13 million. In addition, there was income tax paid of approximately S\$1.16 million and tax refunded of approximately S\$0.04 million. Net cash from operating activities was approximately S\$23.68 million.

Net Cash Used in Investing Activities

For FY2017, net cash used in investing activities was approximately S\$1.38 million mainly due to the acquisition of plant and equipment of approximately S\$1.47 million, acquisition of an associate of approximately S\$0.03 million and deposit pledged of S\$152. This was partially offset by interest received of approximately S\$0.12 million and proceeds from sale of plant and equipment of S\$2,400.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Net Cash from Financing Activities

For FY2017, net cash used in financing activities was approximately S\$10.76 million due to the dividends paid to owners and non-controlling interests of approximately S\$9.70 million and S\$1.06 million respectively.

CAPITAL EXPENDITURE AND DIVESTMENTS

The table below sets forth the material capital expenditure and divestments made by our Group for FY2015, FY2016 and FY2017 up to the Latest Practicable Date:

	FY2015 S\$'000	FY2016 S\$'000	FY2017 S\$'000	1 January 2018 to Latest Practicable Date S\$'000
Capital Expenditure				
Office equipment	39	16	325	31
Computers	127	225	519	30
Furniture and fittings	12	15	36	52
Renovation	344	35	592	545
	522	291	1,472	658
Divestments				
Office equipment	12	4	16	—
Computers	12	—	2	—
Furniture and fittings	—	—	—	—
Renovation	1	—	—	—
	25	4	18	—

The above capital expenditure was primarily financed by internally generated cash resources.

DESCRIPTION OF MATERIAL INDEBTEDNESS

As at the Latest Practicable Date, our Group does not have any material indebtedness or any bank borrowings.

COMMITMENTS AND CONTINGENT LIABILITIES

Capital Commitments

As at the Latest Practicable Date, our Group has no material capital commitments.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

Operating Lease Commitments

As at the Latest Practicable Date, our Group has operating lease commitments in respect of non-cancellable operating leases as follows:

Future minimum lease payments	As at the Latest Practicable Date S\$'000
Within one (1) year	2,120
Within two (2) to five (5) years	878
	<hr/> 2,998 <hr/>

The Group leases premises under operating leases which are renewable upon expiry.

Our Group has entered into commercial leases on certain properties. These leases have an average tenure of between two to three years with no contingent rent provision included in the contracts. Our Group expects to meet our operating lease commitments using cash generated from our operations.

Contingent Liabilities

Please refer to sections entitled “*General Information – Litigation and Arbitration Proceedings*” and Note 27 of “*Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017*” in Appendix A of this Prospectus for material contingent liabilities.

CHANGES IN ACCOUNTING POLICIES

Please refer to the Note 28 of the Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017 in Appendix A of this Prospectus for the changes in accounting policies.

ORDER BOOK

Due to the nature of our business, we do not maintain an order book.

FOREIGN EXCHANGE EXPOSURE

As at the Latest Practicable Date, our Group is not exposed to any significant foreign currency risk as its transactions are primarily denominated in Singapore dollars.

CAPITALISATION AND INDEBTEDNESS

The following information should be read in conjunction with the full text of this Prospectus including the sections entitled “*Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017*” as set out in Appendix A of this Prospectus and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” of this Prospectus.

Cash and cash equivalents

The following table shows the cash and cash equivalents as well as capitalisation and indebtedness of our Group as at 31 May 2018, being a date no earlier than 60 days before the date of lodgement of this Prospectus, on an actual basis and as adjusted to reflect the issuance of the New Shares and Cornerstone Shares and the application of net proceeds from the Offering and the issuance of the Cornerstone Shares in the manner described in the section entitled “*Use of Proceeds and Offering Expense*” of this Prospectus:

	As at 31 May 2018	
	Actual	As adjusted ⁽¹⁾
	(S\$’ millions)	(S\$’ millions)
Cash and cash equivalents	25.1	63.1
Fixed Deposit Pledged	0.1	0.1
<i>Short Term debt</i>		
<i>Long Term debt</i>		
Total indebtedness⁽²⁾	–	–
Total shareholders’ equity	21.8	59.8
Total capitalisation and indebtedness	21.8	59.8

Notes:

- (1) Adjusted to include the issuance of the New Shares and the Cornerstone Shares and the application of net proceeds from the issuance of the New Shares and Cornerstone Shares of approximately S\$38.0 million.
- (2) As the Company has zero indebtedness, there is no guaranteed, non-guaranteed, secured and unsecured indebtedness.

Borrowings

For the Period Under Review, our growth and operations were primarily financed through cash generated from operations. As at the Latest Practicable Date, our Group does not have any bank borrowings and credit facilities. As at the Latest Practicable Date, the Group does not have plans to obtain bank borrowings or credit facilities.

Post-Listing, the Company intends to replace certain personal guarantees provided by Mr. Mohamed Ismail to HDB on behalf of the Group with corporate guarantees. Please refer to the section entitled “*Interested Person Transactions and Conflicts of Interest*” of this Prospectus for further details on such guarantees.

Since 1 June 2018 and up to the Latest Practicable Date, there were no material changes in our capitalisation and indebtedness as disclosed above, save for changes in our retained earnings arising from our day-to-day operations in the ordinary course of business.

CAPITALISATION AND INDEBTEDNESS

To the best of our Directors' knowledge and belief, none of our Controlling Shareholders' and Substantial Shareholders' Shares have been pledged, charged or mortgaged as collateral to secure any credit facilities.

Pursuant to Rule 728 of the Main Board Rules, P&N, Mr. Mohamed Ismail and Mr. Alan Lim, being Controlling Shareholders of our Company, have provided undertakings to our Company that they will notify our Company, as soon as they become aware of any share pledging arrangements relating to their respective Shares and of any event which may result in a breach of our Group's loan provisions. Upon notification by any of the Controlling Shareholders, our Company will make the necessary announcement(s) in compliance with the said rule.

In the event that any Group company enters into a loan agreement or issues debt securities that contain a condition making reference to shareholding interests of any Controlling Shareholder, or places restrictions on any change in control of our Group, and the breach of this condition or restriction will cause a default in respect of the loan agreement or debt securities, significantly affecting the operations of our Group, we will immediately announce the details of the condition(s) in accordance with Rule 704(31) of the Main Board Rules, making reference to the shareholding interests of such Controlling Shareholder or restrictions placed on any change in control of our Company and the aggregate level of these facilities that may be affected by a breach of such condition or restriction.

OFFERING STATISTICS

Offering Price	S\$0.65
NAV	

The NAV (total assets less total liabilities and non-controlling interest) per Share based on the combined balance sheet of our Group as at 31 December 2017 ("**NAV per Share**"):

- | | |
|---|------------|
| (a) before adjusting for the estimated net proceeds from the issuance of the New Shares and the Cornerstone Shares and based on our pre-Offering share capital of 307,100,000 Shares | 5.9 cents |
| (b) after adjusting for the estimated net proceeds from the issuance of the New Shares and Cornerstone Shares and based on our post-Offering enlarged share capital of 370,000,000 Shares | 15.2 cents |

Premium of the Offering Price over our NAV per Share:

- | | |
|---|----------|
| (a) before adjusting for the estimated net proceeds from the issuance of the New Shares and Cornerstone Shares and based on our pre-Offering share capital of 307,100,000 Shares | 1,003.6% |
| (b) after adjusting for the estimated net proceeds from the issuance of the New Shares and Cornerstone Shares and based on our post-Offering enlarged share capital of 370,000,000 Shares | 328.8% |

Earnings

Historical net EPS for FY2017 based on the audited combined profit attributable to owners of our Company and our pre-Offering share capital of 307,100,000 Shares	5.3 cents
---	-----------

Historical EPS for FY2017 based on the audited combined profit attributable to owners of our Company from continuing operations, assuming that the Service Agreements had been in effect from the beginning of FY2017, and based on our pre-Offering share capital of 307,100,000 Shares	5.2 cents
--	-----------

Price earnings ratio

Historical PER for FY2017 based on the audited combined profit attributable to owners of our Company from continuing operations and our pre-Offering share capital of 307,100,000 Shares	12.3 times
--	------------

Historical PER for FY2017 based on the audited combined profit attributable to owners of our Company from continuing operations, assuming that the Services Agreement, had been in effect from the beginning of FY2017, and based on our pre-Offering share capital of 307,100,000 Shares	12.6 times
---	------------

OFFERING STATISTICS

Net cash from operating activities

Historical net cash from operating activities per Share for FY2017 based on the pre-Offering share capital of 307,100,000 Shares	7.7 cents
--	-----------

Historical net cash from operating activities per Share for FY2017, assuming that the Service Agreements had been in effect from the beginning of FY2017, based on the pre-Offering share capital of 307,100,000 Shares	7.6 cents
---	-----------

Ratio of Offering Price to net operating cash flow

Ratio of Offering Price to historical net cash from operating activities per Share for FY2017 based on the pre-Offering share capital of 307,100,000 Shares	8.4 times
---	-----------

Ratio of Offering Price to historical net cash from operating activities per Share for FY2017, assuming that the Service Agreements had been in effect from the beginning of FY2017, based on the pre-Offering share capital of 307,100,000 Shares	8.6 times
--	-----------

Market capitalisation

Market capitalisation based on the post-Offering share capital of 370,000,000 Shares and the Offering Price of S\$0.65	S\$240.5 million
--	------------------

DILUTION

Dilution is the amount by which the Offering Price paid by new investors for our Offering Shares in this Offering exceeds our NAV per Share after adjusting for net proceeds from the issuance of the New Shares and Cornerstone Shares.

Our NAV (which is the amount of our total assets minus the amount of our total liabilities and non-controlling interest) as at 31 December 2017 was S\$18,098,166, or 5.9 cents per Share (based on the pre-Offering share capital of 307,100,000 Shares).

Our NAV as at 31 December 2017, as adjusted for the effects of the Offering, will be approximately S\$56.1 million or 15.2 cents per Share (based on the post-Offering share capital of 370,000,000 Shares).

This represents an immediate increase in NAV per Share of 9.3 cents (or 157.6%) to our existing Shareholders and an immediate dilution of 49.8 cents (or 76.6%) to new investors subscribing for New Shares and the Cornerstone Shares. The following table illustrates the dilution per Share:

	Cents
Offering Price per New Share	65.0
NAV per Share as at 31 December 2017 based on the pre-Offering share capital of 307,100,000 Shares	5.9
Increase in NAV per Share attributable to existing Shareholders	9.3
NAV per Share after the Offering	15.2
Dilution in NAV per Share to our new investors	49.8

Save as disclosed below and under the section entitled “*Restructuring Exercise*”, none of our Directors, Substantial Shareholders or their associates has acquired Shares during the three (3) years prior to the lodgement of this Prospectus.

The average effective cash cost per Share is 5.9 cents for each of our then existing shareholders from incorporation of our Company to the date of lodgement of this Prospectus.

RESTRUCTURING EXERCISE

Prior to the registration of this Prospectus, our Group undertook a Restructuring Exercise pursuant to which we rationalised and streamlined our group structure in connection with the Offering.

Our Restructuring Exercise was completed on 13 June 2018.

The following steps were taken during the Restructuring Exercise:

Incorporation of our Company

Our Company was incorporated on 10 January 2018 in Singapore under the Companies Act as a private company limited by shares. At incorporation, our Company had an issued and paid up capital of S\$1 comprising one (1) Share, which was held by P&N.

Acquisition of shares in Soreal and novation of loan

Effective on 22 December 2017, our Group acquired from P&N 33,000 shares of Soreal, representing an interest of 33%, for a consideration of S\$33,000. PropNex Realty also paid P&N S\$150,000 in consideration for the novation of P&N's loan of S\$150,000 to Soreal. The registered principle business of Soreal is web portals including social networking sites and other holding companies.

The consideration of S\$33,000 was based on the NAV of the shares of Soreal and the consideration of S\$150,000 for the novation of the loan was at cost.

Transfer of Trademarks

Effective on 10 January 2018, we purchased the P&N Trademarks from P&N for a consideration of S\$210,000. The consideration was based on the net book value of the P&N Trademarks.

Acquisition of shares in PropNex Realty, PropNex International, PropNex Grandeur, PropNex Property Management and Life Mastery Academy

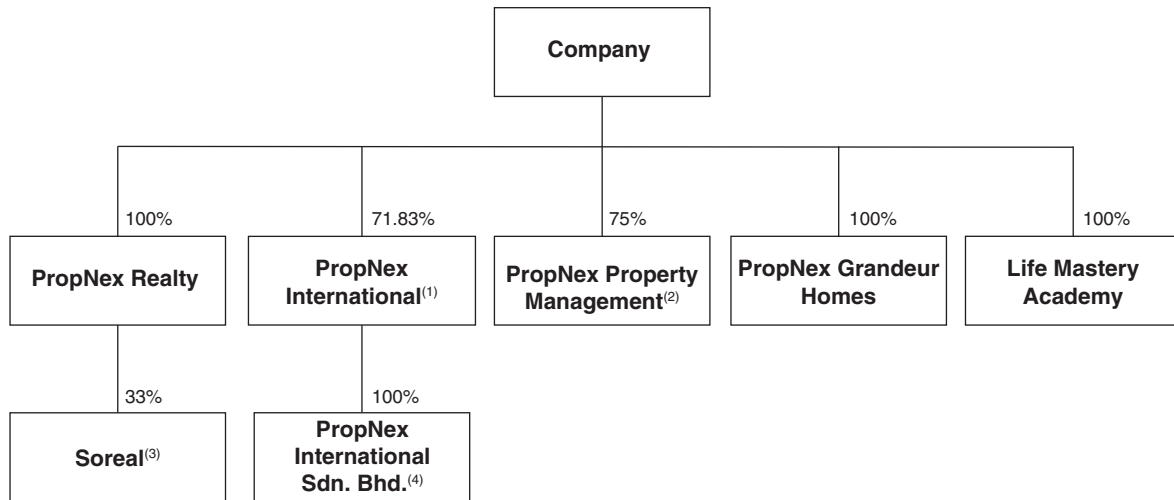
On 13 June 2018, our Company entered into Restructuring Agreement with P&N to acquire: (i) 100% of the issued and paid-up capital in PropNex Realty, PropNex Grandeur and Life Mastery Academy; (ii) 71.83% of the issued and paid-up share capital of PropNex International; and (iii) 75% of the issued and paid-up share capital of PropNex Property Management for a consideration of approximately S\$18.10 million. The consideration was based on the audited NAV of the respective entities. The consideration was satisfied by the allotment and issue of 18,098,166 Shares by our Company to P&N (or its nominees). Upon completion of the sub-division of the Shares P&N then transferred 24,076,650 Shares, 37,343,350 Shares, 30,710,000 Shares and 6,142,000 Shares to Mr. Mohamed Ismail, Mr. Alan Lim, Mr. Kelvin Fong and Mr. Nizam Muddin Gafoor respectively. Please refer to the section entitled "*Shareholder*" of this Prospectus for further details on the post restructuring shareholdings of our Company.

In connection with the transfer by P&N to the Company of shares in PropNex Property Management, the Company entered into a shareholder's agreement with Mr. Paul Lawrence and PropNex Property Management via a deed of ratification and accession on 13 June 2018.

Please refer to the section entitled "*Group Structure*" of this Prospectus for further details on the post restructuring corporate structure of our Group.

GROUP STRUCTURE

Our Group structure as at the date of this Prospectus is as follows:



Notes:

- (1) The remaining 28.17% is held by JLLPC.
- (2) The remaining 25% is held by Mr. Paul Lawrence. Mr. Paul Lawrence is not related to the Company, the Directors and its Controlling Shareholders.
- (3) The remaining 34% and 33% is held by Electronic Realty Associates Pte. Ltd. and H Investment Pte. Ltd. respectively which are unrelated third parties.
- (4) Dormant company in the process of being struck off.

GROUP STRUCTURE

The details of our subsidiaries and associated company as at the date of this Prospectus are as follows:

Name of Company	Date and Country of Incorporation	Principal Business Activities	Principal Place of Business	Issued/ Registered and Paid Up Capital	Effective Equity Interest Held by our Company
Subsidiaries					
PropNex Realty	1 June 1999 (Singapore)	Real estate agencies and valuation services (68201) Real estate activities on a fee or contract basis not elsewhere classified N.E.C. (68209)	Singapore	S\$85,000	100%
PropNex International	27 February 2007 (Singapore)	Real estate agencies and valuation services (68201) Wholesale on a fee or contract basis (e.g. commission agents) (46100)	Singapore	S\$100,000	71.83%
Life Mastery Academy	15 March 2006 (Singapore)	Other Education N.E.C (85499) Human Resource Consultancy Services (70204)	Singapore	S\$100,000	100%
PropNex Property Management	30 May 2008 (Singapore)	Business and Management Consultancy Services (General) (70201)	Singapore	S\$150,000	75%
PropNex Grandeur Homes	6 January 2003 (Singapore)	Business and management consultancy services (General) (70201) Business and Management Consultancy Services N.E.C. (70209)	Singapore	S\$2	100%

GROUP STRUCTURE

Name of Company	Date and Country of Incorporation	Principal Business Activities	Principal Place of Business	Issued/ Registered and Paid Up Capital	Effective Equity Interest Held by our Company
Soreal	3 April 2017 (Singapore)	Web Portals (Including Social Networking Sites) (63120) Other Holding Companies (64202)	Singapore	S\$100,000	33%
PropNex International Sdn. Bhd. ⁽¹⁾	27 May 2004 (Malaysia)	Providing Training and Consultancy Services to Real Estate Agencies	Malaysia	RM68,336	100%

Note:

(1) Dormant company in the process of being struck off.

SHARE CAPITAL

We were incorporated in Singapore on 10 January 2018 under the Companies Act as a private limited company under the name “PropNex Pte Ltd”. Subsequently, on 13 June 2018, we converted into a public company limited by shares and changed our name to “PropNex Limited”.

As at the date of incorporation, the issued and paid up capital of our Company was S\$1 comprising 1 ordinary share. P&N was the initial subscriber and was issued and allotted with 1 ordinary share.

Since the date of our Company’s incorporation, we have issued and allotted ordinary shares at various points of time. Please refer to the section entitled “*Share Capital – Changes in issued and paid-up share capital of our Company and our subsidiaries*” of this Prospectus for further details.

Pursuant to written resolutions passed by our Shareholders on 13 June 2018, our Shareholders approved the following:

- (i) the conversion of our Company into a public company limited by shares;
- (ii) the adoption of our new Constitution;
- (iii) the change of our name to “PropNex Limited”;
- (iv) the sub-division of Shares;
- (v) the allotment and issuance of the New Shares pursuant to the Offering;
- (vi) the allotment and issuance of the Cornerstone Shares to the Cornerstone Investors;
- (vii) the listing and quotation of the issued ordinary shares of our Company (including the New Shares to be issued pursuant to Resolution (e) above) on the Official List of the SGX-ST;
- (viii) the grant of the JLL Put Option to JLLPC under the PropNex International SHA;
- (ix) the adoption of the PropNex PSP, the rules of which are set out in Appendix D of this Prospectus and that our Directors be authorised to allot and issue Award Shares upon the vesting of share awards granted under the PropNex PSP;
- (x) the adoption of the PropNex ESOS, the rules of which are set out in Appendix E of this Prospectus and that our Directors be authorised to allot and issue new Shares as may be required to be issued pursuant to the exercise of options granted under the PropNex ESOS; and
- (xi) the proposed grant of Options at a discount under the PropNex ESOS.

As at the date of this Prospectus, the issued and paid-up share capital of our Company is approximately S\$18.1 million divided into 307,100,000 Shares. Upon the allotment of the New Shares which are the subject of the Offering and the Cornerstone Shares, the resultant issued share capital of our Company will be increased to S\$58,983,167 comprising 370,000,000 Shares.

As at the Latest Practicable Date, we have only one (1) class of shares in the capital of our Company. The rights and privileges of our Shares are stated in our Constitution. There are no founder, management or deferred shares reserved for issuance for any purpose.

SHARE CAPITAL

The New Shares and the Cornerstone Shares shall have the same interest and voting rights as our existing Shares that were issued prior to the Offering and there are no restrictions on the free transferability of our Shares except where required by law or the Listing Rules and as described in the section entitled “*Shareholders – Moratorium*” of this Prospectus. As at the Latest Practicable Date, to the best knowledge of our Directors, no person has been, or is entitled to be, given an option to subscribe for or purchase any securities of our Company or our subsidiaries.

The Shares held by our Directors, Chief Executive Officers and Substantial Shareholders do not carry voting rights that are different from the Offering Shares.

CHANGES IN ISSUED AND PAID-UP SHARE CAPITAL OF OUR COMPANY AND OUR SUBSIDIARIES

The shareholders’ equity of our Company as at the date of incorporation and after the issue of the New Shares and the Cornerstone Shares is set out below:

Shareholders’ Equity	As at the Date of Incorporation (S\$)	Immediately after the Offering and the issuance of the Cornerstone Shares ⁽¹⁾ (S\$)
Issued and paid-up share capital	1	58,983,167
Reserves	–	–
Total shareholders’ equity	1	58,983,167

Note:

(1) Including adjustments due to expenses of approximately S\$1.5 million arising from the Offering and the issuance of Cornerstone Shares that are capitalised.

The issued and paid-up share capital of our Company as at the date of incorporation and immediately after the issue of the New Shares and the Cornerstone Shares is set out below:

Issued and Fully-paid up Share Capital as at:	Number of New Shares Issued	Resultant Issued and Paid-up Share Capital (Number of Shares)	Resultant Issued and Paid-up Share Capital (S\$)
Incorporation	1	1	1
Shares issued to P&N pursuant to the Restructuring Exercise	18,098,166	18,098,167	18,098,167
Sub-division	289,001,833 ⁽¹⁾	307,100,000	18,098,167
Pre-Offering share capital	–	307,100,000	18,098,167
Issuance of New Shares and Cornerstone Shares	62,900,000	370,000,000	58,983,167 ⁽²⁾
Post-Offering share capital		370,000,000	58,983,167⁽²⁾

Notes:

(1) Additional number of Shares to be issued as a result of the sub-division.

(2) Based on the gross proceeds from the issue of the New Shares and Cornerstone Shares before taking into account the capitalisation of approximately S\$1.5 million, being a portion of the expenses incurred in relation to the issuance of Cornerstone Shares and the Offering.

SHARE CAPITAL

All Shares issued have been fully paid up.

There were no changes in the issued and paid-up share capital of our subsidiaries for the period of three (3) years before the Latest Practicable Date.

SHAREHOLDERS

Our Directors and Substantial Shareholders as well as their respective shareholdings immediately before the Offering and immediately after the Offering and the issuance of the Cornerstone Shares are set out below (assuming Directors and Substantial Shareholders are not subscribing to the Offering):

Name	Immediately before the Offering			Immediately after the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is not exercised)			Immediately after the Offering and the issue of the Cornerstone Shares (assuming the Over-allotment Option is exercised in full)		
	Direct Interest	Deemed Interest	No of shares	Direct Interest	Deemed Interest	No of shares	Direct Interest	Deemed Interest	No of shares
Directors									
Mohamed Ismail ⁽¹⁾	24,076,650	7.8	208,828,000	68.0	24,076,650	6.5	205,844,129	55.6	205,844,129
Alan Lim ⁽²⁾	37,343,350	12.2	208,828,000	68.0	14,279,221	3.9	205,844,129	55.6	205,844,129
Kelvin Fong	30,710,000	10.0	-	-	27,750,000	7.5	-	-	-
Dr. Ahmad Magad	-	-	-	-	-	-	-	-	-
Benjamin Kan	-	-	-	-	-	-	-	-	-
Low Wee Siong	-	-	-	-	-	-	-	-	-
Substantial Shareholders									
P&N Holdings Pte Ltd	208,828,000	68.0	-	-	205,844,129	55.6	-	-	-
Other Shareholders									
Nizam Muddin Gafoor ⁽³⁾	6,142,000	2.0	-	-	5,550,000	1.5	-	-	-
Cornerstone Investors									
FIL Investment Management (Hong Kong) Limited	-	-	-	-	12,350,000	3.3	-	-	-
NTUC Income Insurance Co-Operative Limited	-	-	-	-	9,050,000	2.5	-	-	-
Affin Hwang Asset Management Berhad	-	-	-	-	7,500,000	2.0	-	-	-
Samsung Asset Management (HK) Limited	-	-	-	-	7,500,000	2.0	-	-	-
Value Partners Hong Kong Limited	-	-	-	-	7,500,000	2.0	-	-	-
Nikko Asset Management Asia Limited	-	-	-	-	6,100,000	1.7	-	-	-
New investors to the Offering	-	-	-	-	42,500,000	11.5	-	-	-
Total	307,100,000	100.0			370,000,000	100.0			

Notes:

- (1) Mr. Mohamed Ismail owns 62% of P&N, and pursuant to section 4 of the SFA, he is deemed interested in the shares held by P&N.
- (2) Mr. Alan Lim owns 38% of P&N, and pursuant to section 4 of the SFA, he is deemed interested in the shares held by P&N.
- (3) Mr. Nizam Muddin Gafoor is the brother of Mr. Mohamed Ismail. Mr. Nizam Muddin Gafoor is not involved in the management of the Group.

SHAREHOLDERS

To the best knowledge of our Directors, there is no known arrangement the operation of which may, at a subsequent date, result in a change of control of our Company.

Save as disclosed in this Prospectus, and other than our Controlling Shareholders, to the best knowledge of our Directors, our Company is not directly or indirectly owned or controlled by any corporation, government or other natural or legal person, whether severally or jointly.

SIGNIFICANT CHANGES IN PERCENTAGE OF OWNERSHIP

Save as disclosed below, there has been no change in the percentage of ownership of Shares held by our Directors, Controlling Shareholders and Substantial Shareholders in the Period Under Review and from 1 January 2018 up to the Latest Practicable Date:

	As at 31 December 2015		As at 31 December 2016		As at 31 December 2017		As at the Latest Practicable Date	
	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%	Number of Shares held	%
Substantial/Controlling Shareholders⁽¹⁾								
P&N	—	—	—	—	—	—	208,828,000	68.0

Note:

- (1) The percentage ownership of Shares held by our Directors, Controlling Shareholders and Substantial Shareholders in the table above does not include the deemed interests of such Directors, Controlling Shareholders or Substantial Shareholders.

VENDORS

Each of P&N, Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong will be selling 2,983,871, 592,000, 23,064,129 and 2,960,000 Vendor Shares, respectively, as part of the Offering and Mr. Nizam Muddin Gafoor, Mr. Alan Lim and Mr. Kelvin Fong may, subject to the full exercise of the Over-allotment Option, sell 170,000, 7,480,000 and 850,000 Additional Shares respectively. The Vendor Shares and Additional Shares represent 12.4% of our share capital immediately prior to the Offering and issue of the Cornerstone Shares and 10.3% of our share capital after the Offering and issue of the Cornerstone Shares.

CORNERSTONE INVESTORS

At the same time as but separate from the Offering, the Cornerstone Investors have entered into Cornerstone Subscription Agreements with, among others, our Company to subscribe for an aggregate of 50,000,000 Cornerstone Shares at the Offering Price, conditional upon, among others, the Management and Underwriting Agreement having been entered into and not having been terminated pursuant to its terms on or prior to the date on which the Offering Shares are issued under the Offering.

The Cornerstone Investors are:

Affin Hwang Asset Management Berhad

Affin Hwang Asset Management Berhad (“**AHAM**”) was incorporated in Malaysia on 2 May 1997 and began its operations under the name Hwang-DBS Unit Trust Berhad in 2001. In early 2014, AHAM was acquired by the Affin Banking Group (“**Affin**”) and is now supported by an established

SHAREHOLDERS

Malaysian financial services conglomerate. Affin has over 38 years of experience in the financial industry which focuses on commercial, Islamic and investment banking services, money broking, fund management and underwriting of life and general insurance business. Additionally, AHAM is also 30% owned by Nikko Asset Management International Limited, a leading independent Asian investment management franchise. AHAM has approximately RM48 billion assets under management as at 1 May 2018. AHAM has entered into a Cornerstone Subscription Agreement to subscribe for 7,500,000 Cornerstone Shares at the Offering Price.

FIL Investment Management (Hong Kong) Limited

FIL Investment Management (Hong Kong) Limited, acting as professional fiduciary for certain accounts, is incorporated in Hong Kong. Its principal business activities are investment management, advisory and provision of other professional services to its clients. FIL Investment Management (Hong Kong) Limited has entered into a Cornerstone Subscription Agreement to subscribe for 12,350,000 Cornerstone Shares at the Offering Price.

Nikko Asset Management Asia Limited

Nikko Asset Management Asia Limited (“**Nikko Asset Management**”) is one of Asia’s largest asset managers, providing high-conviction, active fund management across a range of equity, fixed income, multi-asset and alternative strategies and its complementary range of passive strategies covers more than 20 indices and includes some of Asia’s largest exchange-traded funds. Nikko Asset Management has US\$211.6 billion (23.83 trillion yen) in assets under management (consolidated assets under management and sub-advisory of Nikko Asset Management and its subsidiaries as at 31 December 2017). Headquartered in Asia since 1959, Nikko Asset Management represents nearly 200 investment professionals (including employees of Nikko Asset Management and its subsidiaries as at 31 December 2017) and over 30 nationalities across nine (9) countries. More than 300 banks, brokers, financial advisors and life insurance companies around the world distribute the company’s products.

Nikko Asset Management has entered into a Cornerstone Subscription Agreement to subscribe for 6,100,000 Cornerstone Shares at the Offering Price.

NTUC Income Insurance Co-Operative Limited

NTUC Income Insurance Co-operative Limited (“**Income**”) was established in 1970 to provide affordable insurance for workers in Singapore. Today, two million people in Singapore look to Income for trusted advice and solutions when making their most important financial decisions. Its wide network of advisers and partners provide life, health and general insurance products and services to serve the protection, savings and investment needs of customers across all segments of society.

As a social enterprise, Income’s social purpose is to make insurance accessible, affordable and sustainable for all.

In 2017, Income’s assets under management was S\$36.3 billion. Standard & Poor’s continues to award an AA- rating on Income’s financial strength, which is underscored by the company’s strong business network and operating performance of its diversified investment portfolio.

Income has entered into a Cornerstone Subscription Agreement to subscribe for 9,050,000 Cornerstone Shares at the Offering Price.

SHAREHOLDERS

Samsung Asset Management (HK) Limited

Samsung Asset Management (Hong Kong) Limited (“**SAMHK**”) is a limited liability company incorporated in Hong Kong on 1 November 2007. The company is principally engaged in asset management and securities investment advisory services in Hong Kong. SAMHK obtained its licenses from the SFC on 23 April 2008 to conduct Type 4 (advising on securities) and Type 9 (asset management) regulated activities with CE Number AQG442.

The company is a wholly-owned subsidiary of Samsung Asset Management Co.,Ltd. (“**SAM**”). A member of the the Samsung Group of companies, SAM is the leading asset manager in Korea, with over US\$ 173.5 billion in Assets under management (as of 31 Mar 2016).

SAMHK has entered into a Cornerstone Subscription Agreement to subscribe for 7,500,000 Cornerstone Shares at the Offering Price.

Value Partners Hong Kong Limited

Value Partners Hong Kong Limited (“**Value Partners**”) is a wholly owned subsidiary of Value Partners Group Limited, a company listed on the Stock Exchange of Hong Kong Limited (stock code: 806). Value Partners is one of Asia’s largest independent asset management firms headquartered in Hong Kong. Value Partners manages absolute return long-biased funds, long-short hedge funds, exchange traded funds, quantitative funds, as well as fixed income products for institutional and individual clients in Asia Pacific, Europe and the United States.

Value Partners has entered into a Cornerstone Subscription Agreement to subscribe for 7,500,000 Cornerstone Shares at the Offering Price.

MORATORIUM

To demonstrate their commitment to our Group, certain Shareholders have agreed with the Issue Manager, Underwriter and Placement Agent, from the date of the Management and Underwriting Agreement until the date falling six (6) months after the Listing Date (the “**Moratorium Period**”), to subject all or a part of their shareholding held at the time of Listing (as the case may be) to certain moratorium arrangements. Further details of the moratorium arrangements are set out below.

The aggregate number of Shares which will be moratorised are as follows:

Number of Shares under Moratorium	Percentage of Share Capital Immediately after the Offering (assuming the Over-allotment Option is not exercised)
277,500,000	75.0%

SHAREHOLDERS

Controlling Shareholders, their Associate and Executive Directors

To demonstrate their commitment to our Group, our Controlling Shareholders, P&N, Mr. Mohamed Ismail and Mr. Alan Lim, and an Associate of our Mr. Mohamed Ismail, Mr. Nizam Muddin Gafoor, who together hold an aggregate of 249,750,000 Shares, representing approximately 67.5% of our issued share capital immediately after the Offering and the issuance of the Cornerstone Shares (assuming the Over-allotment Option is not exercised) and our Executive Director, Mr. Kelvin Fong, who holds 27,750,000 Shares representing approximately 7.5% of our issued share capital immediately after the Offering (assuming the Over-allotment Option is not exercised), have agreed with the Issue Manager, Underwriter and Placement Agent that it will not, without the prior written consent of the Issue Manager, Underwriter and Placement Agent, for the Moratorium Period, directly or indirectly, in respect of all of its Shares held at the time of Listing:

- (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of its Shares (including any interests or securities convertible into or exchangeable for any Shares or which carry rights to subscribe for or purchase any Shares);
- (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any Shares, whether such swap, hedge or other arrangement is to be settled by delivery of Shares or other securities, in cash or otherwise;
- (c) deposit any of its Shares (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a), (b) or (c); or
- (e) offer to, or agree to, or publicly announce any intention to do any of the above.

In respect of the undertakings given, the foregoing restrictions do not apply to (i) the Vendor Shares to be sold by P&N, Mr. Alan Lim, Mr. Nizam Muddin Gafoor and Mr. Kelvin Fong and (ii) the transfer of Shares by Mr. Alan Lim, Mr. Nizam Muddin Gafoor and Mr. Kelvin Fong pursuant to the Share Lending Agreement, provided that these restrictions will apply to the Shares returned to Mr. Alan Lim, Mr. Nizam Muddin Gafoor and Mr. Kelvin Fong pursuant to the Share Lending Agreement.

Mr. Mohamed Ismail and Mr. Alan Lim, being shareholders of P&N, have agreed with the Issue Manager, Underwriter and Placement Agent that, in respect of their shareholding in P&N, they will not, without the prior written consent of the Issue Manager, Underwriter and Placement Agent, for the Moratorium Period, directly or indirectly, in respect of all their shares in P&N ("**P&N Shares**") held at the time of Listing:

- (a) offer, pledge, sell, contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, any of their P&N Shares (including any interests or securities convertible into or exchangeable for any P&N Shares or which carry rights to subscribe for or purchase any P&N Shares);

SHAREHOLDERS

- (b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the P&N Shares or any interests or securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any P&N Shares, whether such swap, hedge or other arrangement is to be settled by delivery of P&N Shares or other securities, in cash or otherwise;
- (c) deposit any of their P&N Shares (including any interests or securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase any P&N Shares) in any depository receipt facilities, whether any such transaction is to be settled by delivery of P&N Shares or other securities, in cash or otherwise;
- (d) enter into any transaction or other arrangement having an economic effect similar, in whole or in part, to the foregoing (a), (b) or (c); or
- (e) offer to, or agree to, or publicly announce any intention to do any of the above.

No sale of similar securities by our Company

We have agreed with the Issue Manager, Underwriter and Placement Agent that, from the date of the Management and Underwriting Agreement until the date falling six (6) months after Listing Date, we will not, without the prior written consent of the Issue Manager, Underwriter and Placement Agent, directly or indirectly:

- (a) allot, offer, issue, sell, contract to issue, grant any option, warrant or other right to subscribe or purchase, grant security over, encumber (whether by way of mortgage, assignment of rights, charge, pledge, pre-emption rights, rights of first refusal or otherwise), or otherwise dispose of or transfer, any Shares or any other securities of our Company or any subsidiary of ours (including any equity-linked securities, perpetual securities and any securities convertible into or exchangeable for, or which carry rights to subscribe for or purchase such Shares or any other securities of our Company or any subsidiary of ours), whether such transaction is to be settled by delivery of Shares or other securities of our Company or any subsidiary of ours, or in cash or otherwise;
- (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of our Company or any subsidiary of ours, or any interest in any of the foregoing (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase Shares or any other securities of our Company or any subsidiary of ours), whether such transaction is to be settled by delivery of Shares or other securities of our Company or any subsidiary of ours, or in cash or otherwise;
- (c) deposit any Shares or any other securities of our Company or any subsidiary of ours (including any securities convertible into or exchangeable for, or which carry rights to subscribe or purchase such Shares or any other securities of our Company or any subsidiary of ours) in any depository receipt facilities;
- (d) enter into any transaction with the same economic effect as any transaction described in the foregoing (a), (b) or (c); or
- (e) offer or agree to or make any announcement with respect to any of the foregoing transactions.

SHAREHOLDERS

The foregoing restriction does not apply to the New Shares issued under the Offering, the Cornerstone Shares, the Option Shares and the Award Shares or utilisation of treasury shares issued in accordance with the Companies Act.

Persons intending to subscribe for Shares in the Offering

While some of our Directors (including Directors who are Substantial Shareholders) intend to subscribe for and/or purchase the Offering Shares, none of our other Substantial Shareholders intends to subscribe for and/or purchase the Offering Shares. In the event that any of our Directors or Substantial Shareholders subscribe for and/or purchase any Offering Shares, we will, pursuant to Rule 240(1) of the Listing Manual, announce details of such subscription.

To the best of our knowledge, we are not aware of any person who intends to subscribe for and/or purchase more than 5.0% of the Offering Shares. However, through a book-building process to assess market demand for our Shares, there may be person(s) who may indicate interest to subscribe for more than 5.0% of the Offering Shares.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six (6) months after the date of registration of this Prospectus by the Authority.

OUR BUSINESS

OVERVIEW

We are an integrated real estate services group. As at 1 January 2018, we are Singapore's largest⁽¹⁾ home-grown real estate agency. Our value proposition to our customers is based on our strong commitment to excellent customer service and professional work ethics and this is reflected in our name "*PropNex*", which stands for Property Network for Excellence.

Our core business can be categorised into four (4) business segments namely (i) real estate brokerage, (ii) training, (iii) property management and (iv) real estate consultancy.

Real Estate Brokerage

Our primary business is in the provision of real estate brokerage services comprising real estate agency and project marketing services. We operate our real estate agency through our wholly owned subsidiary, PropNex Realty which is supported by PropNex International in project marketing. As at 1 January 2018, PropNex Realty is Singapore's largest home-grown real estate agency with 6,684 salespersons⁽¹⁾. As at the Latest Practicable Date, we have 7,248 salespersons. We are a leading project marketing agency with a market share of 42.7% of the residential primary private market⁽²⁾. We believe we also lead the market in the residential HDB resale market with a market share of 45.3%⁽²⁾.

Notes:

- (1) Based on information obtained from the CEA media release dated 4 January 2018 on "Licensing and Registration Exercise For Property Agencies and Agents". CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Issue Manager, Underwriter and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, Vendor and Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.
- (2) According to the Independent Market Research Report, the percentage is in terms of number of units transacted in 2017.

Training

Life Mastery Academy is the training arm of PropNex and is also a CEA-accredited provider of CPD courses. The academy provides trainings for salespersons to equip them with the necessary knowledge to carry out real estate agency work. The current regulatory framework requires all practising salespersons in Singapore to undertake mandatory continuing professional development ("**CPD**") courses for a minimum of six (6) hours of credits each calendar year.

Property Management

PropNex Property Management was set up as a one-stop professional consultancy to manage boutique and high-end condominiums. PropNex Property Management provides specialised solutions in property management, building diagnostics and facility management. The team builds on long-term alliances and collaborations with various industry experts and partners to provide a number of services, including property and facility maintenance, administration of common areas, communal and lifestyle services, security management, defects resolution, and project management.

OUR BUSINESS

Real Estate Consultancy

Between January 2018 and March 2018, we established a real estate consultancy arm under PropNex Realty to provide auction and corporate sales services and investment or en bloc services.

HISTORY AND DEVELOPMENT

Our Group's history can be traced up back to 1996 with the incorporation of Nooris Consultants Pte. Ltd. by Mr. Mohamed Ismail and Prulink Realty Pte. Ltd. by Mr. Alan Lim and Mr. Joseph Lee. In 1999, with both real estate agencies counting approximately 200 salespersons each in its fold, Mr. Mohamed Ismail, Mr. Alan Lim and Mr. Joseph Lee co-founded First Class Consultants Pte. Ltd. First Class Consultants Pte. Ltd. provided real estate services through a franchise model and pioneered the "dual-career path" scheme for salespersons. Now an industry practice, this concept allows salespersons to build a career by growing and managing their own teams on a profit-sharing basis.

Within a year, in July 2000, five (5) real estate agencies came under the umbrella of PropNex Pte. Ltd. (formerly known as First Class Consultants Pte. Ltd.). This new franchise real estate network had over 2,700 salespersons and provided various services at its approximately 10,000 square feet headquarters at Novena Square, such as training courses, centralised facilities, legal and information technology services, to its salespersons. In 2001, the headquarters saw a visit by then Minister of Community Development Mr. Abdullah Tarmugi and we also began conducting quarterly conventions for our salespersons.

In 2003, Mr. Mohamed Ismail, Mr. Alan Lim and Mr. Joseph Lee incorporated our Controlling Shareholder, P & N Holdings Pte. Ltd. (formerly known as Prulink Nooris Corporation Pte. Ltd. and PropNex Corporation Pte. Ltd.). In the same year, we also incorporated PropNex Grandeur Homes with the intention to penetrate the luxury homes real estate market.

In January 2004, a merger between four (4) franchisee partners formed PropNex Realty Pte. Ltd. (formerly known as Nooris Property Consultants Pte. Ltd.). PropNex Realty then acquired the PropNex trademark from PropNex Pte. Ltd.. This move dissolved the franchise relationship between the franchisee partners and PropNex Pte. Ltd. (which was renamed Ardmore Pte. Ltd. and subsequently dissolved) and combined the different real estate agencies under PropNex Realty Pte. Ltd., helmed by Mr. Mohamed Ismail, Mr. Alan Lim and Mr. Joseph Lee. The unified PropNex Realty maintained its sales force of over 3,000 salespersons.

Under PropNex Realty, by maintaining the "dual-career path" scheme for salespersons and through emphasising service excellence and training, we continued to expand our salesforce into the strong salesforce that it is today.

In 2004, after the merger, we moved our headquarters to the HDB Hub. These new headquarters were officially opened by then Minister of State for Defence and National Development, Mr. Cedric Foo, and boasted an office space of approximately 24,000 square feet, housing offices, common and designated workspaces for salespersons, centralised training facilities and a salesperson service counter.

In 2006, in order to provide more holistic training to our salespersons, Life Mastery Academy was incorporated to provide training and real estate courses to our salespersons and the general public.

OUR BUSINESS

In 2007, PropNex Grandeur Homes started to provide administrative support services for our salespersons. In addition, we also incorporated PropNex International the same year to market real estate projects for the local and international market.

In 2008, PropNex Property Management was set up as a one-stop shop professional consultancy agency to manage boutique and high-end condominiums. Offering specialised solutions in property management, building diagnostic and facility management, the team builds on long-term alliances and collaborations with various industry experts and partners to provide a number of services, including comprehensive property and asset management systems, building diagnostics, systems and workflow establishment. Please refer to the section entitled “*Our Business – Our Services – Property Management*” of this Prospectus for more details on the business of PropNex Property Management.

Sensing the need to self-regulate in order to safeguard consumer interests, PropNex Realty initiated mandatory professional indemnity insurance for all its salespersons in 2008.

In 2013, Mr. Joseph Lee retired from our Group and sold his equity interest in P&N to Mr. Mohamed Ismail and Mr. Alan Lim, both of whom continue to manage the Group until today.

In 2014, we entered into a joint venture with JLL (JLLPC currently owns 28.17% of PropNex International) in order to tap into the project marketing strengths and global outreach of JLL. The joint venture also expanded our capabilities to include luxury properties in Districts 9, 10 and 11, and bolstered our overseas project marketing services. This also saw the ex-JLL salespersons joining as PropNex salespersons.

In 2016, we believe we broke into the luxury property space when we were appointed as one of the marketing agents for OUE Twin Peaks achieving the largest share of units transacted of approximately 61% as at 31 December 2017.

Looking to expand the PropNex brand internationally, our Group entered into a master franchise agreement with PT PropNex Realty Indonesia in 2016. This began the development of the PropNex’s presence in Indonesia, Surabaya.

In 2017, PropNex Realty entered into a business takeover agreement with Dennis Wee Realty Pte Ltd which saw a transfer of 845 salespersons from Dennis Wee Realty Pte. Ltd. to PropNex Realty from 10 July 2017. As part of such agreement, Dennis Wee Realty Pte. Ltd. agreed to certain restrictive covenants preventing it from competing with the Group. No other assets were purchased from the Dennis Wee Realty Pte. Ltd. Following the transfer, PropNex Realty became Singapore’s largest real estate agency with 6,688 salespersons as at 10 July 2017⁽¹⁾.

Note:

- (1) Source: Lynette Khoo: “PropNex now Singapore’s largest property agency” The Business Times, 11 July 2017. Each of Lynette Khoo and The Straits Times has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Issue Manager, Underwriter and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, Vendor and Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

OUR BUSINESS

On 22 December 2017, PropNex Realty entered into a sale and purchase agreement with P&N to acquire 33% of the issued and paid up capital in Soreal Prop Pte. Ltd. for a consideration of S\$33,000. The consideration was based on the NAV of Soreal as at 31 December 2017. In conjunction with such purchase, PropNex Realty also paid P&N S\$150,000 in consideration for the novation of P&N's loan of S\$150,000 to Soreal. The other shareholders of Soreal are Electronic Realty Associates Pte Ltd and H Investment Pte. Ltd. (Huttons Asia). Soreal operates an online platform for salespersons and consumers. The establishment of Soreal represents a milestone in the real estate services industry in Singapore where major players recognise the need for collaboration in the usage of data analytics to promote greater transparency and increase productivity. The online platform, SoReal Prop, was launched on 12 March 2018.

In March 2018, we expanded the PropNex brand into Malaysia with the entry into a licensing agreement with PropNex Realty Sdn Bhd. In April 2018, we also entered into a heads of agreement concerning the partnership with Diamond Energy Merchants Pte. Ltd. to allow our salespersons to market electricity plans under the "Diamond Electric" brand.

Our Company was incorporated on 10 January 2018 as PropNex Pte. Ltd. As part of the Restructuring, PropNex Realty, PropNex International, PropNex Property Management, Life Mastery Academy and PropNex Grandeur were acquired by the Company on 13 June 2018. On 13 June 2018, we converted into a public company and changed our name to "PropNex Limited".

OUR SERVICES

Broadly, our core business segments and business offerings are as follows:

Real Estate Brokerage

Our primary business is in the provision of real estate brokerage services comprising real estate agency and project marketing services. We operate our real estate agency through our wholly owned subsidiary, PropNex Realty which is supported by PropNex International in project marketing.

Our primary business is in the provision of real estate brokerage services comprising real estate agency and project marketing services. We operate our real estate agency through our wholly owned subsidiary, PropNex Realty which is supported by PropNex International in project marketing. As at 1 January 2018, PropNex Realty is Singapore's largest real estate agency with 6,684 salespersons⁽¹⁾. We are a leading project marketing agency with a market share of 42.7% of the residential primary private market⁽²⁾. We believe we also lead the market in the residential HDB resale market with a market share of 45.3%⁽²⁾.

Notes:

- (1) Based on information obtained from the CEA media release dated 4 January 2018 on "Licensing and Registration Exercise For Property Agencies and Agents". CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Issue Manager, Underwriter and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, Vendor and Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.
- (2) According to the Independent Market Research Report, the percentage is in terms of number of units transacted in 2017.

OUR BUSINESS

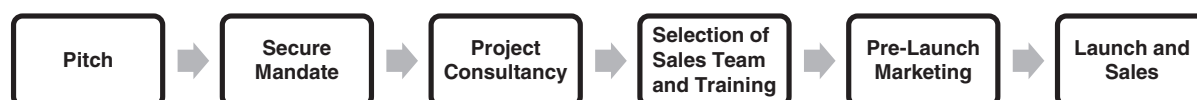
Revenue is derived from this segment through commission-based fees from sales and rental of residential, commercial and industrial properties and can be broadly split into those from project marketing sales and those of resale transactions.

Project Marketing Sales

New home sales from projects where PropNex International is appointed as the marketing agent, contribute towards 31.9% of our total revenue for FY2017. In FY2017, PropNex salespersons sold a total of 4,498 residential units launched by developers.

We carry out project sales and marketing through PropNex International with support from PropNex Realty. Our close relationships with property developers in Singapore, coupled with our strong presence as the largest real estate agency in Singapore, has allowed us to secure a steady stream of marketing mandates for new projects. Furthermore, we provide project consultancy advice to the developers we work with.

A flow chart of our project marketing sales process is as follows:



Once the mandate is secured from the relevant developers, we provide our suggestions on showflat designs, concept and logistics and sale strategy to developers. We also assist in coordinating the invitees and other logistical matters for the preview or launch of the project, as well as arranging for our salespersons to promote the project at the developers' showroom or exhibitions. We select our Group's salespersons to market various projects based on their credentials, performance at sales training, relevant sales experience and market knowledge. We provide our salespersons with a wide range of marketing materials such as brochures, presentation manuals, sales kits, and promotional leaflets. In addition, we ensure that these salespersons receive the appropriate project-specific training in order to facilitate the sales and marketing of the projects.

During the duration of marketing launches, PropNex Realty organises teams of selected salespersons to be stationed at the showroom. In particular, we implement a "tagger" system where an elite team assists our co-broking salespersons in their marketing efforts at the showroom. "Taggers" are familiar with all aspects of the project and are on hand to attend to prospective buyers brought by our salespersons to the showroom and to provide assistance on the process of the new home purchase. We also assist prospective buyers in signing the option to purchase the property and in engaging financial institutions on relevant mortgage loans. Buyers for new projects typically pay developers in a series of progressive payments. We generally recognise commissions from developers for units sold by our salespersons once the sale and purchase agreements are signed by the buyers and the developers have collected upfront deposits. To aid marketing efforts, our Executive Chairman and CEO, Mr. Mohamed Ismail, also speaks as keynote speaker in marketing videos of such projects and shares his views and insights on the real estate market.

In order to help our salespersons provide better service to their customers, we provide trainings based on geographical zones that we have marketing mandates in. Please refer to the section entitled "*Our Business – Real Estate Brokerage – Our Salespersons – Training for our salespersons*" of this Prospectus for further details on the training provided to our salespersons.

OUR BUSINESS

Notable local projects which PropNex International has been appointed as its marketing agent for FY2016 and FY2017 are as follows:

	Project Name	Developer	No. of Units⁽¹⁾	District
1.	121 Whitley	Unique Resi Estate Pte Ltd	9	11
2.	26 Newton	Novelty Corp Pte Ltd	180	11
3.	6 Derbyshire	Fantasia (Novena) Pte Ltd	168	11
4.	Artra	Fec Skyline Pte Ltd	400	3
5.	Belgravia Villas	Fairview Developments Pte Ltd	118	28
6.	E Maison	Global Star Development Pte Ltd	130	13
7.	Forestwoods	Serangoon Green Pte Ltd	519	19
8.	Fulcrum	CEL Development	128	15
9.	Gem Residences	Gem Homes Pte Ltd	578	12
10.	Gramercy Park	Aston Properties Pte Ltd	174	10
11.	Grandeur Park Residences	CEL-Changi Pte. Ltd	720	16
12.	Inz Residences	Qingjian Realty (Choa Chu Kang) Pte Ltd	497	23
13.	Kandis Residence	Tuan Sing Holdings Limited	130	27
14.	Kingsford Waterbay	Kingsford Development	1,171	19
15.	Le Quest	Qingjian Realty (Bbr) Pte Ltd	516	23
16.	Leedon Residences	Guocoland Limited	381	10
17.	Lloyd 65	Tg (2010) Pte Ltd	76	9
18.	Marina Collection	Lippo Marina Collection Pte Ltd	124	4
19.	Martin Modern	Guocoland Limited	450	9
20.	Mon Jervois	Singland Development (Jervois) Pte Ltd	109	10
21.	New Futura	City Developments Limited	124	9
22.	Northpark Residences	North Gem Development Pte Ltd	920	27
23.	Northwave	Hao Yuan (Woodlands) Pte Ltd	358	25
24.	Onze	Heeton Holdings Limited	69	2
25.	OUE@Twin Peaks	Cove Development Pte Ltd	462	9
26.	Peak 2	Tg Development Pte Ltd & Tee Development Pte Ltd	60	9
27.	Pearl Island	Ximeng Land(S) Ptd Ltd	19	4
28.	Queens Peak	Hy Realty (Dundee) Pte Ltd	736	3

OUR BUSINESS

	Project Name	Developer	No. of Units⁽¹⁾	District
29.	R Maison	Global Star Development Pte Ltd	45	13
30.	Reflections @ Keppel Bay	Keppel Land Limited	98	4
31.	Riverside Melodies	Melodies Limited	41	12
32.	Sims Urban Oasis	Guocoland Limited	1,024	14
33.	Skies Miltonia	Tg Master Pte Ltd	15	27
34.	Sky Green	Unique Realty Pte Ltd	176	13
35.	Sol Acres EC	MCL Land Limited	1,327	23
36.	Soleil@Sinaran	Riverside Investments Pte Ltd	417	11
37.	Sophia Hills	Hoi Hup Sunway Mount Sophia Pte Ltd	493	9
38.	The Brownstone	City Developments Limited	638	27
39.	The Creek	Chiu Teng @ Bukit Timah Pte Ltd	260	21
40.	The Criterion	Island Glades Developments Pte Ltd	505	27
41.	The Line @ Tanjong Rhu	Lakeview Investments	130	15
42.	The Peak @ Cairnhill II	TG Development Pte Ltd & TEE Development Pte Ltd	60	9
43.	The Poiz Residences	MCC LAND	731	13
44.	Three Balmoral	Priscious Pte Ltd	40	10
45.	Up@Robertson Quay	New Vista Realty Pte. Ltd. & Novel Developments Pte. Ltd.	70	9
46.	V On Shenton	Uic Investments (Properties) Pte Ltd	510	1
47.	Visionaire	Qingjian Realty (Sembawang) Pte Ltd	632	27
48.	Westwood Residences	KBD Westwood Pte. Ltd.	480	22

OUR BUSINESS

Notable local projects which PropNex International has been appointed as its marketing agent for FY2018 are as follows:

	Project Name	Developer	No. of Units⁽¹⁾	District
1.	120 Grange	RH Orchard Pte Ltd	56	10
2.	3 Orchard by the Park	YTL Westwood Properties Pte Ltd	77	9
3.	8 Hullet	Hullet Development Pte Ltd	44	9
4.	Belgravia Green	Fairview Developments Pte Ltd	81	28
5.	Changi Garden	CES Real Estate Development Pte Ltd	300	17
6.	Daintree residences	Setia (Bukit Timah) Pte Ltd	327	21
7.	Dunearn Court	RH Capital Two Pte Ltd	40	11
8.	Handy Road	CDL Regulus Pte Ltd	130	9
9.	How Sun Park	SingHaiyi Group	80	19
10.	Jadescape	Qingjian Realty (Marymount) Pte Ltd	1204	20
11.	Margaret Ville	MCL Land (Regency) Pte Ltd	309	3
12.	New Futura	City Sunshine Holdings Pte Ltd	124	9
13.	Normanton Park	Kingsford Huray Development	1900	5
14.	Park Colonial	CEL Unique Development Pte Ltd	805	13
15.	Parkwood Collection	Fantasia Investment (Singapore) Pte Ltd, Sun Renwang and Yang Xinping	53	19
16.	Perumal	Low Keng Huat (Singapore) Limited	170	8
17.	Rivercove Residences	Hoi Hup Sunway Sengkang Pte Ltd	628	19
18.	Riverfront Residences	Rio Casa Venture Pte Ltd	1472	19
19.	RV Millenia	RH Capital Two Pte Ltd	120	9
20.	South Beach Residences	South beach Consortium Pte Ltd	190	7
21.	Sumang Walk	Pavo Properties Pte Ltd	800	19
22.	Sun Rosier	SingHaiyi Group	250	19
23.	Tampines Court	Sim Lian Development	2200	18
24.	The Enclave @ Holland	Three sixty-nine Development Pte Ltd	26	10
25.	The Garden Residences	Gardens Development Pte Ltd	613	19
26.	The Opus	Aquarius Properties Pte Ltd	800	15

OUR BUSINESS

	Project Name	Developer	No. of Units ⁽¹⁾	District
27.	The Tapestry	Bellevue Properties Pte Ltd	861	18
28.	Twin Vew	CSC Land Group(Singapore) Pte Ltd	520	5
29.	Wallich Residence	GuocoLand	181	2
30.	West Coast Vale	CDL Pegasus Pte Ltd	730	5

Note:

(1) Subject to change from time to time by, among others, the respective developers.

We believe that our dominant position in the market is attributed to our PropNex brand and the quality of our salespersons. We ensure that our salespersons are kept up to date with relevant updates and training. Our salespersons also actively source for property listings by way of internet and print media, telemarketing, and other activities such as holding roadshows. Our salespersons are trained to be cognisant of the guidelines issued by CEA on ethical advertising.

Leases

In respect of leases, brokerage income for rentals typically peak in the third quarter of the year as they are driven by renewal leases of families and students at the start of the academic year.

We recognise commissions of approximately half to one (1) month depending on the duration of the tenancy, which are payable by the landlord, tenant or both.

Our Salespersons

Our Group's revenue is partly dependent on the number of salespersons registered with PropNex Realty. As at 1 January 2018, we have 6,684 registered salespersons. We believe that this makes us the largest real estate agency in Singapore and throughout the years, our sales force has grown by a compounded annual growth rate of approximately 7.7% from 1 January 2015 to 1 January 2018 as follows:

	As at 1 January 2015	As at 1 January 2016	As at 1 January 2017	As at 1 January 2018
Number of Salespersons ⁽¹⁾	5,357	5,464	5,510	6,684

Note:

(1) Based on information obtained from the CEA media release dated 4 January 2018 on "Licensing and Registration Exercise For Property Agencies and Agents". CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Issue Manager, Underwriter and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, Vendor and Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

The increase in the number of salespersons over the years has enabled us to increase our revenue and market coverage. We believe that the increase is attributable to a number of factors including the strength of the PropNex brand and the quality of service it promises, the "Dual Career Path" scheme, our commission structure and training provided to our salespersons.

OUR BUSINESS

Criteria for salespersons

Each of our salespersons is registered with the CEA. In order to be eligible for registration, a salesperson must, among other things, satisfy certain entry requirements and educational criteria prescribed under the Estate Agents (Licensing and Registration) Regulations 2010.

Our salespersons are not employees of our Group. Prior to commencing any estate agency work, each salesperson must, among other things, execute an associate agreement with PropNex Realty ("**Associate Agreement**"). Provisions of the Associate Agreement include, among others, the following:

- (i) the salesperson is not and shall not be deemed a servant, agent or employee of PropNex Realty and shall be solely responsible for all taxes or charges imposed by any authority against him or her and shall personally indemnify and hold PropNex Realty harmless against the same;
- (ii) the salesperson shall at all times conform to and abide by the rules, regulations, policies, ethics and professional code set down by PropNex Realty (both expressed and implied) and the authorities. The salesperson shall not engage and/or participate in any illegal arrangements or transactions whatsoever in all his dealings. The salesperson shall keep proper and accurate statements and documents of all his or her transactions for the purpose of returns and shall be obliged to respond to the office or client;
- (iii) the salesperson shall ensure that, during his or her period of appointment with PropNex Realty, that he or she is covered by professional indemnity insurance. PropNex Realty has the right to deduct from commission or overriding of salespersons to pay for any outstanding insurance premiums owed by such salespersons. PropNex Realty also has the right to terminate the Associate Agreement if such salesperson fails to be covered by professional indemnity insurance;
- (iv) PropNex Realty has provided guidelines on commissions to be charged to the clients for any services rendered and where such commission is earned, the commission shall be paid to PropNex Realty;
- (v) in the event any commission remains due and outstanding for whatever reason, whether in part or in full, the salesperson shall institute recovery action without undue delay and in any case not more than one (1) month after such commission becomes due or shall satisfy PropNex Realty why such recovery action should not be taken. PropNex Realty shall have the right to pursue the claim for commission on its own accord or write-off the same⁽¹⁾;
- (vi) salespersons who are not Team Leaders may terminate the Associate Agreement by giving 24 hours written notice to PropNex Realty without giving any reasons. Salespersons who are Team Leaders may terminate the Associate Agreement by giving 30 days written notice to PropNex Realty without giving any reasons;
- (vii) the salesperson shall fully indemnify PropNex Realty against all costs (including but not limited to damages, liabilities, charges, losses, claims and/or counter-claims) incurred by the Company as a result of the acts or omissions of such salesperson which are contrary to or contravene the Associate Agreement and/or policies of PropNex Realty.

Note:

- (1) There has not been any incident which had a material impact on the Group's financials and/or operations arising from the salesperson's failure to recover commissions which are due and outstanding.

OUR BUSINESS

In the course of carrying out their real estate agency work, all salespersons are required to display their estate agent card prominently.

As at Latest Practicable Date, we have 7,248 salespersons led by approximately 200 Team Leaders. Team Leaders and Managers are salespersons who have met certain criteria set by the Group on total gross commission and the number of salespersons recruited for PropNex Realty. Team Leaders and Managers are incentivised via our “Dual Career Path” scheme. Please refer to the section entitled “*Our Business – Our Services – Real Estate Brokerage – Team Leaders and Managers: the “Dual Career Path”*” scheme of this Prospectus for more details.

Facilities and support for our salespersons

We provide administrative, legal, information technology and marketing support to our salespersons.

Our real estate agency operations are housed in our offices in Toa Payoh, which have an aggregate floor area of over 40,000 square feet. We provide our salespersons access to our facilities, which include the use of office equipment and meeting and seminar rooms.

In order to facilitate working remotely and to improve the productivity of our salespersons, we have developed an IT system known as the “Virtual Office” and mobile phone applications known as the “Virtual Office Mobile”. Through a web-browser or their smartphones, salespersons are able to obtain information on policy updates, submit PropNex exclusive listings to be featured on our website and our mobile phone application, obtain prompt updates on completed transactions, access and download documents to execute transactions, set up appointments with our legal team, sign up for in-house training courses as well as monitor their personal and team’s receivable commission (including over-riding commission) on the go.

We have also developed two (2) other mobile phone applications to help increase the productivity of our salespersons. To provide transparency for the co-broke information to real estate salespersons who co-broke with PropNex salespersons, “PropNex Cobroker” allows co-broking salespersons, to check on the accuracy of the co-broke commission and the payment date of the co-broke commission. Targeting PropNex home investors, the “Property Net” mobile application allows home sellers to post their listings and home buyers to find a professional salesperson easily. Sellers and buyers can appoint any PropNex salesperson as his/her servicing salesperson and he or she will be notified automatically. The application allows users to shortlist the properties for viewing and the appointed servicing salesperson is notified of the arrangements.

We also subscribe to third-party mobile and web application services, known to our salespersons as “PropNex Projects”. This service provides a platform for easy reference to project information on a real-time basis. Salespersons are able to access announcements on project related matters including updated unit availability and pricing, interactive charts, floor plans and other relevant documents.

We facilitate the marketing activities of our salespersons, whereby they could enjoy economies of scale on discounted rates in newspaper advertisements, portal listings and are able to leverage on our strong brand name and established reputation in conducting transactions, and have access to a wide range of marketing materials, such as brochures, presentation slides, Facebook marketing templates, promotional leaflets and a selection of corporate merchandise.

OUR BUSINESS

Training for our salespersons

Each of our salespersons must undergo the Real Estate Salesperson (RES) course administered by various CEA-accredited course providers, pass the requisite examination, and register with the CEA. Our subsidiary, Life Mastery Academy, is a CEA-accredited provider of the RES course.

We provide in-house training to our salespersons to equip them with the necessary knowledge to carry out real estate agency work. As the current regulatory framework requires all practising salespersons in Singapore to undertake mandatory CPD courses for a minimum of six (6) hours of credits each calendar year, we are able to provide such CPD courses through our Subsidiary, Life Mastery Academy, which is also a CEA-accredited provider of CPD courses.

Please refer to the section entitled “*Our Business – Our Services – Real Estate Brokerage – Training*” of this Prospectus for further details on training provided by Life Mastery Academy.

Benefits for our salesperson

All our salespersons are eligible for our “PropNex Associate Benefits Programme”, which includes schemes relating to insurance benefits, pension and spouse protection, particularly our salespersons are entitled to:

- (i) discounted premium rates on group term life and personal accident insurance;
- (ii) a 10-year pension scheme programme for performing Team Leaders (determined based on their annual performance);
- (iii) a spouse protection scheme, whereby our Company would make certain pay-outs to the spouse of a deceased Team leader (below the age of 60), in accordance with the terms of the scheme; and
- (iv) discounted rates for outpatient treatments and medical screening with our selected medical providers.

As announced on 13 March 2018, the Company has implemented a new healthcare benefits scheme for its salespersons. This scheme provides medical benefits for all PropNex salespersons and their dependents. Under the scheme, PropNex salespersons will be able to access over 500 general practitioners, dentists and traditional Chinese medicine practitioners islandwide for a highly discounted consultation fee.

In line with the digital age, a new mobile app, PX MediCare was also launched to allow salespersons to access the benefits seamlessly on their mobile phones.

Team Leaders and Managers: the “Dual Career Path” scheme

In 2000, we introduced our Group’s “Dual Career Path” scheme, pursuant to which a salesperson who has met certain criteria, including completing certain training courses and achieving certain commission targets, becomes eligible and may elect to become a Team Manager, and subsequently may be promoted to a Team Leader. They perform various supervisory duties, including:

- (i) interviewing and recommending persons to be registered with our Group as salespersons;

OUR BUSINESS

- (ii) providing guidance, training and assistance to supervise salespersons; and
- (iii) ensuring that salespersons under their supervision attend mandatory training courses, classes or seminars and comply with our policies and procedures.

If a salesperson decides to leave a particular team within PropNex, he/she would only be able to re-join PropNex after 12 months. This allows Team Managers and Team Leaders to fully commit to training salespersons without fear of them joining other teams within PropNex. We believe that through our “Dual Career Path” scheme, we have been able to retain our top performing salespersons consistently.

As at the Latest Practicable Date, our Group has approximately 200 Team Leaders. Each team may include salespersons who are Team Leaders and/or Team Managers. The largest team, including the teams of Team Leaders and/or Team Managers, comprises approximately 500 salespersons. Subject to the retention of existing salespersons and joining of new salespersons, the size of such teams varies from time to time.

Commission Structure

Our salespersons are generally entitled to a share of between 70.0% and 90.0% of the commission paid to our Group for each completed transaction. The commission share increases as the salesperson achieves certain commission targets. We believe that this progressive commission-sharing structure for salespersons rewards and encourages loyalty, personal development, and performance.

Each Team Leader and Team Manager is additionally entitled to between 2.0% to 15.5% of over-riding commission for each transaction completed by a supervised salesperson depending on their respective commission scheme.

Service excellence

We have implemented various measures to ensure compliance by our estate agency operations and our salespersons with applicable laws and regulations, including the Code of Ethics and Professional Client Care, and the Code of Practice for Estate Agents.

Such measures include:

- (i) ensuring our salespersons possess the necessary knowledge for real estate agency work by providing in-house training, classes and seminars and ensuring that each salesperson achieves the CEA’s requirement of at least six (6) hours of credits each calendar year;
- (ii) managing and supervising our real estate agency business and salespersons with the assistance of our Team Leaders and Managers reporting to the key executive officer, assistant vice-president and the management team;
- (iii) ensuring that real estate agency work is completed in accordance with applicable law by requiring the use of the prescribed agreements for sale and lease transactions;
- (iv) monitoring and investigating claims and complaints (if any) against our salespersons; and
- (v) issuing, and requiring each of our salespersons to carry and display, their estate agent card.

OUR BUSINESS

Claims and complaints may also be investigated by the CEA. In the event that any dispute arises, our salespersons will participate in the CEA's Mediation-Arbitration Scheme if required.

In addition, in order to mitigate against any potential risk of claims against our Group, we require each of our salespersons to obtain professional indemnity insurance in their own names for a principal coverage of between S\$200,000 and/or S\$300,000. In addition, we have also obtained a corporate professional indemnity insurance of up to S\$10 million as additional coverage. Please refer to the section entitled "*Our Business – Insurance*" of this Prospectus for further details.

As at the Latest Practicable Date, to the best of our Directors' knowledge, information and belief, none of our salespersons is involved in any claims, complaints or disputes which may have a material effect on the financial performance of our Group.

In setting the service standards as well as rewarding salespersons for their loyalty with the Group, PropNex introduced the PropNex Ambassador Programme (5-year, 10-year and 15-year) – a mark of service excellence in the real estate industry. It recognises salespersons who have been with our Group for 5, 10 or 15 years and it honours the achievements by real estate professionals who deliver high service levels and exemplify the organisation's mission, vision and values.

Administrative Support Services

We provide supporting services such as internal training, administrative, legal, and marketing support for our salespersons. Our salespersons pay fees for the use of our facilities such as our meeting and seminar rooms.

Business Takeover Agreement entered into with Dennis Wee Realty

On 10 June 2017, PropNex Realty entered into a memorandum of understanding with Dennis Wee Realty which set out the understanding, intention and agreement-in-principle for, among others, Dennis Wee Realty to assist in the transfer of DWR Salespersons to PropNex. This memorandum of understanding did not include terms relating to any sum or consideration that will be paid to Mr. Dennis Wee or Dennis Wee Realty for the transfer of the DWR salespersons.

On 23 June 2017, PropNex Realty entered into a transfer agreement with Dennis Wee Realty, Mr. Dennis Wee and Ms. Tan Lay Hoon for purposes of facilitating the CEA approval of the block transfer of salespersons. This transfer agreement includes a nominal cash consideration of S\$1.00, and provided for the Relevant Commission (if any). Subsequently, on 29 November 2017, PropNex Realty entered into a business takeover agreement with Dennis Wee Realty, Mr. Dennis Wee and Ms. Tan Lay Hoon (the "**Business Takeover Agreement**") which amended and superseded the earlier transfer agreement dated 23 June 2017. The Business Takeover Agreement provided for the transfer of 845 salespersons (the "**ex-DWR Salespersons**") from Dennis Wee Realty effective from 10 July 2017. As part of such agreement, Dennis Wee Realty agreed to certain restrictive covenants preventing it from competing with the Group. No other assets were purchased from Dennis Wee Realty. Neither Mr. Dennis Wee nor his son, Mr. Denka Wee will be involved in the Group in any way as a result of the Business Takeover Agreement.

The aggregate purchase consideration was up to S\$5 million and includes the following:

- (i) PropNex Realty shall make a one-time cash payment of S\$700,000 (the "**Initial Cash Payment**") to Dennis Wee Realty upon execution of the Business Takeover Agreement; and
- (ii) a monthly instalment being 1.5% of the aggregate gross commission in respect of property transactions closed by ex-DWR Salespersons for that calendar month, if any ("**Monthly Commission**"), payable by PropNex Realty to Dennis Wee Realty up to the balance of the

OUR BUSINESS

purchase consideration less the Initial Cash Payment, being S\$4.3 million (the “**Balance Cash Sum**”), in monthly instalments up to 10 July 2027 (the “**Agreed Period**”). If the Balance Cash Sum is not paid in full after the expiry of the Agreed Period, PropNex Realty shall not be liable for such amounts not paid. For the avoidance of doubt, the Business Takeover Agreement did not prescribe any restrictions on the ability for the ex-DWR Salespersons to leave PropNex.

Further, PropNex Realty shall pay to Dennis Wee Realty biannual instalments over a period of ten (10) years with each instalment being 0.5% of the aggregate gross commission in respect of property transactions closed by ex-DWR Salespersons for each six-month period (together with the Monthly Commission, the “**Relevant Commission**”), upon full repayment of the Balance Cash Sum or the expiry of the Agreed Period, whichever is earlier.

The purchase consideration was arrived at after arms-length negotiations between PropNex Realty and DWR.

The Company does not foresee any difficulty in meeting the above payment obligations as the payment obligation only arises when commission (revenue) is received by PropNex Realty. The Company also does not expect to use the proceeds from the Offering for these payment obligations.

Joint Venture with JLLPC

As illustrated above, we carry out project marketing services through PropNex International, our joint venture with JLLPC. The affairs of PropNex International are regulated and the relationship between the parties is governed by the PropNex International SHA. The PropNex International SHA includes customary provisions including regulating the board of directors, shareholders’ meetings, reserved matters, pre-emption rights in relation to the shares of PropNex International, tag-along rights of shareholders and non-compete provisions. A summary of the salient terms are as follows:

(i) Pre-emption rights

The Company and JLLPC shall have the right to acquire new shares issued by PropNex International before it is issued to third parties.

(ii) Shareholders’ meetings

Provisions relate to the constitution of a quorum during meetings as well as the procedures for passing of shareholders’ resolutions.

(iii) Reserved matters

List of matters that require the consent of JLLPC. These include, among others, investments over a certain quantum, approval of annual operating budget, change in maximum or minimum number of directors, sale, transfer or disposal of substantially the assets of PropNex International and the appointment and dismissal of management.

(iv) Tag-along rights

JLLPC shall have the right to elect to transfer all of its shares in PropNex International to a prospective third party purchaser, together with such transfer contemplated by the Company under certain circumstances.

OUR BUSINESS

(v) Non-compete

P&N shall not (except through PropNex International) be engaged in the business similar to or competitive with PropNex International for as long as JLLPC holds shares in PropNex International and if JLLPC sells the shares it holds in PropNex International to someone other than the Company, a further period of 24 months after JLLPC ceases to hold shares in PropNex International.

P&N shall not (except through the Group) be engaged in any business that is similar to or competitive with JLL for as long as JLLPC holds shares in PropNex International and a period of six (6) months after JLLPC ceases to hold shares in PropNex International.

(vi) Referral

PropNex International and JLL shall co-operate mutually in relation to various real estate related projects and JLL may from time to time make referrals for clients to use the services of PropNex International.

(vii) JLL Put Option

If:

- (a) P&N commits a breach of its non-compete obligations under the PropNex International SHA;
- (b) Mohamed Ismail ceases to hold the single largest shareholding interest of the Company, if any party other than Ismail (including its subsidiaries and related corporations) holds a larger shareholding interest of the Company than Mohamed Ismail, or if Mohamed Ismail holds less than 15% of the shares of the Company;
- (c) any of the shares of P&N are sold, disposed or dealt to a JLL competitor or to an entity that (to the actual knowledge of P&N) immediately following such sale, disposal or dealing, will, will likely or intends to hold the shares of P&N for the benefit of a JLL competitor;

JLLPC shall be entitled to a put option, being the right of JLLPC to require the Company to purchase from JLLPC free from all encumbrances and with all rights and benefits attaching thereto, all (and not some only) of the shares of PropNex International held by JLLPC for the time being in the capital of PropNex International on the terms and subject to the conditions contained in the PropNex International SHA.

The purchase price for the put option shall be a sum equal to the higher of:

- (a) 6.2 times the average EBITDA of PropNex International for the preceding two (2) financial years as set out in the PropNex International's audited financial accounts, pro-rated to the number of shares in PropNex International owned by JLLPC at the given time; or
- (b) the 12 months' average trading price to earnings (PE) multiple of the Company, calculated based on the sum of the following formula below, multiplied by the pro-rata number of shares in PropNex International owned by JLLPC at the given time:

OUR BUSINESS

$$\left[\frac{A \times B}{C} \right] \times D \times 0.70$$

Where:

“A” is the 12 months’ volume weighed average price (VWAP) of the Company;

“B” is the total number of shares of the Company at the given time;

“C” is the latest audited net profit attributable to the shareholders of the Company; and

“D” is average EBITDA of PropNex International for the preceding two (2) financial years as set out in PropNex International’s audited financial accounts.

For the purpose of illustration, the purchase price for the put option at listing based on the PE at offer price, will be the higher of:

- (a) Approximately S\$13.2 million, being 6.2 times of the average EBITDA of PropNex International for FY2016 and FY2017 of approximately S\$7.5 million multiplied by 28.17% (being JLLPC’s interest in PropNex International); or
- (b) Approximately S\$22.0 million based on the formula set out above and assuming the 12 months VWAP being the Offering Price.

We note that the JLL Put Option is tied to the compliance of certain obligations of our Controlling Shareholder, P&N. This is in furtherance to commercial negotiations between the Company, P&N and JLLPC. The Company understands that JLLPC would prefer P&N to be the obligor in relation to certain clauses for increased scope. Additionally, it is noted that in complying with its non-compete obligations under PropNex International SHA, P&N, would not be engaged in businesses that are competitors of the Group.

There are no businesses of the Group that compete or is similar to the business of PropNex International. For the avoidance of doubt, although PropNex Realty is in the business of providing real estate brokerage services, all project marketing are performed by PropNex International.

Both Mr. Mohamed Ismail and Mr. Alan Lim have provided undertakings to notify and obtain approval from the Board prior to entering into transactions that will trigger the JLL Put Option. We have in place measures to monitor P&N’s compliance with its obligations under the PropNex International SHA. It is part of the terms of reference of our Audit Committee to monitor the performance of P&N of its obligations under the SHA. Periodic confirmations will be obtained from P&N on such compliance. Additionally, as the Company is also a party to the PropNex International SHA, the Company will be able to enforce P&N’s obligations.

Lastly, Mohamed Ismail and Alan Lim (the only two (2) shareholders of P&N and the directors of the Company and P&N) are similarly bound by non-compete obligations in their respective service agreements, in addition to the obligations of P&N under the PropNex International SHA.

Overseas Project Marketing

We carry out international project sales and marketing through PropNex International. We market in Singapore various projects located in Malaysia, the Philippines, Vietnam, Cambodia, Japan, Thailand, Australia and London. The joint venture with JLL taps into the international strength and

OUR BUSINESS

outreach of JLL and combines it with our local expertise and sales knowledge to provide relevant marketing advice to developers as well as support for the sale of new homes.

Notable overseas projects marketed by PropNex International in Singapore for FY2016, FY2017 and up until the Latest Practicable Date are as follows:

	Project Name	Developer	Country	No. of Units⁽¹⁾
1.	555 Collins	Fragrance Group	Australia, Melbourne	625
2.	8 Conlay	KSK Land	Malaysia	1062
3.	Bayphere	Habitat Group	Thailand, Pattaya	174
4.	Creceer	HY Lives	Japan, Tokyo	98
5.	Diamond Island	Kusto	Vietnam, Ho Chi Minh City	1,275
6.	Eden Residence (Valley Sq)	Hantang Taifu Pty Ltd	Australia, Melbourne	249
7.	Garden Terrace Ginza East	FMI Fanss More	Japan	9
8.	La Grace Niporri	Diamond Jisho Co Ltd	Japan	18
9.	Le Nouvel KLCC	Wingtai	Malaysia, Kuala Lumpur	195
10.	Maru Ekkamai	Major Development	Thailand	371
11.	Maru Ladprao	Major Development	Thailand	331
12.	Mastro 19	Major Development	Thailand, Bangkok	560
13.	Meadow Side	Far East Consortium	UK	756
14.	Noble Ambience 42	Noble Development	Thailand	259
15.	Novum	Laragh House Developments Limited	UK	14
16.	Nue Noble Chaengwattana	Noble Development	Thailand	813
17.	NV Apartment	Fragrance Group	Australia, Perth	401
18.	Park Central One	Wee Hur Holdings	Australia	168
19.	Park EM	Fulcrum	Thailand, Bangkok	245
20.	Platinum	Salvo Group	Australia, Melbourne	435
21.	R&F Princess Cove	R&F	Malaysia, Johor Bahru	1,519
22.	Ritz Carlton	Berjaya Group	Malaysia, Kuala Lumpur	288
23.	Sakura Residence	Daiwa House Malaysia	Malaysia	39

OUR BUSINESS

	Project Name	Developer	Country	No. of Units ⁽¹⁾
24.	Skylar	Meridian	Cambodia, Phnom Penh	281
25.	Sentral Suites	MRCB	Malaysia, Kuala Lumpur	1,434
26.	SoSofitel Residence	Oxley Holdings	Malaysia	590
27.	Star Residence	Alpine Sdn Bhd	Malaysia, Kuala Lumpur	1,585
28.	Star Residence Ascott KL	Symphony Life and UM Land	Malaysia	1511
29.	St Helena Woods	Far East Organisation	Australia, Melbourne	11
30.	Stonor 3	Tan & Tan	Malaysia, Kuala Lumpur	400
31.	The Curve	Galliard Homes	UK	46
32.	The View	Keppel Land	Vietnam, Ho Chi Minh City	518
33.	Xebec Niporri	Dualtap	Japan, Tokyo	29
34.	Xebec Otemachi	Dualtap	Japan, Tokyo	29
35.	Wilburn Basin	Fulcrum Global Properties Ltd	UK	106

Note:

(1) Subject to change from time to time by, among others, the respective developers.

Franchise and Licensing

After gaining a foothold in Singapore for the past decade, we started looking at expanding the brand internationally. In 2016, our Group started to develop our presence in Indonesia, Surabaya.

Further to the Master Franchise Agreement entered into between, among others, PropNex Realty and PT PropNex Realty Indonesia, we have licensed the PropNex brand and the use of the PropNex mark to our PT PropNex Realty Indonesia for use in Indonesia. The initial term of the Master Franchise Agreement is for ten (10) years and may be renewed for another ten (10) years should the Master Franchisee fulfil certain criteria as set out in the Master Franchise Agreement.

We believe our master franchisee was the first to introduce the “Dual Career Path” scheme in Indonesia. Coupled with the advanced I.T. infrastructure and our world-class training, the master franchisee has grown to a total of 15 offices with close to 600 salespersons, within 1 year from its official opening in March 2017. Our Master Franchisee pays us royalties based on a percentage of the commission earned.

Our brand started expanding to Malaysia in March 2018 with one (1) office and approximately 100 salespersons. The initial term of the licence in Malaysia is for a period of ten (10) years and may be renewed for another ten (10) years should the licensor fulfil certain criteria as set out in the Licensing Agreement.

OUR BUSINESS

The agreements we enter into with our overseas partners contain provisions that safeguard our intellectual property. Among other things, the agreements provide that our overseas partners should take all steps to protect our ownership of the relevant trademarks. Additionally, they are to remove all references to “PropNex” in their conduct of business upon expiry or termination of the relevant agreements. Any use of relevant licensed materials should also be approved by us.

Royalty fee income and licensing fee income are recognised based on the contractual percentage of the franchisees’ monthly sales and licensees’ monthly sales, which are based on the terms of the Master Franchise Agreement and Licensing Agreement. In order to ensure accuracy of the amount of fees and royalties paid, we have access to the sales systems in the overseas offices to generate sales reports. On a monthly basis, the overseas offices will submit sales reports to the finance office in Singapore. Our Financial Controller will then generate sales reports from the sales systems to compare against the sales reports submitted by the overseas offices.

Subject to entry into definitive agreements, we intend to expand to Vietnam in 2018 and have been in discussions with potential parties to enter into a franchise agreement and may hold equity interests in such Vietnam incorporated company which would be a franchisee of the Group.

Our master franchisee in Indonesia and licensee in Malaysia are unrelated to the Company, its Controlling Shareholders and Directors.

Training

We provide courses mainly through our subsidiary, Life Mastery Academy, which is an Approved Course Provider appointed by the CEA and adheres to standards prescribed by the CEA. We also provide courses through PropNex Realty. Currently, our training primarily covers (i) training services to individuals who intend to pursue careers as salespersons to meet the licensing and registration framework of the CEA; (ii) courses to existing salespersons for their continuing professional development; and (iii) property seminars for consumers about investing in Singapore’s real estate.

One of the registration and/or licensing criteria for registration as a salesperson with the CEA will be to pass the CEA mandatory examination (otherwise known as the “Real Estate Salesperson Course”) or possess equivalent qualifications.

In addition, the CEA also requires all practising salespersons in Singapore to undertake CPD courses for a minimum of six (6) hours of credits each calendar year. Life Mastery Academy is also a CEA-accredited provider of CPD courses to salespersons.

Our courses are conducted mainly by our CEA-approved trainers as well as ACTA-certified trainers engaged by our Group. As at 1 March 2018, we have approximately 50 trainers.

We also conduct various in-house training events and programmes for our salespersons, including:

(i) PropNex Signature Salesperson Bootcamp (SBC) and Leadership Bootcamp (LBC)

This curated training programme is designed to allow salespersons to achieve personal breakthroughs and cultivate leadership abilities to increase their real estate sales performance. The Directors believe that this signature programme has contributed to greater productivity and improved the culture of sharing among PropNex salespersons across various divisions.

OUR BUSINESS

(ii) Zonal Market Direction

Designed to train salespersons to become specialists in their respective geographical zones in Singapore, being North/North-East, Central, East or West, the Zonal Market Direction programme covers factors such as real estate overview, the URA Masterplan, real estate ad investment opportunities, demand and supply and price trends in the respective zones. With the knowledge gained by our salespersons in this course, they are able to provide value-add in their advice to our clients, regardless of the geographical zone that our clients wish to purchase their real estate in. The Directors believe that our Zonal Market Direction programme is one of the key factors for the increase in sales from the Project Marketing segment in 2017.

(iii) Power Project Presentation Course (PPPC)

This three (3) day programme aims to teach salespersons to identify differences between Unique Selling Points (USPs), project layout and to draw benefits to respective prospects' preferences and discusses financial planning for the property purchase.

(iv) Power Presentation & Closing Mastery (PPCM) and Accelerated Closing Techniques (ACT)

These two (2) courses seek to improve the presentation and closing skills of our salespersons. In addition to learning about the right questions to ask clients, salespersons learn about various closing techniques. The Accelerated Closing Techniques course is conducted by our Team Leaders.

(v) Professional Start Up Programme (PSP)

This 6-Lesson programme is crafted specially for new salespersons to equip them with basic fundamental skills in real estate sales. The course is designed to equip salespersons with knowledge of the real estate market, transaction procedures, marketing techniques and other relevant skills to execute real estate transactions.

(vi) Quarterly Conventions

Our quarterly conventions are typically attended by over 2,000 salespersons and they are updated with the latest quarterly market trends and policies. Direction is also set by CEO and high-performing salespersons and Leaders share their experiences in real estate sales.

On top of such training programmes, our Group also tasks our high-performing salespersons and Leaders and Managers to conduct weekly in-house trainings to discuss product knowledge, transaction procedures, legislation and policy updates, marketing strategies and other relevant skills.

The materials for the abovementioned courses and talks are regularly uploaded on our Virtual Office. We have developed, and continue to maintain, a virtual database containing relevant training materials and other information, which may be accessed by all of our salespersons.

Our revenue derived from our training business for FY2015, FY2016 and FY2017 are approximately S\$827,000, S\$737,000 and S\$1,057,000 respectively.

OUR BUSINESS

Property Management

PropNex Property Management⁽¹⁾ is principally involved in managing boutique and high-end developments. Our management team may be located on-site, depending on the attributes of the particular development, such as the number of units under management. Our Group works with various parties, including the management committee, to provide services such as property and facility maintenance, administration of common areas, communal and lifestyle services, security management, defects resolution, project management and building diagnostics.

As at the Latest Practicable Date, notable properties managed by PropNex Property Management are Canberra Residences, Dairy Farm Estate, East Meadows, Faber Crest, Lady Hill, Moulmein Rise, Orchid Park, Savannah Condopark, Simsville Condo, The Nautical, The Skywoods, and Westbay Condo.

The fees earned by PropNex Property Management are typically contract based and recurring. Our revenue derived from of our real estate management business for FY2015, FY2016, FY2017, are approximately S\$1,873,000, S\$1,969,000 and S\$2,274,000 respectively.

Note:

- (1) The Company owns 75% of PropNex Property Management. The remaining 25% is owned by Mr. Paul Lawrence. The relationship between the Company and Mr. Paul Lawrence is governed by a shareholders agreement between the parties and PropNex Property Management. Among other things, on the occurrence of certain events (including but not limited to, the bankruptcy, permanent incapacitation and voluntary resignation of Mr. Paul Lawrence), the Company is entitled to exercise a call option to require Mr. Paul Lawrence to sell all his shares in PropNex Property Management to the Company at fair market value to the Company and the respective shareholders have pre-emptive rights in relation to transfers of their Shares, in accordance with the terms of the shareholders' agreement dated 13 June 2018.

Real Estate Consultancy

Between January 2018 and March 2018, we established a real estate consultancy arm under PropNex Realty to provide auction and corporate sales and investment or en bloc services.

COMPETITION

The real estate brokerage sector, which we operate in, is very competitive. This is due to the sector being highly fragmented as the barriers to entry are low. We compete with other local and foreign real estate agencies which may have a similar focus on marketing the sale, purchase and/or lease of properties in the local primary and secondary market.

According to the CEA, there were 1,269 licensed property agencies and 28,571 registered property salespersons as at 1 January 2018.

We believe our main competitors are ERA Realty Network Pte Ltd, OrangeTee & Tie Pte Ltd and Huttons Asia Pte Ltd. We compete with them based on, amongst other things, brand image, variety of and quality of products and services.

Based on CEA's media release on 4 January 2018, as at 1 January 2018, we are the largest real estate agency with 6,684 salespersons. According to Independent Market Research Report conducted by Frost & Sullivan, the number of salespersons decreases on 1 January each year due to licensing renewal. Compared to our closest competitor, ERA, and as testament to our retention strategy, we experienced a lower drop of salespersons of -5.8% on 1 January 2017 and -5.2% on 1 January 2018.

OUR BUSINESS

According to the Independent Market Research Report conducted by Frost & Sullivan, our high number of salespersons has positioned us favourably in the project marketing segment. This is because property developers typically look for large pool of salespersons as their key criteria of appointing real estate agency for their project marketing. Higher workforce means the agency has more dedicated manpower for the execution of marketing strategies, thus allowing the agency to be able to commit to a higher transaction volume to the developers.

According to the Independent Market Research Report conducted by Frost & Sullivan, we were able to increase our market share in the residential primary private market significantly from 10.1% in 2013 to 42.7% in 2017 in terms of number of units and from 9% to 43.8% in terms of transaction value within the same periods. According to Frost & Sullivan, we have established ourselves as the chosen key and leading agency for project marketing services in Singapore. We have a market share of 42.7% in 2017 in terms of number of units transacted.

According to the Independent Market Research Report conducted by Frost & Sullivan, we have posted significant growth in both the residential HDB resale market. Our market share in the residential HDB resale market grew significantly from 25.6% in 2013 to 43.0% in 2016 in terms of number of units and from 27.5% to 45.8% in terms of transaction value during the same time periods, making us the leading residential HDB resale agency in Singapore. Our market share for the residential resale private market stood at 27.6% in 2017 from 37.7% in 2013 for volume and 21.0% in 2017 from 28.1% in 2013 for value.

OUR COMPETITIVE STRENGTHS

We believe that our position as one of the industry leaders is based on the following competitive strengths.

Market leader in size – We are the largest real estate agency in Singapore

According to the figures released by the CEA⁽¹⁾, based on the number of real estate salespersons, we were the largest real estate agency in Singapore as of 1 January 2018 with 6,684 salespersons. With a large pool of multi-racial, active and mobile salespersons, we are able to reach out to a large segment of the market on an efficient and timely basis and cater to a wide range of customers of different backgrounds, needs and resources. Our large salesforce enables us to provide services which cover a wide spectrum of real estate sectors, such as high end real estate, commercial real estate, industrial real estate and residential real estate which includes, new developments, resale and leasing.

Our large salesforce enables us to enjoy economies of scale in providing support services to our salespersons and it also provides us a competitive edge and leverage as compared to our competitors, in sourcing of new property listings, deploying more resources to market our local and overseas projects, having direct access to market sentiments and expectations and in securing numerous project marketing mandates from our customers.

Note:

- (1) Based on information obtained from the CEA media release dated 4 January 2018 on “Licensing and Registration Exercise For Property Agencies and Agents”. CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. While the Company, the Vendor and the Issue Manager, Underwriter and Placement Agent have taken reasonable actions to ensure that the information is reproduced in its proper form and context and that the information is extracted accurately and fairly, none of the Company, Vendor and Issue Manager, Underwriter and Placement Agent or any other party has conducted an independent review of this information or verified the accuracy of the contents of the relevant information.

OUR BUSINESS

Proprietary brand ownership

We own the rights to our proprietary brand “PropNex”, which our Directors believe is an established household name in the real estate industry given that our brand has been around for more than 17 years as well as our strong business presence in the residential market.

Our brand ownership and our established reputation has brought us potential business partners who are keen on working with us to expand our business in the South East Asia region. We have entered into the Master Franchise Agreement with our master franchisee in Indonesia as well as entered into the Licensing Agreement with our master licensee in Malaysia to expand our business and brand presence in the region. In addition, we believe that our reputation has also allowed us to attract customers and recruit marketing agents who have come to associate our Group as a quality service provider. Our Directors believe that our established brand name and reputation puts our Group in a good stead in carrying out our business plans to expand our real estate agency business in the region.

Over the years, we have also received numerous accolades and awards from various independent bodies in recognition of our reputation in delivering professional real estate agency services. We are one of the few real estate agencies in Singapore to be ranked for Enterprise 50 awards. We have also been featured by local media and regularly hold seminars open to the public to raise awareness of our Group. Please refer to the section entitled “*Awards and Accreditations*” of this Prospectus for further details.

In order to protect our brand, we have registered our brand as a trademark in numerous countries such as Singapore, Malaysia, Indonesia, Thailand, Laos, Myanmar, Cambodia, Vietnam, the Philippines and India. Please refer to the section entitled “*Intellectual Property*” of this Prospectus for further details.

Asset light and resilient business model

We are a pure play integrated real estate services group with real estate brokerage, project sales and marketing, property management, training and real estate consultancy services which adopt an asset light model without direct exposure to physical properties. Our resilient business model enables us to reap benefits of property upcycles and remain sustainable during property down cycles.

Strong Partnership with JLL

Our strong partnership with JLL, one of the largest global real estate services group, generates opportunities for us to market local projects overseas as well as international projects, locally. This enables our Group to be able to ride the property cycles of different countries and this has made our business more vibrant in terms of our offerings and more resilient as we are no longer solely reliant on the Singapore property market.

In addition, we have an advantage because we are able to tap on JLL’s business expertise and global network as well as access to their detailed business reports on the property markets across the globe. This has enabled us to reach out to a larger market, provide specific and tailored services to our customers, and assisted us in expanding our brand overseas.

OUR BUSINESS

Experienced and committed key management team

Our management team has extensive industry knowledge, experience and operational expertise. The majority of our management team have an average of more than 19 years of experience in the real estate industry, and have prior to their coming together under the PropNex umbrella, worked with each other in various capacities (please refer to the section entitled “*Directors, Management and Staff – Directors*” of this Prospectus). Furthermore, the reputation and track record of our management team have assisted us in establishing close working relationships with our partners in the industry. We have built a vast network of established property developers with long-standing relationships from diverse sectors. Both of these are key to our continued growth.

Our management team is supported by our strong team of technical professionals and sales personnel who have worked closely with them prior to the founding of our Group. Our team of experienced sales personnel supports our key management in building a vast network of long-standing relationships with property developers and in providing strong local market expertise to our customers.

QUALITY ASSURANCE

Our Group recognises that the industry in which we operate is competitive, and it is vital to provide quality services and maintain high standards in our operations. To attract and retain our customers and to reduce disruptions to our products and services, we have adopted various policies and standards that are commensurate with this. We also have channels where our customers may provide feedback to us on possible improvements to our products and services.

Please refer to the section entitled “*Our Business – Awards and Accreditations*” of this Prospectus for further details of our Group’s awards and accreditations as at the Latest Practicable Date.

AWARDS AND ACCREDITATIONS

Over the years, we have received awards and accreditations from various government bodies and industry authorities in the following areas:

Year	Awards
2003	<ul style="list-style-type: none">• Awarded Superbrands• Awarded National Skills Recognition System by SPRING Singapore
2004	<ul style="list-style-type: none">• CEO Mr. Mohamed Ismail won Spirit of Enterprise Award• CEO Mr. Mohamed Ismail named SMCCI Entrepreneur of the Year
2005	<ul style="list-style-type: none">• Won the e50.startup award
2007	<ul style="list-style-type: none">• PropNex earned the Meritorious Defence Partner Award• Won the SPBA Promising Brand Award

OUR BUSINESS

Year	Awards
2008	<ul style="list-style-type: none"> Ranked 11th in Enterprise 50 Awards CEO Mr. Mohamed Ismail won ASME's Entrepreneur of the Year and Top Entrepreneur (eCommerce) awards CEO Mr. Mohamed Ismail won SICCI's Entrepreneur of the Year and Top Entrepreneur (Large Enterprise) awards Won Reader's Digest Trusted Brand Gold Award
2009	<ul style="list-style-type: none"> Won Reader's Digest Trusted Brand Gold Award Ranked 15th in Enterprise 50 Awards
2010	<ul style="list-style-type: none"> Won Reader's Digest Trusted Brand Gold Award
2011	<ul style="list-style-type: none"> Ranked 2nd in Enterprise 50 Awards Won Asia Pacific Property Awards (Highly Commendable Real Estate Agency) at the International Property Awards in association with Bloomberg Television Won Reader's Digest Trusted Brand Gold Award
2013	<ul style="list-style-type: none"> Won the prestigious People-Centric Award at the inaugural Asia Responsible Corporate Awards 2013 (ARCA) organised by Creative Group and Channel News Asia
2015	<ul style="list-style-type: none"> Top brand property agency in the 2015 Influential Brand Winner in the Property Agency category PropNex Realty won the prestigious Top Noveteur Award at the Asia Enterprise Brand Awards (AEBA) Ceremony 2015 CEO Mr. Mohamed Ismail was also named the Spirit of Enterprise (SOE) Nexia-TS Entrepreneur of the Year 2015 Recognised as a Singapore Quality Class and Singapore Service Class organisation by Spring Singapore
2016	<ul style="list-style-type: none"> Won Top Business Space Leasing by Far East Organisation Won Ascendas-Singbridge Most Active Agency (Lease) of the Year 2016
2017	<ul style="list-style-type: none"> PropNex Property Management awarded the Accredited Managing Agent (Category A) from Year 2017 to Year 2020 by the Singapore Institute of Surveyors and Valuers and the Association of Property and Facility Managers Best Real Estate Marketing Idea Award by ASEAN Real Estate Network Alliance

MAJOR CUSTOMERS

Our Group provides its services to a broad mix of individuals and corporate customers, including real estate developers. None of the Group's customers accounted for 5% or more of our Group's total revenue for the Period Under Review.

OUR BUSINESS

MAJOR SUPPLIERS

Our Group is a service-oriented organisation and relies on its human resources (comprising its salespersons and its management team). Therefore, in the context of our Group's business, the term "suppliers" refers to salespersons and consultants who have been engaged in the course of business. The individual salespersons are independent contractors of our Group who derive commissions depending on the number and value of transactions that they close. None of the suppliers or salespersons accounted for more than 5% of our Group's total cost of services rendered for the Period Under Review.

SEASONALITY

We generally see an increase in our property transaction volumes in the last three quarters of the year. This may be due to lower property transactions being transacted during the Chinese New Year festive period as well as the lag time between the commencement and the completion of the property transactions.

INVENTORY MANAGEMENT

Due to the nature of our business, we do not have any inventory.

CREDIT MANAGEMENT

Credit Terms to Our Customers

Our finance department manages and oversees the collection from our debtors on a regular basis. In general, collections from our customers take up to thirty (30) to ninety (90) days.

Allowance or write-off is made when we are of the view that the collectability of an outstanding debt is highly improbable or the debt is uncollectible. Pursuant to the adoption of Singapore Financial Reporting Standards (International) 9: Financial Instruments from 1 January 2018 onwards, allowances will be made based on historical default rate. Please refer to note 28 of the Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017 as set out in Appendix A of this Prospectus.

To ensure timely payment by our customers, we have implemented standard guidelines for our finance, as well as sales and marketing departments, with regard to the monitoring and collection of payment. Should payment remain outstanding from a customer beyond the usual period, reminders will be sent to the customers for payment. At the same time, steps will be taken to discover the reason for the delay.

The Group's credit policy does not provide credit terms for their customers and all invoices billed are immediate due for payment. As a result, it will fall under the ageing bucket of "past due".

Allowance for impairment losses on trade and other receivables are provided by management on those trade receivables past due more than 180 days and 270 days in PropNex Realty and PropNex International respectively. Bad debts are subsequently written off against allowance for impairment losses based on management's assessment to be uncollectible.

Other than those that have been identified and provided for impairment, the Directors do not foresee any difficulties in collecting the remaining amounts outstanding.

OUR BUSINESS

Our average trade receivables turnover days for each of FY2015, FY2016 and FY2017 are as follows:

	FY2015	FY2016	FY2017
Average trade receivables turnover days ⁽¹⁾	35	39	46 ⁽²⁾

Notes:

- (1) The average trade receivables turnover days for FY2015, FY2016 and FY2017 is calculated based on the average of the opening and closing trade receivables balances for the relevant financial years divided by sales for the relevant financial years and multiply by the number of calendar days in the relevant financial years.
- (2) Our group's trade receivables turnover days increased from 39 days in FY 2016 to 46 days in FY 2017 mainly as a result of our project sales billing of approximately \$15 million billed in the month of December 2017 becoming classified as receivables.

Ageing Analysis

The ageing of trade and other receivables, excluding prepayments are as follows:

	FY2015 \$'000	FY2016 \$'000	FY2017 \$'000	31 December 2017 balance as at Latest Practicable Date \$'000
Not past due	3,918.8	3,681.2	1,025.2	698.7
Past due 1 – 30 days	9,453.0	14,818.6	28,379.6	2,749.9
Past due 31 – 90 days	9,086.1	8,743.1	25,199.2	2,661.7
Past due 91 – 180 days	2,844.2	6,363.7	7,557.3	1,210.7
Past due 181 – 270 days	176.8	101.7	235.0	–
More than 270 days	53.0	–	–	–
	25,531.9	33,708.3	62,396.3	7,321.0

Our Management is of the view that the credit quality of the loans and receivables are assessed to be within acceptable risk limits.

Credit Terms from Our Suppliers

Payment terms granted by our suppliers vary from supplier to supplier and are also dependent, amongst other things, on our relationship with the relevant supplier and the size of the transaction. Generally, our suppliers grant us credit terms of up to thirty (30) days.

Our average trade payable turnover days for each of FY2015, FY2016 and FY2017 are as follows:

	FY2015	FY2016	FY2017
Average trade payables turnover days ⁽¹⁾	45	45	52




Note:

- (1) Our group's trade payables turnover days increased from 45 days in FY 2016 to 52 days in FY 2017 mainly in tandem with the increase in projects sales billed in the month of December 2017 alone.





OUR BUSINESS

INTELLECTUAL PROPERTY

We believe that our PropNex brand is one of the key elements of the success of our business operations, and we depend on the increased recognition thereof for branding and marketing our services to our customers. To protect our intellectual property rights including our internet domain names, trademarks and logos, we have applied for trademarks and as at the Latest Practicable Date, and we own the following trademarks:

Trademark	Country	Class(es)	Registration Number(s)	Status/Expiry
	Singapore	35, 36, 41 ⁽¹⁾	T0012809E T0012810I T0012811G	Active/ 21 July 2020
PROPNE X	Singapore	35, 36, 41 ⁽¹⁾	T0012815Z T0012816H T0012817F	Active/ 21 July 2020
	Malaysia	36 ⁽²⁾	004006277	Active/ 11 May 2024
	Indonesia	35, 36, 41 ⁽³⁾	IDM000498503	Active/ 30 July 2023
PROPNE X	Indonesia	35, 36, 41 ⁽³⁾	IDM000498506	Active/ 30 July 2023
	Thailand	35, 36, 41 ⁽⁴⁾	1029161 1029162 1029163	Active/ 24 February 2026
PROPNE X	Thailand	35, 36, 41 ⁽⁴⁾	1029158 1029159 1029160	Active/ 24 February 2026
	India	35, 36, 41 ⁽⁵⁾	3203274 3203275 3203276	Active/ 4 March 2026
PROPNE X	India	35, 36, 41 ⁽⁵⁾	3203271 3203272 3203273	Active/ 4 March 2026
	Laos	35, 36, 41 ⁽⁶⁾	37494 37495 37496	Active/ 20 January 2027

OUR BUSINESS

Trademark	Country	Class(es)	Registration Number(s)	Status/Expiry
PROPNE X	Laos	35, 36, 41 ⁽⁶⁾	37497 37498 37499	Active/ 20 January 2027
	Cambodia	35, 36, 41 ⁽⁷⁾	KH/64971/17 KH/64973/17 KH/64975/17	Active/ 19 February 2026
PROPNE X	Cambodia	35, 36, 41 ⁽⁷⁾	KH/64967/17 KH/64968/17 KH/64969/17	Active/ 19 February 2026
	Philippines	35, 36, 41 ⁽⁸⁾	PH-4-2016-1792 PH-4-2016-1793 PH-4-2016-1794	Active/ 8 September 2026
PROPNE X	Philippines	35, 36, 41 ⁽⁸⁾	PH-4-2016-1789 PH-4-2016-1790 PH-4-2016-1791	Active/ 3 December 2026 (classes 35/36)/22 December 2026 (class 41)
	Vietnam	35, 36, 41 ⁽⁹⁾	275915 275916 275917	Active/ 18 February 2026
PROPNE X	Vietnam	35, 36, 41 ⁽⁹⁾	275918 275919 275920	Active/ 18 February 2026
	Myanmar	35, 36, 41 ⁽¹⁰⁾	No. 7427 of 2016 No. 7428 of 2016 No. 7429 of 2016	Active/ No expiry
PROPNE X	Myanmar	35, 36, 41 ⁽¹⁰⁾	No. 7424 of 2016 No. 7425 of 2016 No. 7426 of 2016	Active/ No expiry

Notes:

- (1) Class 35 in Singapore refers to: Real estate and property auctioneering services, conducting and arranging of auction sales; placing and preparing of advertisements, advertising services relating to real estate and property; all included in Class 35.

Class 36 in Singapore refers to: Real estate agency services, real estate property brokerage services, real estate brokers, real estate leasing, rental of real estate, real estate licensing, real estate management, real estate valuations, real estate appraisals, real estate evaluations, real estate investment, real estate investment management, real estate consultancy, real estate assessments, real estate selection and acquisition on behalf of others, real estate property finance, real estate property insurance; advisory services relating to real estate matters, real estate valuations and real estate ownership; all included in Class 36.

OUR BUSINESS

Class 41 in Singapore refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and courses relating to real estate and rental matters; all included in Class 41.

- (2) Class 36 in Malaysia refers to: Insurance; financial affairs; monetary affairs; real estate affairs
- (3) Class 35 in Indonesia refers to: Maintenance of display and exhibition of housing and land and settlement building for promotional or advertising needs; auction; land auctions and residential buildings; advertising; advertising; press advertising consultation; press advertising services; commercial or industrial management assistance.

Class 36 in Indonesia refers to: Agency services for rent of land and residential property; financial advisory services; provision of land counselling and settlement buildings; land agent and settlement building; agent of agent (land) and settlement building; land valuation and settlement (finance) building; Brokerage of land and settlement building; brokers of land and settlement buildings; land consultancy and settlement building; investment in land and settlement buildings; land investment management and settlement building; land-use and settlement buildings; land license and settlement building; land management and settlement buildings; selection and acquisition of land and settlement buildings (for other parties); land services and settlement buildings in connection with the development of land and buildings of settlements or property; land valuation and settlement building; immovable property management (land owned); renting of land and settlement buildings.

Class 41 in Indonesia refers to: Organising and organising seminars; organising training seminars; educational seminars; organising training courses; personality development course; personal development training; provision of training; provision of training courses; provision of training facilities; education materials or equipment rental.

- (4) Class 35 in Thailand refers to: Property auctioneering services; conducting and arranging of auction sales; placing and preparing of advertisements; advertising services relating to real estate and property.

Class 36 in Thailand refers to: Real estate agency services; real estate property brokerage services; real estate leasing; real estate licensing; real estate management; real estate valuations; real estate consultancy; advisory services relating to real estate matters.

Class 41 in Thailand refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and course relating to real estate and rental matters

- (5) Class 35 in India refers to: Real estate and property auctioneering services; conducting and arranging of auction sales; placing and preparing of advertisements; advertising services relating to real estate and property.

Class 36 in India refers to: Real estate agency services; real estate property brokerage services; real estate brokers; real estate leasing; real estate licensing; real estate management; real estate valuations; real estate appraisals; real estate investment; real estate consultancy; advisory services relating to real estate matters; real estate valuations and real estate ownership.

Class 41 in India refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and courses relating to real estate and rental matters.

The issuance of the certificates from the relevant trademark office for our trademarks in Classes 35 and 41 are currently pending.

- (6) Class 35 in Laos refers to: Real estate and property auctioneering services; conducting and arranging of auction sales; placing and preparing of advertisements; advertising services relating to real estate and property.

Class 36 in Laos refers to: Real estate agency services; real estate property brokerage services; real estate brokers; real estate leasing; real estate licensing; real estate management; real estate valuations; real estate appraisals; real estate investment; real estate consultancy; advisory services relating to real estate matters; real estate valuations and real estate ownership.

Class 41 in Laos refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and courses relating to real estate and rental matters.

- (7) Class 35 in Cambodia refers to: Real estate and property auctioneering services; conducting and arranging of auction sales; placing and preparing of advertisements; advertising services relating to real estate and property.

Class 36 in Cambodia refers to: Real estate agency services; real estate property brokerage services; real estate brokers; real estate leasing; renting real estate; real estate licensing; real estate management; real estate valuations; real estate assessments; real estate assessments; real estate investment; real estate investment management; real estate consultancy; real estate assessments; real estate selection and acquisition on behalf of others; real estate property finance; real estate property insurance; advisory services related to real estate matters, real estate valuations and real estate ownership.

OUR BUSINESS

Class 41 in Cambodia refers to: Provision of training related to real estate and rental matters; rental of educational materials and apparatus related to real estate and rental matters; conducting and arranging for seminars and courses related to real estate and rental matters.

- (8) Class 35 in The Philippines refers to: Real estate and property auctioneering services; conducting and arranging of auction sales; placing and preparing of advertisement; advertising services relating to real estate and property.

Class 36 in The Philippines refers to: Real estate agency services; real estate property brokerage services; real estate brokers; real estate leasing; rental of real estate; real estate licensing; real estate management; real estate valuations; real estate appraisals; real estate evaluations; real estate investment; real estate investment management; real estate consultancy; real estate assessments; real estate selection and acquisition on behalf of others; real estate property finance; real estate property insurance; advisory services relating to real estate matters; real estate valuations and real estate ownership

Class 41 in The Philippines refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and courses relating to real estate and rental matters

- (9) Class 35 in Vietnam refers to: Real estate and property auctioneering services; conducting and arranging of auction sales; placing and preparing of advertisement; advertising services relating to real estate and property.

Class 36 in Vietnam refers to: Real estate agency services; real estate property brokerage services; real estate leasing; real estate licensing; real estate management; real estate valuations; real estate consultancy; advisory services relating to real estate matters; real estate valuations and real estate ownership.

Class 41 in Vietnam refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and courses relating to real estate and rental matters.

- (10) Class 35 in Myanmar refers to: Real estate and property auctioneering services; conducting and arranging of auction sales, placing and preparing of advertisements; advertising services relating to real estate and property.

Class 36 in Myanmar refers to: Real estate agency services, real estate property brokerage services; real estate brokers; real estate leasing; rental of real estate; real estate licensing; real estate management; real estate valuation; real estate appraisals; real estate evaluations; real estate investment; real estate investment management; real estate consultancy; real estate assessments; real estate selection and acquisition on behalf of others; real estate property finance; real estate property insurance; advisory services relating to real estate matters, real estate valuations and real estate ownership.

Class 41 in Myanmar refers to: Provision of training relating to real estate and rental matters; rental of educational materials and apparatus relating to real estate and rental matters; conducting and arranging for seminars and courses relating to real estate and rental matters.

Our Directors are not aware of any reason which would cause or lead to non-registration of the foregoing trademarks. To the best of our Directors' knowledge and belief, there is no third party that is currently using a trademark that is similar to the foregoing trademarks.

As at the Latest Practicable Date, our Group owns the following domain name:

Domain Name	Registration Date	Expiry Date
www.propnex.com	11 August 2002	11 August 2023

Our Group has not encountered any issues with the renewal of our domain names in the past. Barring any unforeseen circumstances, we do not foresee any issues with the future renewal of domain names which are material to our Group's business and operations.

Save as disclosed above, we do not use or own any other registered patents, trademarks or intellectual property which are material to our business. Our business and profitability are also not materially dependent on any other patent or licence or any other intellectual property rights.

OUR BUSINESS

RESEARCH AND DEVELOPMENT

While the nature of our business does not require us to carry out any research and development, we routinely provide continual education and training to our technical professionals so that they may keep pace with changes in technology and evolving customer preferences.

MARKETING

We market our brand, products and services through the following means:

(i) *Personal and professional referrals*

Our approach to our business, which adds value to our partners and customers, has cultivated much brand loyalty and goodwill. Our partners and customers routinely refer new business to us by “word of mouth”, and the resulting customers have confidence in our products and services. In addition, testimonials from satisfactory clients are made available on our corporate website, this further increases our reach in terms of marketing our brand, our products and our services. As goodwill and rapport between our clients and our salespersons are vital in our business, we endeavour to continue cultivating brand loyalty and goodwill amongst our existing customers.

(ii) *Corporate website*

In addition to providing details on our products and services, our corporate website is also an avenue for us to educate the public on our Group’s brand, awards, accreditations, value-added solutions, as well as our Group’s contributions to the community. We routinely publish case studies, industry insights and other marketing materials such as press releases on our corporate website. Further, we also mention and accord recognition to our Salesperson award winners on our Corporate website as part of our marketing of our brand, our services and our Salespersons. **Information contained in our corporate website does not constitute part of this Prospectus.**

(iii) *Media campaigns and advertising*

As part of our marketing and branding strategy, we routinely conduct campaigns that disseminate information through a variety of traditional and novel platforms, including but not limited to company events, press coverage, telemarketing, direct marketing mailers, product promotions, print media and social media. We also publish quarterly advertisements in the local newspapers, recognising our top performing salespersons, highlighting our Group’s performance in that quarter, analysing the current market trends and introducing our new initiatives and plans to capitalise on these market trends.

(iv) *Marketing overseas*

We also market our brand, our products and services overseas through our Master Franchisee/licensees in Indonesia and Malaysia. Our Master Franchisee/licensees routinely publish advertisements on their listings, new launches or partnership with developers on their corporate websites and in the local newspapers in Indonesia and Malaysia respectively and through these advertisements, we have good brand outreach and are able to successfully market our brand, our products and our services in these overseas property markets in the region.

OUR BUSINESS

PROPERTIES AND FIXED ASSETS

Properties

As at the Latest Practicable Date, our Group does not own any property. Our Group leases the following properties:

Lessor	Location	Tenure ⁽¹⁾	GFA (sq ft)	Use of Property
HDB	480 Lorong 6 Toa Payoh, #10-01 and #11-01 HDB Hub East Wing Singapore 310480	1 August 2016 – 31 July 2019	24,146	Office
General Magnetix Limited	625 Lorong 4 Toa Payoh #04-00, General Magnetix Building Singapore 319519	1 May 2016 – 31 December 2018	8,409	Warehousing with ancillary office ⁽²⁾
Dennis Wee Realty Pte. Ltd.	190 Lorong 6 Toa Payoh #03-512 Singapore 310190	15 October 2017 – 7 October 2020	12,813	Office/training facility
HC Home Pte. Centre	450 Lorong 6 Toa Payoh #04-00 Hersing Centre Singapore 319394	1 May 2018 – 30 April 2019	2,752	Office
HDB	190 Lorong 6 Toa Payoh #02-510	1 July 2017 – 30 June 2020	1,207.93	Office and training facility
Hii Toh Ing and Pauline Voon Pau Lin	5001 Beach Road #07-13 Golden Mile Complex Singapore 310480	5 May 2017 – 4 May 2019	926	Office

Notes:

- (1) As at the Latest Practicable Date, we intend to renew these leases upon their expiry. However, non-renewal of such leases will not have any material impact on the Group's business or operations.
- (2) The Company is a sub-lessee of the premises at 625 Lorong 4 Toa Payoh #04-00, General Magnetix Building Singapore 319519. General Magnetix Limited had obtained approval by HDB to sub-let for the use of "Warehousing with ancillary office". The Company utilises the premises for warehousing and ancillary office space.

OUR BUSINESS

Fixed Assets

As at 31 December 2017, we had fixed assets with net book values as follows:

Description	(S\$)
Office equipment	363,677
Computers	593,111
Furniture and fittings	58,534
Renovation	731,909
Total	<u>1,747,231</u>

There are no major encumbrances on the use of all our major equipment.

There are no regulatory or environmental requirements that may materially affect the utilisation of the above properties and fixed assets.

INSURANCE

As part of our operations for our real estate brokerage business, we require our real estate salespersons to purchase professional indemnity insurance in their own name of between S\$200,000 and/or S\$300,000. We have made this a requirement because we strongly believe that our customers and our real estate salespersons should be insured against any possible loss that may arise from the property transaction. In addition, to emphasise our strong commitment in ensuring our customers and real estate salespersons are protected, we have also obtained additional insurance coverage through our corporate professional indemnity insurance which provides insurance cover of up to S\$10 million.

As at the Latest Practicable Date, our Group has taken the following insurance coverage:

- (a) professional indemnity insurance, corporate liability insurance, public liability and work injury compensation in relation to the operation of our businesses;
- (b) insurance policies for our property, fixed assets, inventory in relation to damage or loss caused by fire, extraneous perils and burglary; and
- (c) insurance policies for our employees such as group personal accident insurance, group term life, group hospital and surgical policy.

Our Directors are of the opinion that the above insurance policies are adequate for our existing business and operations and we will review and procure the necessary additional insurance coverage as and when the need arises. As far as we are aware, our insurance coverage and requirements are in line with industry practice. However, significant disruption to our operations or damage to our properties or assets, whether as a result of fire and/or other causes, may still have a material adverse impact on our results of operations or financial condition. There is no assurance that any claims made or decided against us will be covered by insurance, or if covered, will not exceed the limits of our coverage. Please refer to the section entitled “*Risk Factors – We may not be adequately insured*” of this Prospectus for further details.

INDUSTRY OVERVIEW

This Prospectus includes market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information.

INDUSTRY OVERVIEW

We have commissioned Frost & Sullivan to prepare an independent market research (please refer to Appendix F of this Prospectus for further details). While our Directors, the Vendors and the Issue Manager, Underwriter and Placement Agent have taken reasonable steps to ensure that the information is extracted accurately and in its proper context, our Directors, the Vendors and the Issue Manager, Underwriter and Placement Agent have not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein. Consequently, none of the Company, the Vendors, the Issue Manager, Underwriter and Placement Agent, or their respective officers, agents, employees and advisers makes any representation as to the accuracy or completeness of such information and shall not be obliged to provide any updates on the same.

PROSPECTS, BUSINESS STRATEGIES AND PLANS

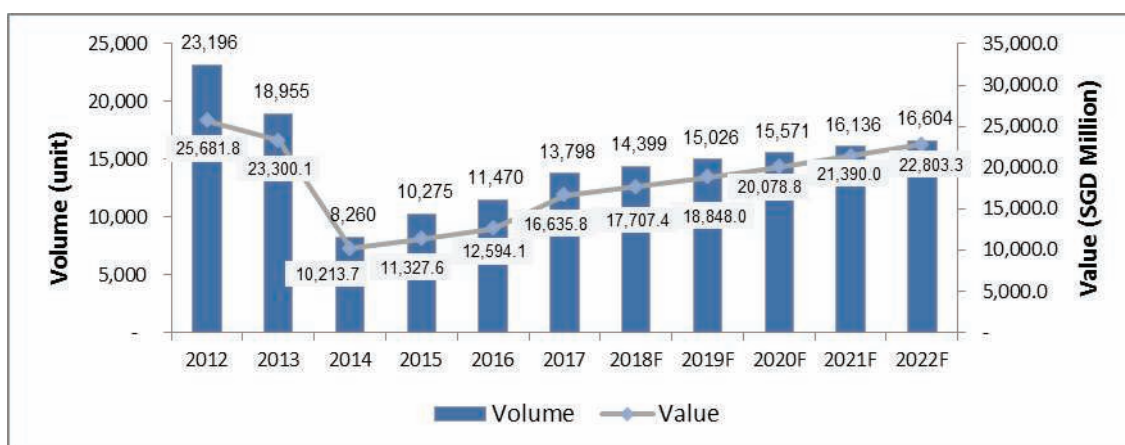
PROSPECTS

The following discussion about our prospects and trends include forward-looking statements that involve risk and uncertainties. Actual results could also differ materially from those that may be projected in these forward-looking statements. Please refer to the section entitled “*Cautionary Note on Forward-looking Statements*” of this Prospectus for further details.

The information in this section is reproduced based on the Independent Market Research Report by Frost & Sullivan.

Frost & Sullivan forecasts the transaction in the primary private residential to grow at a CAGR of 3.8% for volume and 6.5% for value between 2017 and 2022. Increasing interest in the bidding on GLS implied that there is a rising interest by developers to accumulate land bank in view of increasing transactions. En-bloc sales are on the rise with a 7-year high of S\$8.1 billion recorded 2017, which is expected to translate to high amount of new units launched in the next 1-2 years. In addition, the prices of private residential units are expected to bottom out in 2018 to be on a path of steady recovery, in line with Singapore’s overall macroeconomic growth outlook.

Primary Private Residential Transactions by Volume and Value, 2012 – 2022

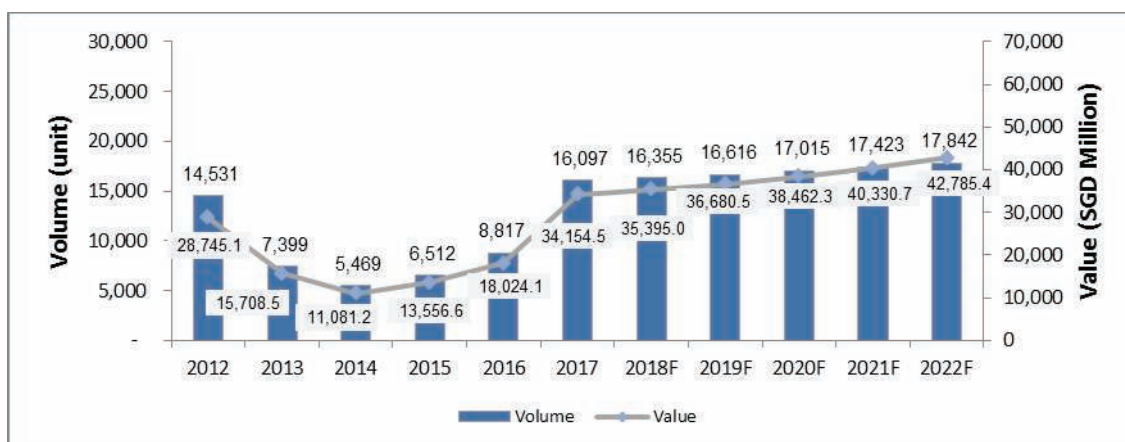


Source: URA Realis

Simultaneously, the outlook for the resale market is also positive, with a growth of CAGR of 2.1% in volume and given transaction in the private residential to grow at a CAGR of 3.8% for volume and 4.6% in value over the forecast period. Transaction in the resale market is expected to be strong driven by rising interest from upgraders/investors as economic conditions continue to improve, as well as the developers continue to increase promotions to offload unsold units.

PROSPECTS, BUSINESS STRATEGIES AND PLANS

Resale of Private Residential Transaction Volume and Value, 2012 – 2022



Source: URA Realis

TREND INFORMATION

Barring unforeseen circumstances, we have observed that our business, prospects, results of operations and financial performance will be affected by the following trends:

- (i) general economic and market conditions which will have an impact on the real estate industry as a whole and on the demand for our real estate brokerage services;
- (ii) changes to laws, regulations and policies regulating the real estate industry;
- (iii) the degree of competition in the real estate industry;
- (iv) our ability to execute our business strategies and future plans;
- (v) our ability to retain and grow our existing salesperson base; and
- (vi) expected increase in other expenses for FY2018 due to:
 - (a) incremental annual costs and compliance costs associated with our listing such as directors' and audit fees; and
 - (b) one-off listing expenses which are expected to be expensed off in FY2018.

Save as disclosed above and under the sections entitled "*Risk Factors*" and "*Management Discussion and Analysis of Results of Operations and Financial Condition*" of this Prospectus and barring unforeseen circumstances, our Directors are not aware of any other known recent trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition. Please also refer to the section entitled "*Cautionary Note on Forward-Looking Statements*" of this Prospectus.

PROSPECTS, BUSINESS STRATEGIES AND PLANS

BUSINESS STRATEGIES AND FUTURE PLANS

Enhancing competitiveness and operations of our real estate brokerage business

We are one of the leading real estate agencies in Singapore and we intend to further strengthen our market position by recruiting more qualified and productive salespersons, developing more effective training programmes to continuously improve the competitiveness of our salespersons and further improving upon our administrative support system that we offer. We will also continue to allocate more capital and resources to our real estate project marketing business to maintain our relationships with developers and to increase our market share. We intend to set aside approximately S\$8.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares for these purposes.

Local and regional expansion through franchising, licensing or mergers and acquisitions

We intend to expand our PropNex presence locally and regionally. Following our regional expansion into Indonesia and Malaysia through franchise/licensing arrangements, we aim to further strengthen our market share in countries where we currently have a business presence, as well as develop new business opportunities in countries and regions where we do not already have a business presence (such as Vietnam, Cambodia, the Philippines and other countries in South-east Asia), through franchising, licensing, strategic alliances, joint ventures or mergers and acquisitions, our Group hopes to strengthen its market position, value-add and expand into new markets. We intend to set aside approximately S\$12.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares for our expansion.

Expansion of our range of business services

To meet our goal of being a one-stop shop real estate service provider, we may expand our range of businesses services through suitable acquisitions of and investments in related businesses. We believe that suitable acquisitions and investments will bring about greater economies of scale and give us access to new markets and prospective clients, as well as new businesses, hence providing an impetus for our future growth.

We have recently expanded our business services to include real estate consultancy services, which comprises of auctions and corporate sales services and investments or en bloc services. In addition, we are also exploring the possibility of expanding into the provision of valuation services, research and marketing services and corporate leasing services.

We intend to set aside approximately S\$7.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares to finance the expansion of our range of business services.

Increasing productivity through enhancement of our technological capabilities

We currently provide technology to help our salespersons increase their productivity. Please refer to the section entitled “*Our Services – Real Estate Brokerage – Facilities and support for our salespersons*” of this Prospectus for further details on our technology support.

We intend to continue to improve our technological support to our salespersons to increase their productivity and to maintain our service excellence. We intend to utilise S\$6.0 million from the net proceeds from the Offering and the issuance of the Cornerstone Shares to such end.

GOVERNMENT REGULATIONS AND LICENSING

GOVERNMENT REGULATIONS AND LICENSING

The following is a summary of the material laws and regulations of Singapore that are relevant to our businesses as at the Latest Practicable Date. The regulations set out below are not exhaustive and are only intended to provide some general information to investors and are neither designed nor intended to be a substitute for professional advice. Prospective investors should consult their own advisers regarding the implication of Singapore laws and regulations on our Group.

Save as disclosed in this section and in the section entitled “*Risk Factors*” of this Prospectus, as at the Latest Practicable Date, our business operations are not subject to any special legislation or regulatory controls which have a material effect on our business and operations, other than those generally applicable to companies and businesses incorporated and/or operating in the jurisdictions in which we operate. We have thus far not experienced any adverse effect on our business in complying with these regulations.

As at the Latest Practicable Date, to the best of our Directors’ knowledge, we have obtained all requisite licences, are in compliance with all laws and regulations, and have not contravened any relevant laws and regulations that would materially affect our current business operations.

Estate Agents Act

The real estate agency industry is regulated by the Estate Agents Act and its subsidiary legislation, such as the Estate Agents (Licensing and Registration) Regulations 2010, the Estate Agents (Fees) Regulations 2010 and the Estate Agents (Estate Agency Work) Regulations 2010.

The CEA was established in October 2010 to administer the Estate Agents Act and its functions and duties are, among others, to oversee the professional development framework for the purposes of licensing and registration and administer the Real Estate Agency examinations and Real Estate Salespersons examinations in respect of real estate agencies (or “**estate agents**”, as referred to in the Estate Agents Act) and agents (or “**salespersons**”, as referred to in the Estate Agents Act) in order to regulate the industry and control the practice of estate agents and salespersons.

It is a requirement under the Estate Agents Act that all estate agents are validly licensed and that all salespersons are registered with the CEA in order to carry on the business of estate agency work. PropNex Realty, our subsidiary which operates our real estate brokerage business, holds a valid estate agent’s licence issued by the CEA, and all our salespersons are certified and validly registered with the CEA.

Estate agents

An estate agent’s licence is not transferable and subject to the provisions of the Estate Agents Act, is valid for a period not exceeding three (3) years, or as the CEA may decide otherwise. In order to obtain an estate agent’s licence, an individual or entity must satisfy the requirements prescribed under the Estate Agents Act. In particular, the individual or entity must be considered a “fit and proper person” by the CEA.

GOVERNMENT REGULATIONS AND LICENSING

An individual or entity will not be considered a fit and proper person if:

- (i) the individual or entity has been convicted of an offence involving dishonesty or fraud;
- (ii) the individual or entity has had a judgement entered against him or it in civil proceedings that involve a finding of fraud, dishonesty or breach of fiduciary duties on his or its part;
- (iii) the individual or entity has been convicted of any offence under the Estate Agents Act;
- (iv) in the case of an entity, any director or partner or other person responsible for the management of the entity is not a fit and proper person;
- (v) in the case of an entity, it is in liquidation or is the subject of a winding-up order, or there is a receiver appointed in relation to it, or it has entered into a composition or scheme of arrangement with its creditors; or
- (vi) in the case of an individual, he is an undischarged bankrupt or has made a composition or arrangement with his creditors.

An estate agent (being an entity) which possesses an estate agent's licence is required to appoint a key executive officer and to ensure that the key executive officer is responsible for the proper administration and overall management of the business of the estate agent, and the supervision of its salespersons. The key executive officer must not be a salesperson or a key executive officer of any other licensed estate agent. He must also not hold any other licence as an estate agent, and has to be contactable by the CEA and salespersons of the estate agent which he was appointed key executive officer, at all reasonable times. In addition, the key executive officer must satisfy all other relevant requirements as prescribed under the Estate Agents Act (such as being a fit and proper person) and the Estate Agents (Licensing and Registration) Regulations 2010 (further described below). If a vacancy occurs in the post of key executive officer, the estate agent must notify the CEA of that fact within one week and appoint another key executive officer within one month of the key executive officer ceasing to carry out his duties.

Our Key Executive Officer is Mr. Lim Yong Hock. Please refer to the section entitled "*Directors, Executive Officers and Employees – Executive Officers*" of this Prospectus for further details of Mr. Lim Yong Hock.

Salespersons

An individual will not be registered as a salesperson unless he satisfies certain prescribed requirements, including, among other things:

- (i) having attained the age of 21 years or such other age which is for the time being prescribed for the purposes of the Estate Agents Act;
- (ii) satisfying the CEA that –
 - (a) he is or will be employed by a licensed estate agent as a salesperson and he does not hold a licence as any other estate agent;
 - (b) he has the prescribed educational qualifications or experience;
 - (c) he does not hold and is not an employee, director or partner of a person who holds a moneylender's licence; and

GOVERNMENT REGULATIONS AND LICENSING

- (d) he complies with such other prescribed requirements including the applicable continuing education requirements.

- (iii) being considered a fit and proper person to be registered as a salesperson by the CEA.

The registration certification of a salesperson is non-transferable and is subject to the registrant continuing to be a salesperson for the licensed estate agent that he is registered under. The duration and validity of the registration of a salesperson is, subject to the provisions of the Estate Agents Act for a period not exceeding 3 years or as the CEA may decide otherwise.

All estate agents are prohibited from appointing, associating with, employing or continuing to employ as a salesperson any person who for the time being is not a registered salesperson with the CEA. Further, an estate agent shall not cause or permit a salesperson to carry out estate agency work for that estate agent unless there is an agreement in writing authorising the salesperson to carry out estate agency work on behalf of that estate agent. In addition, a salesperson shall not act and may not be registered to act as a salesperson for more than one estate agent at any one time.

Powers of the CEA

The CEA maintains a register containing particulars of persons or entities which have been granted an estate agent licence and particulars of every salesperson registered with the CEA. The CEA may suspend or revoke an estate agent's licence or the registration of a salesperson if there has been a failure to comply with the provisions of the Estate Agents Act or its relevant subsidiary legislation or the conditions attached to such licence or registration. The CEA may also conduct investigations and disciplinary proceedings in relation to offences and unsatisfactory conduct or misconduct in relation to estate agency work, and may appoint any of its officers or employees to be an inspector. An inspector may enter and inspect the premises under the possession or control of any estate agent, and/or require any salesperson to appear before such inspector or officer of the CEA, for the purpose of ascertaining whether the Estate Agents Act has been complied with.

Estate Agents (Licensing and Registration) Regulations 2010 and Estate Agents (Fees) Regulations 2010

The Estate Agents (Licensing and Registration) Regulations 2010 sets out further requirements in respect of any application or renewal of an estate agent licence or registration as a salesperson. The fees payable to the CEA in respect of any such application or renewal are prescribed by the Estate Agents (Fees) Regulations 2010.

Estate agents

In order to obtain or renew an estate agent's licence, the CEA must be satisfied that the estate agent has, among other things, in place systems and processes to ensure proper management of the business and its salespersons, the estate agent does not hold a licence as any other estate agent, and every sole proprietor, partner or director of the estate agent who will be performing estate agency work has attained the age of 21 years, is not registered as a salesperson with another estate agent, does not hold a licence as any other estate agent, has a minimum of four (4) GCE "O" level passes (or obtained an equivalent or higher qualification as determined by the CEA), and has, in the two (2) years immediately before the application for a licence, passed the Real Estate Agency examination (or obtained an equivalent or higher qualification as determined by the CEA). Every estate agent must also take out and maintain in force at all times during the period in which it carries out estate agency work the relevant professional indemnity insurance.

GOVERNMENT REGULATIONS AND LICENSING

Additionally, further requirements are applicable in the case of a renewal of an estate agent's licence. For instance, the sole proprietor or every director or partner of the estate agent performing estate agency work and the key executive officer of the estate agent must satisfy the continuing professional development requirements applicable to them in each year of the period of the licence whose renewal is sought. To this end, the CEA maintains a list of activities, courses and programmes that are relevant to estate agency work and assigns a corresponding continuing professional development credit which is earned by the estate agent on successful completion. Notably, the training arm of our Group, Life Mastery Academy, is a CEA-accredited provider of continuing professional development courses. Please refer to the section entitled "*Our Business – Overview – Training*" of this Prospectus for further details.

The Estate Agents (Licensing and Registration) Regulations 2010 also prescribes certain qualifications and requirements for key executive officers of estate agents. A key executive officer must (a) be the sole proprietor, director or partner of the estate agent, (b) satisfy the requirements applicable to a sole proprietor, partner or director performing estate agency work (as abovementioned), (c) have at least 3 years of experience in estate agency work, and (d) have completed at least 30 property transactions in the 3 years immediately before his appointment or have at least 3 years of experience in managing the business of a house agent or an estate agent as an executive director, a chief executive, key executive officer, partner or sole proprietor.

Salespersons

In respect of salespersons, no individual can be registered as a salesperson unless he has a minimum of four (4) GCE "O" level passes (or obtained an equivalent or higher qualification as determined by the CEA) and has, in the two (2) years immediately before the application for registration, passed the Real Estate Agency examination or the Real Estate Salesperson examination (or obtained an equivalent or higher qualification as determined by the CEA). Such requirements are subject to certain exemptions as prescribed under the Estate Agents (Licensing and Registration) Regulations 2010.

Estate Agents (Estate Agency Work) Regulations 2010

The Estate Agents (Estate Agency Work) Regulations 2010 regulates the conduct of estate agency work by prescribing certain rules and practices. For instance, there is a rule against dual representation which prohibits salespersons or estate agents from having as clients, both the vendor and purchaser or both the landlord and tenant in respect of the same property, regardless of whether consent of all the parties to the transaction has been obtained. Also, estate agents and salespersons are prohibited from referring a client to or receiving any benefit from any moneylender, or holding money for or on behalf of any party in relation to the sale or purchase of any property situated in Singapore or the lease of HDB property. Any person in breach of such rules shall be guilty of an offence and shall be liable on conviction to a fine and/or imprisonment.

The Estate Agents (Estate Agency Work) Regulations 2010 also requires that every estate agent take out and maintain in force at all times during the period in which it carries out estate agency work such insurance (of a prescribed minimum amount) in respect of civil liability for negligence in the performance of estate agency work. Generally, no estate agency work may be undertaken without the requisite insurance coverage. Moreover, as with the renewal of estate agent's licences, certain continuing professional development requirements are applicable. Every individual who undertakes estate agency work must participate in the prescribed activities, courses and programmes, and every estate agent shall ensure that its key executive officer participates in the same.

GOVERNMENT REGULATIONS AND LICENSING

The Estate Agents (Estate Agency Work) Regulations 2010 also sets out the Code of Ethics and Professional Client Care (the “**Ethics Code**”) and the Code of Practice for Estate Agents (the “**Practice Code**”).

Ethics Code

All licensed estate agents and registered salespersons are required to comply with the Ethics Code, and any breach thereof may result in the estate agent or salesperson (as the case may be) being subject to disciplinary action and/or the imposition of sanctions including financial penalties, demerit points and the suspension or revocation of a licence or registration.

Under the Ethics Code, estate agents and salespersons must perform their work in accordance with the applicable laws and must not perform estate agency work unless they have the relevant knowledge to perform the work that they are engaged to perform. This entails, among other things, being fully conversant and compliant with the Estate Agents Act, the regulations made under the act (including this code and the Practice Code), policies, practice circulars and guidelines of the CEA, as well as the relevant laws, regulations and rules that apply to property transactions. Estate agents and salespersons must also keep themselves informed of essential or relevant facts and developments in the property market and matters that could affect any aspect of property transactions. Consequently, they must be familiar with the procedures for property transactions and the contents of the forms used.

Estate agents and salespersons are further required to conduct their business and work with due diligence, despatch and care, and in compliance with all laws including statutory and regulatory requirements, and practice circulars and guidelines. They must also render professional and conscientious service to their clients and act with honesty, fidelity and integrity. To this end, they are under a general duty to (a) act in accordance with the instructions of the client and protect and promote the interests of the client, unaffected by the interests of the estate agent, salesperson or any other person, (b) not mislead the client or provide any false information or misrepresent any relevant law or fact to the client, (c) keep the client informed of any material or relevant development or issue in respect of the property of the client, (d) not withhold any relevant fact or information from the client, and (e) not act against the interests of the client in any manner. Moreover, in the conduct of estate agency work on behalf of the client, the estate agent or salesperson must act ethically, honestly, fairly and in a reasonable manner towards all other persons.

The Ethics Code further requires that estate agents and salespersons refrain from doing anything that may bring discredit or disrepute to the estate agency trade or industry. This means, among others, not engaging in touting or using threatening or harassing tactics or applying unreasonable or improper pressure, and ensuring that any opinion rendered to the client or any other person is justifiable by reference to verifiable facts and is given with strict professional integrity, objectivity and courtesy. Estate agents and salespersons must also not solicit for the payment of any reward, commission or fee from any person who did not engage their services. There is also an obligation to avoid conflicts of interest and to safeguard confidential information.

Advertisements and promotional activities undertaken by estate agents and salespersons must also be compliant with the requirements of the Ethics Code. For instance, any claim or information in advertisements and promotional materials must not be inaccurate, false or misleading, and any claims of expertise, specialisation or success rate must be capable of being substantiated by verifiable facts and records.

GOVERNMENT REGULATIONS AND LICENSING

Practice Code

All licensed estate agents must comply with the Practice Code, and any breach thereof may result in the estate agent being subject to disciplinary action and/or the imposition of sanctions including financial penalties, demerit points and the suspension or revocation of a licence.

Under the Practice Code, estate agents are required to have in place and document in writing, proper systems and processes to ensure that their salespersons acquire and have the estate agency work knowledge referred to in the Ethics Code and for the management and supervision of their business and salespersons. To this end, estate agents are under an obligation to manage and supervise their salespersons to ensure that their salespersons (a) comply with the laws and legal obligations of the Ethics Code, (b) conduct their estate agency work in a professional and reasonable manner and in accordance with the law, and (c) avoid repeating any conduct which resulted in a breach of the law or disciplinary action.

In addition, estate agents must have in place a system with suitable processes for the receipt and investigation of claims and complaints against the estate agent or any of their salespersons, and such system and processes must be documented in writing. All claims and complaints against the estate agent or any of its salespersons must be investigated.

In respect of advertisements, estate agents are required to vet all publicity and advertising materials of their salespersons prior to publication.

Compliance

While we aim to comply with the Estate Agents Act, the subsidiary legislations and regulations thereunder and the applicable policies, practice circulars and guidelines, and while we have put in place systems to monitor our operations and supervise our Salespersons, we are susceptible to breaches that may arise inadvertently. For instance, the Company has in the past, received letters of advice from the CEA in relation to complaints against us and/or our salespersons, however no penalty has been imposed on us thus far. We take all complaints and advice by CEA seriously, and we actively investigate the issue, review our current policies and processes and provide training lessons for our Salespersons to ensure that such complains are minimised in the future. Please refer to the section entitled “*Our Business – Real Estate Brokerage – Our Salespersons – Training for our salespersons*” of this Prospectus for further information on our training provided to our Salespersons.

Building Maintenance and Strata Management Act

The BMSMA and its relevant subsidiary legislation, such as the Building Maintenance (Strata Management) Regulations 2005, applies to all strata-titled developments in Singapore. Under Strata development, while subsidiary proprietors own their individual strata lots, common property of the strata development is collectively owned by all subsidiary proprietors and they are jointly responsible for the upkeep of the shared areas. As such, all subsidiary proprietors would need to cooperate and collaborate to self-govern and maintain their own estates and the BMSMA provides the legal framework for them to do so.

The BMSMA and its subsidiary legislation are administered by the Ministry of National Development and the Building and Construction Authority and it sets out, among others, the duties, powers and obligations of developers and management corporations of strata-titled properties (“**MCSTs**”) or “management corporations” (as referred to in the BMSMA) in relation to the holding and procedures of general meetings, powers of entry and/or to carry out works, identifying which party is responsible for upkeep and maintenance work and the making, amendment or repeal of by-laws regulating the use of common property.

GOVERNMENT REGULATIONS AND LICENSING

At present, the BMSMA is being amended pursuant to the Building Maintenance and Strata Management (Amendment) Bill 2017. The amendments are focused on three broad areas. First, the setting of clear boundaries to enhance good governance and transparency is achieved by setting out clear rules as to the duties and obligations of developers and MCSTs. Second, it safeguards subsidiary proprietary interests by introducing legislation that, among others, imposes limits and restrains on certain rights such as proxy rights and provide for fair representation through a reserved seat in the council for each class of use in a mixed-use development. Third, certain provisions in the BMSMA will be amended to provide better clarity and understanding and to remove ambiguities, for instance, clarifying the definition of “common property”.

Our Group conducts its property management business through our subsidiary, PropNex Property Management. As part of our business operations, we are appointed as managing agents of MCSTs to manage, administer and maintain the common property of strata-titled properties. In our capacity as management agent, we are subject to and regulated by the same applicable laws as MCSTs, namely the BMSMA and its relevant subsidiary legislations. As the BMSMA is the legal framework that regulates the relationships, rights and obligations of developers/MCSTs and subsidiary proprietors inter-se, it does not prescribe a licencing regime for property management. As such we are not required to obtain any licence for our property management business. In addition, while obtaining an accreditation is not required under the BMSMA, we have obtained a “Category A” accreditation as Accredited Managing Agents from the Singapore Institute of Surveyors and Valuers and the Association of Property and Facility Managers for the period from 1 April 2017 to 30 April 2020.

Personal Data Protection Act 2012

Pursuant to our business and operations, our Group has access to, and stores personal data belonging to individuals. The Personal Data Protection Act 2012 (“**PDPA**”) sets out the Singapore regime for the protection of personal data, and governs the collection, use and disclosure of individuals’ personal data by organisations.

An organisation is required to comply with, amongst other things, the following obligations prescribed by the PDPA:

- (i) an organisation must obtain the consent of the individual before collecting, using or disclosing his personal data, for purposes that a reasonable person would consider appropriate in the circumstances;
- (ii) an organisation must notify the individual of the purposes of collecting his personal data and use it only for purposes consented to by him, and must put in place mechanisms for individuals to withdraw their consent;
- (iii) an organisation must take reasonable efforts to ensure that personal data collected is accurate and complete if the personal data is likely to be used to make a decision that affects the individual, or is likely to be disclosed to another organisation, and must correct any error or omission thereof when requested;
- (iv) upon request, an organisation must provide an individual with his personal data in its possession and control, as well as information about the ways in which it was used or disclosed in the past year;

GOVERNMENT REGULATIONS AND LICENSING

- (v) an organisation must protect personal data in its possession or under its control by making reasonable security arrangements to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks;
- (vi) an organisation must cease to retain personal data as long as it is reasonable to assume that the purpose for which it was collected is no longer being served by retaining it, and the retention is no longer necessary for business or legal purposes;
- (vii) an organisation must not transfer any personal data out of Singapore except in accordance with the requirements of the PDPA; and
- (viii) an organisation must implement policies and practices in order to meet its obligations under the PDPA and make information about the same available on request.

A failure to comply with the PDPA may lead to financial penalties, civil liability or criminal liability. The Personal Data Protection Commission (the “**PDPC**”) also has broad powers to administer and enforce the PDPA.

Besides the general obligations in respect of data protection, the PDPA also generally prohibits organisations (and individuals) from sending certain marketing messages (in the form of voice calls, text or fax messages) to Singapore telephone numbers, including mobile, fixed-line, residential and business numbers, registered with the Do Not Call Registry (the “**DNC Registry**”), as maintained by the PDPC (the “**DNC Obligations**”). The purpose of such marketing messages, or “specified messages” as referred to in the PDPA, is typically to offer to supply, advertise or promote a property or a supplier of property.

Pursuant to the DNC Obligations, before an organisation sends any specified messages to a Singapore telephone number, it must first check whether that Singapore telephone number is listed in the relevant register of the DNC Registry. A failure to check the relevant register is an offence under the PDPA unless:

- (i) the subscriber or user of the telephone number has given clear and unambiguous consent to the sending of the specified message, and such consent is evidenced in written or other form which is accessible for subsequent reference;
- (ii) the organisation is exempted from the obligation to check the relevant register, where:
 - (a) the specified message is to be sent by fax or text message;
 - (b) at the time of sending the specified message, the organisation is in an “ongoing relationship” with the recipient (i.e. a relationship, which is on an ongoing basis, between the organisation and recipient, arising from the carrying on or conduct of a business or activity (commercial or otherwise) by the organisation);
 - (c) the purpose of the specified message is related to the subject of the ongoing relationship; and
 - (d) the recipient has not withdrawn his/her consent to be sent any specified messages, opted out from receiving any specified messages, or otherwise indicated that he/she does not consent to being sent any specified messages from the organisation; or

GOVERNMENT REGULATIONS AND LICENSING

- (iii) the relevant specified message falls within any of the exclusions listed under the Eighth Schedule of the PDPA.

The PDPC has also issued a set of advisory guidelines which elaborate on and provide illustrations for the key obligations in the PDPA. Although these guidelines are not legally binding, they are nonetheless useful in that they indicate the manner in which the PDPC will interpret provisions of the PDPA and thus assist organisations and individuals in their understanding of and compliance with the PDPA.

To ensure our compliance with the PDPA, our employees are given detailed instructions on how to handle personal data in accordance with the PDPA. We also conduct in-house PDPA training for our management, key staff and data protection officers and periodically send our employees and staff to attend external training in relation to the PDPA. These training sessions are designed to provide an overview of the obligations under the PDPA and to give practical tips. Please refer to the section entitled “*Directors, Management and Staff – Staff Training*” of this Prospectus for further details.

With regard to our DNC Obligations specifically, PropNex Realty has, through a third party vendor, installed on the Company’s computers and/or devices the “Do not call management system” licensed program and has granted the company a non-exclusive licence to use the same. The licensed program is a screening software that filters out numbers on the DNC Registry and prevents our salespersons from calling, texting or sending fax messages to these numbers.

While we aim to comply with the PDPA at all times, and have put in place the necessary data protection policies and controls, we are susceptible to breaches that may arise from inadvertent oversight. For instance, on 31 December 2015, PropNex Realty’s Data Protection Officer, Mr. Lim Yong Hock, was informed by the PDPC that the personal data of 1,765 individuals contained in PropNex Realty’s internal Do Not Call list (the “**PropNex DNC List**”) was available to the public on the Internet. Such personal data included the name, mobile number and/or landline, full or partial residential address, date of complaint by a particular individual, email address, and internal instructions by PropNex Realty to its salespersons with regard to these individuals. The PropNex DNC List had earlier been uploaded in PDF format onto PropNex Realty’s shared folder on the company’s virtual office system (the “**VO System**”) in or around July 2015 solely for internal use by the company, and the VO system was accessible only by the company’s salespersons and staff through authenticated login. However, the user authentication was only applied to webpages (e.g. aspx files) but was not in place for document files (e.g. PDF files), and the company’s use of “/robots.txt” to hide the documents from the Google search engine crawler was an insufficient security measure (collectively, the “**Design Flaw**”). As a result, direct access to the document files on the VO System, including the PropNex DNC List could be obtained by conducting an Internet search and without having to go through any form of user authentication. The PDPC subsequently directed on 25 January 2017 that PropNex Realty pay a financial penalty of S\$10,000, cease the storage and/or sharing of documents containing personal data using the VO system until the Design Flaw of the VO system had been fixed, scan the VO System to identify and fix any additional vulnerabilities before it is made accessible online, and furnish an audit report in relation to the VO System. We have since paid the penalty, conducted a scan of the VO System and removed any documents containing personal data. We have also fixed the additional vulnerabilities of the VO System by running several tests on our IT systems to identify areas of vulnerabilities and implementing countermeasures to solve these vulnerabilities. PDPC officially closed the case on 20 February 2017.

As at the Latest Practicable Date, save as disclosed above, we are compliant with, and have not been found to be in contravention of the PDPA.

GOVERNMENT REGULATIONS AND LICENSING

REGULATORY LICENCES, PERMITS AND APPROVALS

Our Group has obtained the following licences, permits and approvals in relation to our business:

Type of Licence, Permit or Approval	Issued to	Purpose	Issuing/ Licensing Body	Validity Period
Estate Agent Licence	PropNex International	To carry on the business of estate agency works in Singapore, subject to the provisions of the Estate Agents Act and all regulations made thereunder.	CEA	Until 31 December 2018 (annual renewal)
Estate Agent Licence	PropNex Realty	To carry on the business of estate agency works in Singapore, subject to the provisions of the Estate Agents Act and all regulations made thereunder.	CEA	Until 31 December 2018 (annual renewal)
CEA Approved Course Provider for Real Estate Salesperson (RES) Course	Life Mastery Academy	Accreditation by CEA as approved course provider for the Real Estate Salesperson (RES) Course	CEA	Until 31 March 2019 (annual renewal)

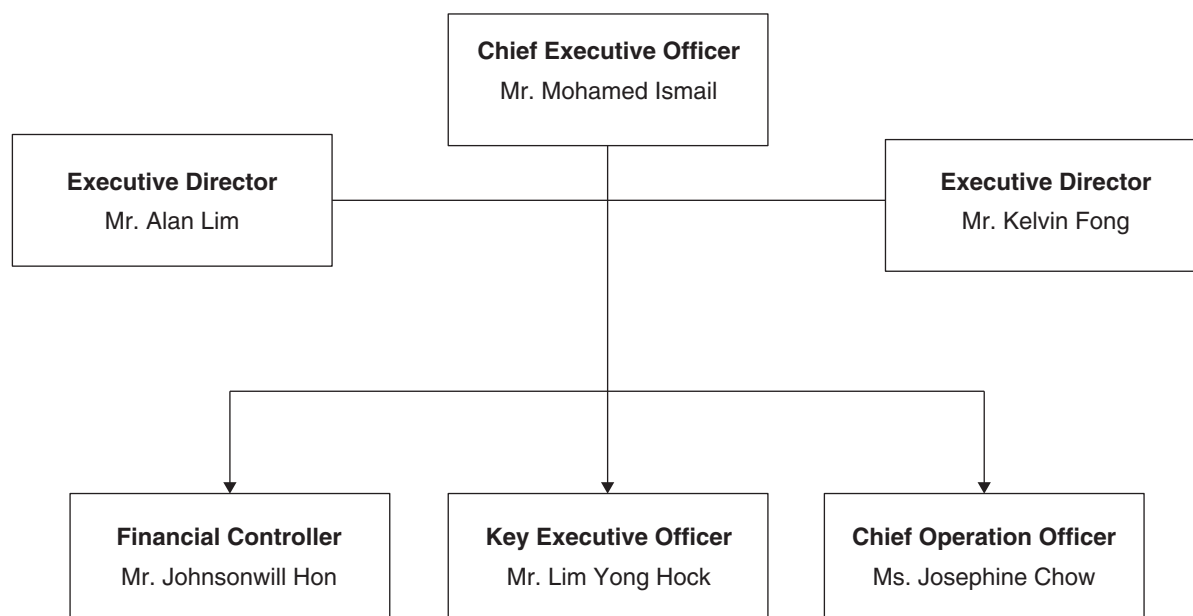
Save as disclosed above, the relevant material business licences, certificates and approvals necessary for our business operations generally do not need to be renewed.

Our Directors confirm after having made all reasonable enquiries, that as at the Latest Practicable Date, our Group has obtained all relevant business licences, certificates and approvals necessary for our business operations and we have complied with all relevant laws and regulations that would materially affect our business operations. Save as disclosed herein and in the section entitled “*Risk Factors*” of this Prospectus, we do not require any other material licences, registrations, permits or approvals in respect of our operations apart from those pertaining to general business registration requirements. As at the Latest Practicable Date, none of the aforesaid licences, permits and approvals have been suspended, revoked or cancelled and to the best of our knowledge and belief, we are not aware of any facts or circumstances which would cause such licences, permits and approvals to be suspended, revoked or cancelled as the case may be, or for any applications for, or renewal of any of these licences, permits and approvals to be rejected by the relevant authorities.

DIRECTORS, MANAGEMENT AND STAFF

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS

Our Board is entrusted with the responsibility for the overall management of our Group. The particulars of our Directors are as follows:

Name	Age	Address	Position
Mr. Mohamed Ismail	54	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Executive Chairman and CEO
Mr. Alan Lim	53	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Executive Director
Mr. Kelvin Fong	43	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Executive Director
Dr. Ahmad Magad	66	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Non-Executive Lead Independent Director
Mr. Kan Yut Keong	62	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Non-Executive Independent Director
Mr. Low Wee Siong	40	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Non-Executive Independent Director

DIRECTORS, MANAGEMENT AND STAFF

None of our Independent Directors sits on the board of any of our subsidiaries and/or our principal subsidiaries that are based in jurisdictions other than Singapore.

Information on the business and working experience of our Directors is set out below:

Mr. Mohamed Ismail

Mr. Mohamed Ismail is our co-founder, Executive Chairman and CEO. Having more than 20 years of experience in the real estate industry, Ismail has an intimate understanding of the industry and our business. He is responsible for our Group's strategic direction and oversees business operations of the Group as a whole including functions such as compliance, finance, human resources, legal, marketing, operations, sales and information technology.

Prior to joining the real estate industry and subsequently founding Nooris Consultants Pte. Ltd. in 1996, Ismail served as an officer in the Singapore Armed Forces and has continued service to the nation as part of the military reserve force. Ismail currently holds the rank of Colonel (NS) in the Singapore Armed Forces. Please refer to the section in this Prospectus entitled "*Our Business – History and Development*" for details on how Ismail co-founded our Group.

Ismail holds a bachelor's degree in Land Economics and an IBMEC higher diploma in Real Estate & Property Management from the University of Technology, Sydney. He is presently a member of the Lifelong Learning Council, a 15-member community led council set up by the Workforce Development Agency of Singapore. From 2010 to 2012, Ismail served as the President of the Institute of Estate Agents. Over the years, Ismail received numerous awards including SMCCI Entrepreneur of the Year Award (2004), Spirit of Enterprise Award (2004), Association of Small and Medium Enterprises' Top Entrepreneur of the Year (2008), Overall Entrepreneur for eCommerce Awards of the Year (2008) and the Singapore Indian Chamber of Commerce and Industry's Overall Indian Entrepreneur of the Year Award (Large Enterprise) (2008) and Nexia-TS Entrepreneur of the Year (2015). Most recently in 2017, he received the Berita Harian Business Achiever Award in recognition of his years in the real estate industry and for being an exemplary role model to the Malay/Muslim community in Singapore.

Mr. Alan Lim

Mr. Alan Lim is our co-founder and Executive Director. He is responsible for formulating our Group's corporate strategies, analysis of various potential business development opportunities and growing our business portfolio. He also oversees the recruitment of our salespersons.

Alan has accumulated a wealth of experience from more than 20 years' experience in the real estate industry. He was one of the founders of Prulink Realty Pte. Ltd. As a co-founder of our Group, Alan's expertise in aiding our salespersons and Team Leaders improve their sales performance contributed to the rapid growth of the Group. Notably, together with our other co-founders, Alan developed our Group's "Dual Career Path" scheme. Please refer to the section in this Prospectus entitled "*Our Business – History and Development*" for details on how Alan co-founded our Group.

Alan holds a diploma in Electrical Engineering from Singapore Polytechnic. Prior to co-founding the Group, Alan was the founder of Prulink Realty Pte Ltd and Linkvest Realty Pte Ltd and was responsible for all aspects of the real estate businesses.

DIRECTORS, MANAGEMENT AND STAFF

Mr. Kelvin Fong

Mr. Kelvin Fong joined our management team when he was appointed as an executive director of PropNex Realty on 9 March 2016. He is currently an Executive Director of the Company. He oversees our training development curriculum and is also responsible for our real estate salespersons skills. He also oversees the development of our IT strategies and technology innovations so as to improve our competitive edge in the industry.

Prior to joining our management team, Kelvin was one of our top Team Leaders and his team of salespersons has a strong track record for outstanding sales performance and excellent customer service. Kelvin joined as a PropNex salesperson in 2003. Kelvin holds a bachelor's degree in Business Administration from La Trobe University, Australia and a Diploma in Electronics Engineering from Singapore Polytechnic.

Dr. Ahmad Magad

Dr. Ahmad Magad is our Lead Independent Director and the chairman of our Remuneration Committee and a member of our Audit and Nominating Committees. Dr Ahmad Magad is the group Managing Director of II-VI Singapore Pte. Ltd as well as the Lead Independent Director of Second Chance Properties Limited. He is presently the President of the Singapore Productivity Association, an affiliate body of SPRING Singapore, the Chairman of the Singapore Productivity Centre, the Senate-chairman of the Management Development Institute of Singapore (MDIS), an advisor to the Singapore Malay Chamber of Commerce and Industry (SMCCI), a Distinguished Fellow of MDIS, a Fellow of the Certified Public Accountant (Australia), a Fellow of the Chartered Institute of Marketing (United Kingdom) and a Justice of the Peace in Singapore.

Previously, Dr. Ahmad was an elected Member of Parliament for three (3) terms, under Pasir-Ris GRC in 1997 and under Pasir-Ris Punggol GRC in 2001 and 2006. He also served as the Chairman of each of the Government Parliamentary Committees for Finance and Trade and Industry, Manpower and Education at various stages of his tenure as a Member of Parliament.

He was also a member of the Singapore Productivity and Standards Board, a member of the Standards, Productivity and Innovation Board, a member of the National Productivity Council, a member of the Singapore Institute of Directors (SID) and the Chairman of the Institute of Management Consultants Board of Governors. He has also sat on the board of various Government statutory boards such as the Public Utilities Board (PUB), the Energy Market Authority (EMA), the Institute of Technical Education (ITE) and the Accounting and Corporate Regulatory Authority of Singapore (ACRA).

Dr. Ahmad holds a Doctorate in Business Administration from Brunel University (UK), a Masters of Business Administration from Henley Management College/Brunel University (UK), an Advanced Post-Graduate Diploma in Management Consultancy (UK) and an Ingenieur Grad. (Graduate Engineer) in Optical Engineering from Fach Hochschule Aalen (Germany). He has also been awarded the Walter L. Hurd Executive Medal by the Asia Pacific Quality Organisation, the Distinguished Fellow Award by MDIS, the Achiever of the Year Award by SMCCI and the Triple A Award (Alumni Achievement Award) by the Asian Institute of Management.

Mr. Kan Yut Keong

Mr. Kan is our Independent Director. He is the chairman of our Audit Committee and a member of our Remuneration and Nominating Committees.

DIRECTORS, MANAGEMENT AND STAFF

Mr. Kan has more than 34 years of experience in professional accounting, corporate finance and consulting in Asia and in the United Kingdom. He joined PricewaterhouseCoopers Singapore after qualifying as a Chartered Accountant in UK. His first role was as the senior in-charge of the Insolvency Unit and was transferred to the management consulting unit 3 years later. He was the partner instrumental in the formation of a corporate advisory practice and the incorporation of PricewaterhouseCoopers Corporate Finance Pte. Ltd., subsequently, to hold a Capital Market Services Licence to conduct corporate finance activities in Singapore. He was the managing director of PricewaterhouseCoopers Corporate Finance Pte. Ltd. until his retirement in June 2014.

Mr. Kan holds a bachelor's degree in Economics from the University of Hull, United Kingdom. He is a chartered accountant by training and is a member of the Institute of Chartered Accountants in England & Wales and its Corporate Finance Faculty, Institute of Singapore Chartered Accountants (ISCA) and the Malaysian Institute of Accountants.

Mr. Kan presently sits as a member on the board of the Securities Industry Council of Singapore and the Competition & Consumer Commission of Singapore. He is also an independent director of Nam Cheong Limited.

Mr. Low Wee Siong

Mr. Low Wee Siong is our Independent Director and the chairman of our Nominating Committee and a member of our Audit and Remuneration Committees. Wee Siong has more than a decade of experience in capital markets and corporate finance. He is currently in legal practice as a director of Wong Tan & Molly Lim LLC. He was previously in legal practice at Stamford Law Corporation (now known as Morgan Lewis Stamford LLC) and Allen & Gledhill. He was also an investment banker at RHB Bank and at HL Bank Singapore. Wee Siong is currently also an independent director of Beng Kuang Marine Limited

Wee Siong has been named as a recommended lawyer for capital markets in Singapore by The Legal 500 Asia Pacific 2018 Edition and one of "Singapore's 70 most influential lawyers aged 40 and under in 2016" by the Singapore Business Review. He holds a Bachelor of Laws from the National University of Singapore and a Bachelor of Accountancy from Nanyang Technological University. He is an advocate and solicitor of the Supreme Court of Singapore, a solicitor on the Roll of Solicitors of England and Wales and a Chartered Accountant of Singapore.

The list of present and past directorships held by our Directors in the last five (5) years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present directorships	Past directorships
Mr. Mohamed Ismail	<u>Group Companies</u> <ul style="list-style-type: none"> • PropNex Realty • PropNex International Pte. Ltd. • PropNex Property Management • PropNex Grandeur Homes • Life Mastery Academy • Soreal Prop Pte. Ltd. • PropNex International Sdn. Bhd. 	<u>Group Companies</u> Nil

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
	<u>Other Companies</u>	<u>Other Companies</u>
	<ul style="list-style-type: none"> • PN Realty Pte. Ltd. • Singbuilders Development Pte. Ltd. • P & N Holdings Pte. Ltd. • P & N Property Investment Pte. Ltd. • Singcapital Pte. Ltd. • Singbuilders Pte. Ltd. • P & N Development Private Limited • PT Ventures Pte. Ltd. 	Nil
Mr. Alan Lim	<u>Group Companies</u>	<u>Group Companies</u>
	<ul style="list-style-type: none"> • PropNex Realty • PropNex International • PropNex Property Management • PropNex Grandeur Homes. • Life Mastery Academy • PropNex International Sdn. Bhd. 	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	<ul style="list-style-type: none"> • PN Realty Pte. Ltd. • Singbuilders Development Pte. Ltd. • P & N Holdings Pte. Ltd. • P & N Property Investment Pte. Ltd. • Singbuilders Pte. Ltd. • P & N Development Private Limited 	Nil

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
Mr. Kelvin Fong	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <ul style="list-style-type: none"> • Zest Consultants Pte. Ltd. • Zest Academy Group Pte. Ltd. • KJ MGT Pte. Ltd. • MPS Invest Pte. Ltd. • YKC Group Pte. Ltd. • ISolution Investment Pte. Ltd. • Champ Invest Pte. Ltd. 	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <ul style="list-style-type: none"> • Mega Force (S) Pte. Ltd. • MPS Pte. Ltd. • MRS Pte. Ltd. • ZAG Investment Private Limited • ZAG Investprop Private Limited • Zest Invest Private Limited • IAPPS Pte. Ltd. • Zest Consultancy Pte. Ltd. • Affluence Venture Pte. Ltd. • Affluence Invest Pte. Ltd. • Affluence Group Pte. Ltd. • KF Investment Group Pte. Ltd. • KJPS Consultancy Pte. Ltd. • KJPS Invest Pte. Ltd. • Seventy5 Management Pte. Ltd. • I7 International Pte. Ltd. • IAPPS Holdings Pte. Ltd. • Zest Guru Pte. Ltd. • Absolutum Soleil Pte. Ltd. • TREK01 Pte. Ltd.
Dr. Ahmad Magad	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <ul style="list-style-type: none"> • Second Chance Properties Ltd • II-VI Singapore Pte Ltd • II-VI Optics Suzhou Co Ltd. • II-VI IR Laser Co. Ltd. • Sense College Pte. Ltd. • Mendaki Social Enterprise Network Singapore Pte. Ltd. • Singapore Productivity Centre Pte. Ltd. 	<p><u>Group Companies</u></p> <p>Nil</p> <p><u>Other Companies</u></p> <ul style="list-style-type: none"> • Singapore Institute of Directors • First Learning & Training Centre Pte. Ltd. • II-VI Photop Technologies Holding Pte. Ltd.

DIRECTORS, MANAGEMENT AND STAFF

Name	Present directorships	Past directorships
Mr. Low Wee Siong	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	<ul style="list-style-type: none"> Wong Tan & Molly Lim LLC Beng Kuang Marine Limited 	Nil
Mr. Kan Yut Keong	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies and Statutory Boards</u>	<u>Other Companies</u>
	<ul style="list-style-type: none"> Nam Cheong Limited Cornerstone Advisors Pte. Ltd. Yick Cheong Kedai Emas Sdn. Bhd. Yee Cheong Kedai Emas Sdn. Bhd. Competition & Consumer Commission of Singapore Securities Industries Council 	<ul style="list-style-type: none"> PricewaterhouseCoopers Corporate Finance Pte Ltd

Experience as a Director of a Listed Company

Save for Dr. Ahmad Magad, Mr. Low Wee Siong and Mr. Kan Yut Keong, our Directors do not have prior experience as directors of public listed companies in Singapore. However, they have undertaken relevant training to familiarise themselves with the roles and responsibilities of a director of a public listed company in Singapore.

EXECUTIVE OFFICERS

Our Executive Directors are assisted by a team of experienced Executive Officers who are responsible for the various functions of our Group. The particulars of our Executive Officers are as follows:

Name	Age	Address	Position
Mr. Lim Yong Hock	45	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Key Executive Officer
Mr. Johnsonwill Hon	45	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Financial Controller
Ms. Josephine Chow	36	c/o 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480	Chief Operating Officer

DIRECTORS, MANAGEMENT AND STAFF

Information on the business and working experience of our Executive Officers is set out below:

Mr. Lim Yong Hock

Mr. Lim Yong Hock is the Key Executive Officer of our Group. He heads our real estate agency business and he oversees the daily operations of the agency, including the management and training all our real estate service agents. He joined the Group in April 2006 as a marketing recruitment and training manager and in July 2009, he was promoted to senior vice president. On January 2013, he was appointed as the Key Executive Officer of PropNex Realty. Prior to joining the Group, he was the real estate salesperson leading a team of salespersons of other real estate agencies from 1994 to 2006.

Yong Hock holds a Diploma in Business Administration from the Thames School of Commerce, Singapore and a Diploma in Electronic Engineering from Ngee Ann Polytechnic.

Mr. Johnsonwill Hon

Mr. Johnsonwill Hon is the Financial Controller of our Group. His responsibilities include overseeing the daily operations of the finance and accounts department, which includes leading and supervising the monthly accounts closing, consolidation of Group accounts and yearly audits, implementing financial accounts and management policies best practices and internal controls within the accounts department, supervising and ensuring the Group's compliance with taxation and financial reporting requirements, and providing overall supervisory control over the Group's finances, liabilities and cash flows. He also works closely with our Board of Directors in formulating financial forecast, budget and cash flow projections as well as reviewing potential investor relations investment opportunities and providing recommendations from a financial perspective on such investment opportunities to our Board. He joined our subsidiary PropNex Realty as an accounts manager in November 2006 and he was with our Group for two years until July 2008 before he left to join Alston Holdings Pte. Ltd. as an accountant. In November 2009, he re-joined the Group as a senior accounts manager. On 1 July 2013, he was promoted to Financial Controller.

He began his career in the field of accounting and finance since 1993. Prior to joining the Group, he was an accountant with Far East Organisation from July 2000 to October 2006.

Johnsonwill is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA).

Ms. Josephine Chow

Ms. Josephine Chow is our Chief Operating Officer. Her responsibilities include overseeing the Group's operations, which includes the operations of the Human Resource, Associate Affairs, Procurement and Facilities departments. She is also responsible for formulating our Group's corporate direction, policy and strategy as well as leading, directing and overseeing the implementation of our Group's human resource and service operations best practices and franchise operations. Ms. Josephine Chow began her career with us on 15 June 2004 following her graduation from university, where she joined as a management trainee.

Josephine holds a bachelor degree in Business Administration (with merit) from the National University of Singapore.

DIRECTORS, MANAGEMENT AND STAFF

The list of present and past directorships held by our Executive Officers in the last five (5) years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present directorship	Past directorships
Mr. Lim Yong Hock	<u>Group Companies</u>	<u>Group Companies</u>
	• PropNex Realty	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	Nil	Nil
Mr. Johnsonwill Hon	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	• Max & Mavis Pte. Ltd.	Nil
Ms. Josephine Chow	<u>Group Companies</u>	<u>Group Companies</u>
	Nil	Nil
	<u>Other Companies</u>	<u>Other Companies</u>
	• Sespro Malaysia Sdn. Bhd.	• Inprodev Pte. Ltd.

None of our Directors and/or Executive Officers is related to any of our Directors, Executive Officers or Substantial Shareholders.

There is no arrangement or understanding with any of our Substantial Shareholders, customers, suppliers or any other person, pursuant to which any of our Directors or Executive Officers was appointed.

DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

The compensation (which includes salary, bonus, benefits-in-kind, CPF contributions and directors' fees) paid or payable to our Directors and Executive Officers for services rendered to us in all capacities for FY2016, FY2017 and the estimated compensation for FY2018 were or are as follows:

	FY2016	FY2017	FY2018 (estimated) ⁽¹⁾
Directors			
Mr. Mohamed Ismail	Band C	Band D	Band C
Mr. Alan Lim	Band C	Band C	Band C
Mr. Kelvin Fong	— ⁽²⁾	— ⁽²⁾	Band C
Dr. Ahmad Magad	—	—	Band A
Mr. Low Wee Siong	—	—	Band A
Mr. Kan Yut Keong	—	—	Band A

DIRECTORS, MANAGEMENT AND STAFF

	FY2016	FY2017	FY2018 (estimated) ⁽¹⁾
Executive Officers			
Ms. Josephine Chow	Band A	Band A	Band A
Mr. Johnsonwill Hon	Band A	Band A	Band A
Mr. Lim Yong Hock	Band B	Band B	Band A

Notes:

- (1) The estimated remuneration for FY2018 do not include performance bonus.
- (2) For FY2016 and FY2017, Mr Kelvin Fong was a team leader of one of our real estate salesperson team and was not a salaried employee. Accordingly, he did not receive any employee remuneration. However, as team leader, he was paid an overriding commission fee amount based on the performance of his real estate salesperson team which was in the range of Band E for FY2016 and FY2017 respectively.

Remuneration bands:

- “**A**” refers to remuneration of less than or equal to S\$250,000 per annum.
- “**B**” refers to remuneration greater than S\$250,000 and less than or equal to S\$500,000 per annum.
- “**C**” refers to remuneration greater than S\$500,000 and less than or equal to S\$750,000 per annum.
- “**D**” refers to remuneration greater than S\$750,000 and less than or equal to S\$1,000,000 per annum.
- “**E**” refers to remuneration greater than S\$1,000,000 and less than or equal to S\$1,250,000 per annum.

Save for contributions made for our employees by our Company for CPF contributions (or equivalent), no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for our Directors and Executive Officers.

SERVICE AGREEMENT

Our Company has entered into separate Service Agreements with each of our Executive Directors, namely, Mr. Mohamed Ismail, Mr. Alan Lim and Mr. Kelvin Fong for an initial period of five (5) years with effect from the date of the admission of our Company on the Main Board of the SGX-ST and ending on the date of the Company’s fifth (5th) Annual General Meeting, and thereafter shall be automatically renewed on a yearly basis (unless otherwise terminated by either party giving not less than six (6) months’ prior written notice to the other).

We may also terminate the Service Agreements of our Executive Directors, if he, among other things, is disqualified to act as Executive Director under any applicable laws or regulations, guilty of dishonesty, or serious or persistent misconduct, neglects without reasonable cause to attend to the business of the Company, becomes bankrupt or is convicted of any criminal offence which would affect his position or performance in the Company or breaches their respective Service Agreements so as to materially prejudice the business of the Group.

DIRECTORS, MANAGEMENT AND STAFF

The Service Agreements cover, among others, the terms of service of our Executive Directors as well as their salaries and bonuses. Apart from salary, each of Mr. Mohamed Ismail, Mr Alan Lim and Mr. Kelvin Fong will be entitled to an annual wage supplement, provided that the Group is profitable for that financial year and a performance bonus to be recommended and determined by the Remuneration Committee.

Additionally, Mr. Mohamed Ismail and Mr. Kelvin Fong are entitled to a performance incentive calculated based on the Group's audited consolidated net profit before tax (which excludes minority interest). Mr. Kelvin Fong is also entitled to a performance incentive based on the gross profit received by PropNex Realty.

None of our Executive directors will be entitled to any benefits upon the termination of their respective Service Agreements.

The Service Agreements also contains non-competition restrictions that would apply for one (1) year following the expiry and/or termination of employment of our Executive Directors, and which would prohibit, among others, the solicitation of any employees, former employees, salespersons and former salespersons of the Group for employment in Singapore or any other country in which the Group conducts its business, engaging in any business which is in competition with the business of the Group, and/or (unless otherwise agreed to in writing by the Group) use any name or trademark of the Group or represent himself as carrying on or continuing or being connected with the Group or its business for any purpose whatsoever. The Service Agreements also contain a confidentiality provision to, among others, prohibit the divulgence or communication of our confidential information (including but not limited to trade secrets, know-how, processes, financial information, business strategies, customer and supplier related information and proprietary data).

OUR EMPLOYEES

As at the Latest Practicable Date, we have 158 full-time employees, all of whom are based in Singapore. A breakdown of our full-time staff by job functions as at 31 December 2015, 31 December 2016, 31 December 2017 and as at the Latest Practicable Date is as follows:

Job Function	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017	As at the Latest Practicable Date
Finance	14	14	15	14
Real Estate Brokerage				
Operations	72	71	76	86
Training	5	5	6	6
Property Management	51	55	54	57
	142	145	151	163

We do not employ a significant number of temporary staff and do not experience any significant seasonal fluctuation in the number of employees. All our employees in our Group are not unionised. We believe that the relationship and cooperation between our management and employees have been good and this is expected to continue in the future. There have not been any incidents of major labour disputes which affected our operations. Except for contributions to

DIRECTORS, MANAGEMENT AND STAFF

CPF in Singapore, we have not set aside or accrued any amounts for our employees to provide for pension, retirement or similar benefits. Our salespersons are not considered employees of the Company.

RELATED EMPLOYEES

As at the Latest Practicable Date, none of our employees are related to our Directors, Executive Officers and Substantial Shareholders.

STAFF TRAINING

We understand the importance and value of providing regular training to our employees so as to ensure that we are able to provide excellent customer service to our salespersons and our customers. Furthermore, we are guided by the principle that our employees need to continuously upgrade their skills for both their own benefit and our Group's long-term prospects.

In order to ensure that our employees are competent in their roles and responsibilities and in order to ensure that we are always at the forefront of customer service, we provide a wide array of in-house and external trainings for our employees of all levels and across all job functions. Some of the training that we provide are as follows:

In-House Customer Service Training

We provide regular on-the-job training for our customer service staff and our receptionists as they are the front line of our customer service interface. Our training includes knowledge on how to handle the various forms and how to navigate the various procedures as part of our on-going business operations.

In-House Vision and Leadership Training

Employees of all levels and across all departments who have been with us for more than two years and as well employees in managerial position will be required to attend our "Built to Last" vision and leadership training session facilitated by our CEO, Mr. Mohamed Ismail. The "Built to Last" training focuses on our four (4) core values: "C.A.R.E" which stands for C: Continuous (self) Improvement, A: Autonomy and Entrepreneurship, R: Respect and Concern for Individuals and E: Ethics, honesty and integrity in all aspects of our business.

External Customer Service Training

We also engage external training service providers to provide specific training for our employees. Some of these specific training sessions focus on several key areas, such as (i) professional grooming and imaging; (ii) service challenge management, and (iii) operation management for service excellence.

DIRECTORS, MANAGEMENT AND STAFF

External Supervisory Training

We send all our employees occupying a supervisory position across our various departments as well as the head of each of our departments for management training which emphasises on establishing and managing effective work teams to improve organisation efficiency. The course focuses on developing the necessary competencies in our management employees so as to better enable them to effectively facilitate cohesion, commitment and the establishment of positive relationships among members from diverse backgrounds in their teams, and in so doing, improving organisational efficiency.

Personal Data Protection Training

As part of our business, we routinely handle a large number of transactions which include personal data. As such, with the implementation of the Personal Data Protection Act ("**PDPA**"), we engage external service providers to train our management, key employees and Data Protection Officers to ensure that they are familiar with the requirements of the PDPA. In addition, we also ensure that all our employees are aware of how to handle personal data in accordance with the PDPA.

Miscellaneous Skills Specific Training

We send several of our employees for work specific training based on their job scope and responsibilities. For instance, we have sent our employees for skill specific training such as, Adobe Illustrator CC (2014): Essentials, Search Engine Optimisation Certification Course, Professional Certification in Social Media Marketing, LinkedIn Training, GST courses, Human Resource Congress.

During the Period Under Review, our expenses incurred in relation to staff training were not significant.

CORPORATE GOVERNANCE

Our Directors recognise the importance of good corporate governance and the offering of high standards of accountability to our Shareholders, and will follow closely the best practices outlined in the Best Practices Guide issued by the SGX-ST. Our Board of Directors has formed three (3) committees: (a) the Audit Committee, (b) the Remuneration Committee; and (c) the Nominating Committee.

Dr. Ahmad Magad is our Lead Independent Director. As the Lead Independent Director, he is the contact person for our Shareholders where there are concerns or issues which remain unresolved despite communication with our CEO, Mr. Mohamed Ismail, or where such communication is inappropriate. Please refer to the section entitled “*Corporate Governance – Nominating Committee – Nominating Committee’s view of our Independent Directors*” of this Prospectus for further details.

Our business and operations are presently under the management and close supervision of our Executive Directors who are assisted by a team of Executive Officers.

AUDIT COMMITTEE

Our Audit Committee comprises Mr. Kan Yut Keong, Dr. Ahmad Magad and Mr. Low Wee Siong. The chairman of our Audit Committee is Mr. Kan Yut Keong.

The Audit Committee will assist the Board of Directors in discharging their responsibilities to safeguard the assets, maintain adequate accounting records, and develop and maintain effective systems of internal controls, with the overall objective of ensuring that the management creates and maintains an effective control environment in the Group. The Audit Committee will provide a channel of communication between the Board of Directors, the management, the internal auditors and the external auditors of the Company on matters relating to audit.

Our Audit Committee will meet quarterly (to coincide with key dates in the company’s financial reporting cycle) to discuss and carry out the duties set out below:

- (a) review the scope of the audit plans of the external auditors, the results of the external and internal auditors’ examination and their evaluation of internal accounting control systems, their letter to management and the management’s response to ensure that appropriate follow-up measures are taken to satisfactorily address internal control weaknesses, if any;
- (b) review the quarterly and annual financial statements before submission to the Board of Directors for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group’s financial performance;
- (d) review the risk profile of the Group, its internal control and risk management procedures, including financial, operation, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at acceptable levels determined by the Board of Directors;

CORPORATE GOVERNANCE

- (e) ensure co-ordination between the external and internal auditors and the management and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);
- (f) commission and review the findings of investigations by internal or external auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (g) consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- (h) make recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (i) review and recommend to the board of Directors any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (j) review any potential conflict of interests that may arise in respect of any Director(s) of the Company;
- (k) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (l) review the adequacy and effectiveness of the Group's risk management and internal audit function and ensure that a clear reporting structure is in place between the Audit Committee and the internal auditors;
- (m) review arrangements by which staff of the Group may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;
- (n) undertake such other reviews and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;
- (o) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time;
- (p) assess the performance of the financial director and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his or her suitability for the position;
- (q) on an annual basis or any other period that the Audit Committee deems fit, ensure that trade receivables are stated at fair value, accurately recorded in the financial statements and that credit policies are adhered to;
- (r) monitor the cash flows of the Group;

CORPORATE GOVERNANCE

- (s) monitor the use of proceeds to be raised from the Proposed Offering and ensure that any change in the use of proceeds will be subject to Shareholders' approval;
- (t) review and establish procedures for receipt, retention and treatment of complaints received in relation to the Group, including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on the Group and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and
- (u) oversight over the measures put in place to monitor the obligations of P&N in relation to the PropNex International SHA.

The Group has commissioned Baker Tilly Consultancy (Singapore) Pte. Ltd. to conduct an internal control review of key business processes for identifying gaps within the internal control framework and recommending controls improvement plans to the Group. Based on the internal control review conducted by Baker Tilly Consultancy (Singapore) Pte. Ltd. and the implementation of recommendations contained in such internal controls review, the Board of Directors, with the concurrence of the Audit Committee, is of the opinion that the risk management and internal controls of the Group are adequate to address the financial, operational and compliance and information technology risks.

Audit Committee's Opinion of our Financial Controller

In considering the suitability of Mr. Johnsonwill Hon as the Financial Controller of the Group, the Audit Committee has reviewed Johnsonwill Hon's curriculum vitae, conducted interviews and has:

- (a) considered the education, professional qualifications and past working experiences of Mr. Johnsonwill Hon;
- (b) considered Mr. Johnsonwill Hon's demonstration of the requisite competency in finance-related matters in connection with the preparation of the listing of the Group;
- (c) noted the absence of negative feedback on Mr. Johnsonwill Hon from KPMG LLP, the Independent Auditors and Reporting Accountants;
- (d) noted the absence of internal control weaknesses attributable to Mr. Johnsonwill Hon identified during the internal control review conducted by Baker Tilly Consultancy (Singapore) Pte. Ltd.

The Audit Committee has made reasonable enquiries into Mr. Johnsonwill Hon's past working experience, education and professional qualifications ((as described in the section entitled "*Directors, Executive Officers and Employees – Executive Officers*" of this Prospectus), and to the best of their knowledge and belief, nothing has come to their attention to cause them to believe that Mr. Johnsonwill Hon does not have the competence, experience, character and integrity expected of a Financial Controller of a listed issuer.

Accordingly, the Audit Committee is of the opinion that Mr. Johnsonwill Hon is suitable as the Financial Controller of the Group, and will be able to discharge his duties satisfactorily.

In the event that a member of the Audit Committee is interested in any matter being considered by the Audit Committee, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

CORPORATE GOVERNANCE

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any relevant law, rule or regulation which has or is likely to have a material impact on the Group's operating results and/or financial position.

Internal audit function

Post listing, the Group will outsource the internal audit function. The Group will appoint a suitable accounting firm, approved by the Audit Committee, as the internal auditors to review and assess the adequacy and effectiveness of the Group's risk management and internal control systems addressing financial, operational and compliance and information technology risks of the Group on an annual basis. This will be done before the next annual general meeting to appoint internal auditors of FY2019's audit. The internal auditors will report directly to the Audit Committee. Before each annual internal audit, the internal auditors will propose an internal audit plan to the Audit Committee and obtain the approval of the Audit Committee before the internal auditors can proceed with the internal audit plan. The findings of such internal audit will be submitted by the appointed internal auditors to the Audit Committee for their review.

REMUNERATION COMMITTEE

Our Remuneration Committee comprises Dr. Ahmad Magad, Mr. Kan Yut Keong, and Mr. Low Wee Siong. The Chairman of our Remuneration Committee is Dr. Ahmad Magad.

Our Remuneration Committee is responsible for:

- (a) recommending to our Board a comprehensive remuneration policy framework and guidelines for the remuneration of our Directors and Executive Officers, and determining specific remuneration packages for each of them. The recommendations of our Remuneration Committee shall be submitted for endorsement by our entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind shall be covered by our Remuneration Committee. Each member of our Remuneration Committee shall abstain from voting on any resolutions in respect of his remuneration package;
- (b) performing an annual review of the remuneration of employees related to our Directors and Substantial Shareholders (if any) to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of our Remuneration Committee. In the event that a member of our Remuneration Committee is related to the employee under review, he will abstain from participating in the review;
- (c) reviewing and approving the design of all share option plans, performance share plans and/or other equity based plans, including the administering of the PropNex ESOS and the PropNex PSP plans;
- (d) in the case of Service Contracts, reviewing our Company's obligations arising in the event of termination of the Executive Directors' or Executive Officers contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and

CORPORATE GOVERNANCE

- (e) approving performance targets for assessing the performance of each of the Executive Directors and Executive Officers and recommend such targets as well as employee specific remuneration packages for each of them, for endorsement by our Board.

Our Remuneration Committee also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate our Directors to provide good stewardship of our Company and key executives to successfully manage our Company, and to align the level and structure of remuneration with the long term-interests and risk policies of our Company.

If necessary, our Remuneration Committee will seek expert advice inside and/or outside our Company on remuneration matters. Our Remuneration Committee will ensure that existing relationships, if any, between our Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on the matter.

Our Remuneration Committee will meet at least once a year and otherwise as required to properly discharge its duties as set out below.

NOMINATING COMMITTEE

Our Nominating Committee comprises Mr. Low Wee Siong, Mr. Kan Yut Keong and Dr. Ahmad Magad. The Chairman of our Nominating Committee is Mr. Low Wee Siong.

Our Nominating Committee will meet at least once a year to discuss and carry out the duties set out below:

- (a) reviewing the composition of our Board of Directors annually to ensure that our Board of Directors and our Board committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge of our Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- (b) reviewing and recommending the nomination or re-nomination of our Directors having regard to our Director's contribution and performance;
- (c) determining on an annual basis whether or not a Director is independent, in accordance with the Code of Corporate Governance 2012 and other salient factors;
- (d) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- (e) reviewing and approving any new employment of related persons and the proposed terms of their employment; and
- (f) reviewing board succession plans, as well as training and professional development programs for our Board.

CORPORATE GOVERNANCE

In addition, our Nominating Committee will make recommendations to our Board of Directors on the development of a process for evaluation and performance of the Board, its board committees and directors. In this regard, our Nominating Committee will decide how our Board of Directors' performance is to be evaluated and propose objective performance criteria which address how our Board of Directors has enhanced long-term shareholder value. Our Nominating Committee will also implement a process for assessing the effectiveness of our Board of Directors as a whole and our Board committees and for assessing the contribution of our Chairman and each individual Director to the effectiveness of our Board of Directors. Our Chairman will act on the results of the performance evaluation of our Board of Directors, and in consultation with our Nominating Committee, propose, where appropriate, new members to be appointed to our Board of Directors or seek the resignation of Directors.

Our Directors do not have fixed terms of office. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment. All Directors shall retire from office at least once every three (3) years. A retiring Director shall be eligible to stand for re-election.

Each member of our Nominating Committee is required to abstain from voting, approving or making a recommendation on any resolutions of our Nominating Committee in which he has a conflict of interest in the subject matter under consideration.

Nominating Committee's view of our Independent Directors

The Nominating Committee, having taken into consideration the following:

- (i) the number of listed company directorships by each of our Independent Directors;
- (ii) the principal commitments of our Independent Directors;
- (iii) the confirmations by our Independent Directors stating that they are each able to devote sufficient time and attention to the matters of our Company;
- (iv) the confirmations by our Independent Directors that each of them is not accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of any Controlling Shareholder, has no relationship with our Company, its related corporations or with any directors of these corporations, its 10.0 per cent. (10%) Shareholders or its officers that could interfere or be reasonably perceived to interfere, with the exercise of his or her independent business judgement with a view to the best interests of our Company;
- (v) our Independent Directors' working experience and expertise in different areas of specialisation; and
- (vi) the composition of the Board,

is of the view that (i) each of our Independent Directors is individually and collectively able to devote sufficient time to the discharge of their duties and are suitable and possess relevant experience as Independent Directors of our Company and (ii) our Independent Directors, as a whole, represent a strong and independent element on the Board which is able to exercise objective judgement on corporate affairs independently from the Controlling Shareholders.

CORPORATE GOVERNANCE

CORPORATE SOCIAL RESPONSIBILITY

We are committed to sustainable development and making a positive impact on our investors, shareholders, customers, suppliers, employees, competitors and the communities and environments in which we operate. We view corporate social responsibility to be our responsibility and a key competitive advantage.

The following sets out the corporate social responsibility events carried out by our Group:

Year	Event
2005	Donated S\$20,000 to The Straits Times School Pocket Money Fund
2006	First and only real estate company chosen to form a marching contingent at the 41st National Day Parade
2009	PropNex Cares: Built School in Cambodia – Kampal (funded the extension of a school wing, built pumping well and toilet cubicles) for 250 students
2010	PropNex Cares: Built another school in Cambodia – Trayong Pong funded the (water filtration system for another 250 students)
2011	Fielded a marching contingent at the National Day Parade
2013	Contributed S\$100,000 to Community Chest
2014	Contributed S\$200,000 to Community Chest
2015	Contributed S\$500,000 to Community Chest and joined the Heartstrings Walk
2016	Contributed S\$500,000 to Community Chest
2017	Contributed S\$500,000 to Community Chest and organised an event which brought 80 children to a day at the Jurong Bird Park

WHISTLEBLOWING POLICY

We are committed to maintaining high standards of honesty and accountability. As such, we have adopted a whistleblowing policy that is disseminated to our employees, and salespersons. Our employees and salespersons should report any concerns to any of the Executive Directors and/or key executives of the Company. Additionally, the contact details of our Lead Independent Director, Dr. Ahmad Magad, will be made known to all our employees on our PropNex Policy Portal and to all our salespersons on the Virtual Office Intranet website for the express purpose of whistleblowing. Any information received will be examined carefully and if it has merit, will be acted upon. The whistle-blower can be assured that our Group intends to protect our business and reputation.

PROPNEX PSP

On 13 June 2018, our Shareholders approved a share scheme which is known as the PropNex Performance Share Plan (the “**PropNex PSP**”), the rules of which are set out in Appendix D of this Prospectus. The PropNex PSP complies with the relevant rules as set out in Chapter 8 of the Listing Manual.

The PropNex PSP will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The PropNex PSP, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain executive directors, non-executive directors and employees whose services are vital to our well-being and success.

The PropNex PSP shall be administered by our Remuneration Committee. As at the Latest Practicable Date, no Awards have been granted under the PropNex PSP.

Rationale for the PropNex PSP

The PropNex PSP allows our Company to target specific performance objectives and to provide an incentive for participants to achieve these targets. Our Directors believe that the plan will provide our Company with a flexible approach to provide performance incentives to our staff and non-executive directors and, consequently, to improve performance and achieve sustainable growth for our Company in the changing business environment, and to foster a greater ownership culture amongst key senior management, senior executives and non-executive directors.

Unlike the options granted under the PropNex ESOS (as detailed in the section entitled “*PropNex ESOS*”), the PropNex PSP is designed to reward eligible participants with Awards comprising fully paid Shares, or the equivalent in cash or a combination of both. The reason for having the PropNex PSP in addition to the PropNex ESOS is to give our Company greater flexibility in structuring the compensation packages of eligible participants and providing an additional tool to motivate and retain staff members through the offering of compensation packages that are market competitive.

Share Awards under the PropNex PSP

Awards granted under the PropNex PSP are principally performance-based with performance targets to be set over a performance period and may vary from one (1) performance period to another performance period and from one (1) grant to another grant. The performance targets are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Such performance targets and performance periods will be set according to the specific roles of each participant, and may differ from participant to participant. The performance targets are stretched targets aimed at sustaining long-term growth. These targets will be tied in with our Company’s corporate key performance indicators.

The PropNex PSP uses methods fairly common among major local and multinational companies to incentivise and motivate senior executives and key senior management to achieve predetermined targets which create and enhance economic value for Shareholders. Our Company believes that the PropNex PSP will be an effective tool in motivating senior executives, key senior management and non-executive directors to work towards stretched goals.

The PropNex PSP contemplates the award of fully paid Shares, when and after pre-determined performance or service conditions are accomplished.

PROPnex PSP

A participant's award under the PropNex PSP will be determined at the sole discretion of our Remuneration Committee. In considering an award to be granted to a participant who is an employee, our Remuneration Committee may take into account, amongst other things, the participant's capability, creativity, entrepreneurship, innovativeness, scope of responsibility and skills set. In considering an award to be granted to a participant who is a non-executive director, our Remuneration Committee may take into account, amongst other things, the services and contributions made to the growth of our Group, attendance and participation in meetings and the years of service.

Currently, it is envisaged that directors and employees of our Group may be granted awards under the PropNex PSP.

Under the PropNex PSP, participants are encouraged to continue serving our Group beyond the achievement date of the pre-determined performance targets. Our Remuneration Committee has the discretion to impose a further vesting period after the performance period to encourage the participant to continue serving our Group for a further period of time.

Maximum Limits on Shares

In order to reduce the dilutive impact of the PropNex PSP, the maximum number of Shares issuable or to be transferred by our Company under the PropNex PSP, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of our Company, will be 15% of our Company's total number of issued Shares (excluding Shares held by our Company as treasury shares) from time to time.

Summary of PropNex PSP

A summary of the rules of the PropNex PSP is set out as follows:

1. Eligibility

Executive directors and confirmed employees of our Group and our associated companies who have attained the age of twenty-one (21) years as of the award date, and who hold such rank as may be designated by our Remuneration Committee from time to time, and non-executive directors (including our Independent Directors) of our Group, shall be eligible to participate in the PropNex PSP. For this purpose, a company is our "associated company" if we and/or our subsidiaries hold at least 20% but not more than 50% of the issued shares in that company and provided our Company has control (as defined in the Listing Manual) over the associated company.

Executive directors and confirmed employees of our Group who are also Controlling Shareholders or Associates of a Controlling Shareholder who meet the eligibility criteria above are also eligible to participate in the PropNex PSP provided that the participation and the terms of each grant and the actual number of Awards granted under the PropNex PSP to a participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by independent Shareholders in separate resolutions for each person subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders and Associates of Controlling Shareholders under the PropNex PSP shall not exceed 25% of the aggregate of the total number of Shares (comprised in Awards) which may be granted under the PropNex PSP; and

PROPnex PSP

- (b) the number of shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the PropNex PSP.

As at the Latest Practicable Date, two (2) persons, namely Mr Mohamed Ismail and Mr Alan Lim are eligible for the PropNex PSP who are also Controlling Shareholders. There is also no Associate of a Controlling Shareholder who is eligible as at the Latest Practicable Date. The participation of and the terms of each grant and the actual number of Awards granted under the PropNex PSP to a participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the limits described above.

For the avoidance of doubt, our salespersons are not employees of the Company and will not be eligible to participate in the PropNex PSP.

2. Awards

Awards represent the right of a participant to receive fully paid Shares free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed performance period.

Shares which are allotted and issued or transferred to a participant pursuant to the release of an award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during a specified period (as prescribed by our Remuneration Committee in the award letter), except to the extent approved by our Remuneration Committee.

The Remuneration Committee may, in its absolute discretion, make a release of an Award, wholly or partly, in the form of cash rather than Shares.

3. Participants

The selection of a participant and the number of Shares (which are the subject of each award) to be granted to a participant in accordance with the PropNex PSP shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort and resourcefulness required to achieve the performance target(s) within the performance period.

4. Details of awards

Our Remuneration Committee shall decide, in relation to each award to be granted to a participant:

- (a) the date on which the award is to be granted;
- (b) the number of Shares which are the subject of the award;
- (c) the performance target(s) and the performance period during which such performance target(s) are to be satisfied, if any;

PROPNEX PSP

- (d) the extent to which Shares, which are the subject of that award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period; and
- (e) any other condition which our Remuneration Committee may determine in relation to that award including but not limited to the vesting period (if any).

5. *Timing*

While our Remuneration Committee has the discretion to grant awards at any time in the year, it is currently anticipated that awards would in general be made once a year. An award letter confirming the award and specifying (amongst other things) the number of Shares which are the subject of the award, the prescribed performance target(s), the performance period during which the prescribed performance target(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance target(s), will be sent to each participant as soon as reasonably practicable after the making of an award.

Our Remuneration Committee will take into account various factors when determining the method to arrive at the exact number of Shares comprised in an award. Such factors include, but are not limited to, the current price of the Shares, the total issued share capital of our Company and the pre-determined dollar amount which our Remuneration Committee decides that a participant deserves for meeting his performance targets.

6. *Events Prior to Vesting*

Special provisions for the vesting and lapsing of awards apply in certain circumstances including the following:

- (i) the misconduct on the part of a participant as determined by our Remuneration Committee in its discretion;
- (ii) the participant ceasing to be in the employment of our Group for any reason whatsoever (other than as specified in paragraph (v) below);
- (iii) an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;
- (iv) the bankruptcy of a participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the award;
- (v) the participant ceases to be in the employment of our Group by reason of:
 - (1) ill health, injury or disability (in each case, evidenced to the satisfaction of our Remuneration Committee);
 - (2) redundancy;
 - (3) retirement at or after the legal retirement age;
 - (4) retirement before the legal retirement age with the consent of our Remuneration Committee;

PROPnex PSP

- (5) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within our Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within our Group, as the case may be;
- (6) any other event approved by our Remuneration Committee;
- (vi) any other event approved by our Remuneration Committee; or
- (vii) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (iii) above or for amalgamation or reconstruction).

Upon the occurrence of any of the events specified in paragraphs (i), (ii) and (iii), an award then held by a participant shall, subject as provided in the rules of the PropNex PSP and to the extent not yet released, immediately lapse without any claim whatsoever against our Company.

Upon the occurrence of any of the events specified in paragraphs (iv), (v) and (vi) above, our Remuneration Committee may, in its absolute discretion, preserve all or any part of any award and decide either to vest some or all of the Shares which are the subject of the award or to preserve all or part of any award until the end of the relevant performance period. In exercising its discretion, our Remuneration Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant and, in the case of performance-related awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (vii) above, our Remuneration Committee will consider, at its discretion, whether or not to release any award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that participant. If our Remuneration Committee decides to release any award, then in determining the number of Shares to be vested in respect of such award, our Remuneration Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

7. *Size and Duration of the PropNex PSP*

The total number of Shares which may be issued or transferred pursuant to awards granted under the PropNex PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, shall not exceed 15% of the total number issued Shares (excluding Shares held by our Company as treasury shares) from time to time.

In addition, the number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder is subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders and Associates of Controlling Shareholders under the PropNex PSP shall not exceed 25% of the aggregate number of Shares (comprised in Awards) which may be granted under the PropNex PSP; and

PROPnex PSP

- (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the PropNex PSP.

The PropNex PSP shall continue in force at the discretion of our Remuneration Committee, subject to a maximum period of ten (10) years commencing on the date on which the PropNex PSP is adopted by our Company in general meeting, provided always that the PropNex PSP may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the PropNex PSP, any awards made to participants prior to such expiry or termination will continue to remain valid.

8. Operation of the PropNex PSP

Subject to the prevailing legislation, our Company will deliver Shares to participants upon vesting of their awards by way of either (i) an issuance of new Shares; or (ii) a transfer of Shares then held by our Company in treasury.

In determining whether to issue new Shares, or to purchase existing Shares for delivery, or the payment of the aggregate Market Value (as defined in the rules of the PropNex PSP) in cash, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

New Shares allotted and issued and existing Shares procured by our Company for transfer on the release of an award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant date of issue or, as the case may be, delivery, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

Our Remuneration Committee shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded, and in making any such determination, our Remuneration Committee shall have the right to make computational adjustments to the audited results of our Company or our Group, to take into account such factors as our Remuneration Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance target(s) if our Remuneration Committee decides that a changed performance target would be a fairer measure of performance.

9. Abstention from voting

Shareholders who are eligible to participate in the PropNex PSP are to abstain from voting on any shareholders' resolution relating to the PropNex PSP and should not accept nominations as proxy or otherwise for voting in relation to any resolution relating to the PropNex PSP unless specific instructions have been given in the proxy form on how the vote is to be cast.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Award Shares which may be issued upon the release of the share awards to be granted under the PropNex PSP. The approval of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our existing issued Shares, the New Shares, the Option Shares and the Award Shares.

PROPnex PSP

Adjustments and Alterations to the PropNex PSP

The following describes the adjustment events under, and provisions relating to alterations of, the PropNex PSP.

1. *Adjustment Events*

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution, or otherwise) shall take place, then:

- (i) the class and/or number of Shares which are the subject of an award to the extent not yet vested; and/or
- (ii) the class and/or number of Shares over which future awards may be granted under the PropNex PSP,

shall be adjusted in such manner as our Remuneration Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the participant receives a benefit that a Shareholder does not receive.

The issuance of securities as consideration for an acquisition or a private placement of securities or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force shall not normally be regarded as a circumstance requiring adjustment, unless our Remuneration Committee considers an adjustment to be appropriate.

Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by our Company's auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

2. *Modifications or Alterations to the PropNex PSP*

The PropNex PSP may be modified and/or altered from time to time by a resolution of our Remuneration Committee subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to awards granted prior to such modification or alteration except with the written consent of such number of participants under the PropNex PSP who, if their awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would be issued or transferred in full of all outstanding awards under the PropNex PSP.

No alteration shall be made to particular rules of the PropNex PSP to the advantage of the holders of the awards except with the prior approval of Shareholders in general meeting.

PROPNEX PSP

Rationale for participation of executive directors and employees of our associated companies and non-executive directors (including our Independent Directors) of our Group in the PropNex PSP

The extension of the PropNex PSP to executive directors and employees of our associated companies and non-executive directors (including our Independent Directors) of our Group allows our Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the PropNex PSP will also enable us to attract, retain and provide incentives to its participants to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Although the non-executive directors are not involved in the day-to-day running of our Group's business, they, nonetheless, play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by the non-executive directors in the PropNex PSP will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment.

Rationale for participation by Controlling Shareholders and their Associates

The extension of the PropNex PSP to our Controlling Shareholders and their Associates are important to the development and success of the Group. Regardless of whether eligible participants are Controlling Shareholders or Associates of Controlling Shareholders, we believe that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the PropNex PSP to include them ensures that they are similarly entitled, with the other eligible employees of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. We are of the view that there should be a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

In terms of the basis for determining the quantum of Awards to be granted to each Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include the designation, capability, experience, skills, expertise, scope of responsibility and years of service of the participant as well as his overall past and potential contributions to the growth and development of the Group.

In particular, Mr Mohamed Ismail is a co-founder of the Group and his contributions have been critical to the growth, development and success of the Group. Similarly, Mr Alan Lim is also a co-founder of the Group and possesses a wealth of experience in the real estate industry. The extension of the PropNex PSP to Mr Mohamed Ismail and Mr Alan Lim is important in recognising their contributions to the Group. Any Awards issued to Mr Mohamed Ismail and Mr Alan Lim will be subject to approval of independent Shareholders in separate resolutions.

PROPNEX PSP

Financial Effects of the PropNex PSP

The PropNex PSP is considered a share-based payment that falls under Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 2 where participants will receive Shares and the awards will be accounted for as equity-settled share-based payment transactions, as described in the following paragraphs.

The fair value of employee services received in exchange for the grant of the awards will be recognised as a charge to profit or loss over the period between the grant date and the vesting date of an award. The total amount of the charge over the vesting period is determined by reference to the fair value of each award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding increase in equity. Vesting conditions, other than market conditions, shall be taken into account by adjusting the number of Shares included in the measurement of the transaction amount. During the vesting period, charge to the profit or loss will be recognised based on the best estimate of the number of shares expected to vest and the estimate shall be revised, if necessary. After the vesting date, no adjustment to the charge to the profit or loss is made.

The amount charged to the profit or loss also depends on whether or not the performance target attached to an award is measured by reference to the market price of the Shares. This is known as a market condition. If the performance target is a market condition, the estimate of the length of the expected vesting period shall be consistent with the assumptions used in estimating the fair value of the award granted, and shall not be subsequently revised. However, if the performance target is not a market condition, the fair value per share of the awards granted at the grant date is used to compute the amount to be charged to the profit or loss at each accounting date, based on an assessment by our CFO (or if none, our FC) at that date of whether the non-market conditions would be met to enable the awards to vest. Thus, where the vesting conditions do not include a market condition, there would be no cumulative charge to the profit or loss if the awards do not ultimately vest.

In the event that the participants receive cash, the Company shall measure the fair value of the liability at grant date. Until the liability is settled, the Company shall re-measure the fair value of the liability at each accounting date and at the date of settlement, with changes in the fair value recognised in the income statement.

The following sets out the financial effects of the PropNex PSP.

(a) ***Share capital***

The PropNex PSP will result in an increase in our Company’s issued share capital when new Shares are issued to participants. The number of new Shares issued will depend on, amongst other things, the size of the awards granted under the PropNex PSP. In any case, the PropNex PSP provides that the number of Shares to be issued or transferred under the PropNex PSP, when aggregated with the aggregate number of Shares over which options are granted under any other share option schemes of our Company, will be subject to the maximum limit of 15% of our Company’s total number of issued Shares (excluding Shares held by our Company as treasury shares) from time to time. If instead of issuing new Shares to participants, treasury shares are transferred to participants or our Company pays the equivalent cash value, the PropNex PSP will have no impact on our Company’s issued share capital.

PROPnex PSP

(b) **NAV**

As described in paragraph (c) below on EPS, the PropNex PSP is likely to result in a charge to our Company's profit or loss over the period from the grant date to the vesting date of the awards. The amount of the charge will be computed in accordance with SFRS(I) 2. When new Shares are issued under the PropNex PSP, there would be no effect on the NAV. However, if instead of issuing new Shares to participants, existing Shares are purchased for delivery to participants or our Company pays the equivalent cash value, the NAV will be impacted by the cost of the Shares purchased. It should be noted that the delivery of Shares to participants under the PropNex PSP will generally be contingent upon the eligible participants meeting prescribed performance targets and conditions.

(c) **EPS**

The PropNex PSP is likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with SFRS(I) 2.

It should again be noted that the delivery of Shares to participants of the PropNex PSP will generally be contingent upon the participants meeting the prescribed performance targets and conditions.

(d) **Dilutive impact**

The issuance of new Shares under the PropNex PSP will have a dilutive impact on our consolidated EPS.

Reporting Requirements

Under the Listing Manual, an immediate announcement must be made on the date of grant of an award under the PropNex PSP and provide details of the grant, including the following:

- (a) date of grant;
- (b) number of Shares granted under the award;
- (c) market price of the Shares on the date of grant of the award;
- (d) number of Shares granted to Directors under the award, if any; and
- (e) the vesting period in relation to the award.

Disclosures in Annual Report

Our Company will make such disclosures in our annual report for so long as the PropNex PSP continues in operation as from time to time required by the Listing Manual including the following (where applicable):

- (a) the names of the members of our Remuneration Committee administering the PropNex PSP;
- (b) in respect of the following participants of the PropNex PSP:
 - (i) Directors of our Company; and

PROPnex PSP

- (ii) Controlling Shareholders and their Associates;
- (iii) participants (other than those in paragraph (i) above) who have received Shares pursuant to the release of awards granted under the PropNex PSP which, in aggregate, represent 5% or more of the aggregate of the total number of Shares available under the PropNex PSP,

the following information:

- (A) the name of the participant;
 - (B) the aggregate number of Shares comprised in awards which have been granted to such participant during the financial year under review;
 - (C) the aggregate number of Shares comprised in awards vested to such participant since the commencement of the PropNex PSP to the end of the financial year under review;
 - (D) the aggregate number of Shares comprised in awards vested to such participant since commencement of the PropNex PSP to the end of the financial year under review; and
 - (E) the aggregate number of Shares comprised in awards granted to such participant which have not been released as at the end of the financial year under review; and
- (c) the number and proportion of Shares comprised in awards granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and
 - (d) such other information as may be required by the Listing Manual and/or the Securities and Futures Act.

PROP Nex ESOS

On 13 June 2018, our Shareholders approved a share option scheme known as the PropNex Employee Share Option Scheme (the “**PropNex ESOS**”), the rules of which are set out in Appendix E of this Prospectus. The PropNex ESOS complies with the relevant rules as set out in Chapter 8 of the Listing Manual.

The PropNex ESOS will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them towards better performance through increased dedication and loyalty. The PropNex ESOS, which forms an integral and important component of a compensation plan, is designed to primarily reward and retain executive directors, non-executive directors and employees whose services are vital to our well-being and success.

The PropNex ESOS shall be administered by our Remuneration Committee. As at the Latest Practicable Date, no options have been granted under the PropNex ESOS.

Rationale for the PropNex ESOS

The rationale for adopting the PropNex ESOS is to allow our Company:

- (a) to motivate participants to optimise their performance standards and efficiency and to maintain a high level of contribution to our Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and profitability of our Group;
- (c) to instil loyalty to, and a stronger identification by participants with the long-term prosperity of our Group;
- (d) to attract potential employees with relevant skills to contribute to our Group and to create value for our Shareholders; and
- (e) to align the interests of participants with the interests of our Shareholders.

Unlike the Awards granted under the PropNex PSP (as detailed in the section entitled “*PropNex PSP*” of this Prospectus), the PropNex ESOS is designed to provide eligible participants with an opportunity to participate in the equity of our Company through the grant of options, and to motivate them towards better performance through increased dedication and loyalty. The reason for having the PropNex ESOS in addition to the PropNex PSP is to give our Company greater flexibility in structuring the compensation packages of eligible participants and providing an additional tool to motivate and retain staff members through the offering of compensation packages that are market competitive.

Summary of the PropNex ESOS

A summary of the rules of the PropNex ESOS is set out as follows:

1. **Participants**

Under the rules of the PropNex ESOS, executive directors and confirmed employees of our Group and our associated companies (“**Group Employees**”) and non-executive directors (including our Independent Directors) of our Group, are eligible to participate in the PropNex ESOS. For this purpose, a company is our “associated company” if we and/or our subsidiaries hold at least 20% but not more than 50% of the issued shares in that company and provided our Company has control (as defined in the Listing Manual) over the associated company.

PROPNEX ESOS

Subject to the discretion of the Remuneration Committee, Controlling Shareholders and/or their Associates who meet the criteria above are eligible to participate in the PropNex ESOS, provided that the participation of each Controlling Shareholder and/or their Associate and each grant of an Option to any of them shall be approved by independent Shareholders in separate resolutions for each person subject to the following:

- (a) the aggregate number of Options granted to Controlling Shareholders and Associates of Controlling Shareholders under the PropNex ESOS shall not exceed 25% of the aggregate of the total number of Shares which may be granted under the PropNex ESOS; and
- (b) the number of shares over which an Option may be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the PropNex ESOS.

As at the Latest Practicable Date, two (2) persons, namely Mr Mohamed Ismail and Mr Alan Lim are eligible for the PropNex ESOS who are also Controlling Shareholders. There is also no Associate of a Controlling Shareholder who is eligible as at the Latest Practicable Date. The participation of and the terms of each grant and the actual number of Options granted under the PropNex ESOS to a participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the limits described above.

For the avoidance of doubt, our salespersons are not employees of the Company and will not be eligible to participate in the PropNex ESOS.

2. ***Scheme administration***

The PropNex ESOS shall be administered by our Remuneration Committee (further details of such Committee can be found in the section entitled “*Corporate Governance*” of this Prospectus) with powers to determine, amongst other things, the following:

- (a) persons to be granted options;
- (b) number of options to be granted; and
- (c) recommendations for modifications to the PropNex ESOS.

Our Remuneration Committee may consist of Directors (including Directors or persons who may be participants of the PropNex ESOS). A member of our Remuneration Committee who is also a participant of the PropNex ESOS must not be involved in its deliberation in respect of options granted or to be granted to him.

3. ***Size of the PropNex ESOS***

The aggregate number of shares over which our Remuneration Committee may grant options on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of all options granted under the PropNex ESOS and the number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of our Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by our Company as treasury shares) on the day immediately preceding the date on which an offer to grant an option is made.

PROPnex ESOS

Our Company believes that this 15% limit set by the SGX-ST gives our Company sufficient flexibility to decide the number of Option Shares to offer to its existing and new employees. The number of eligible participants is expected to grow over the years. Our Company, in line with its goals of ensuring sustainable growth, is constantly reviewing its position and considering the expansion of its talent pool which may involve employing new employees. The employee base, and thus the number of eligible participants will increase as a result. If the number of options available under the PropNex ESOS is limited, our Company may only be able to grant a small number of options to each eligible participant which may not be a sufficiently attractive incentive. Our Company is of the opinion that it should have sufficient number of options to offer to new employees as well as to existing ones. The number of options offered must also be significant enough to serve as a meaningful reward for contributions to our Group. However, it does not necessarily mean that our Remuneration Committee will definitely issue Option Shares up to the prescribed limit. Our Remuneration Committee shall exercise its discretion in deciding the number of Option Shares to be granted to each employee which will depend on the performance and value of the employee to our Group.

In addition, the number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder is subject to the following:

- (a) the aggregate number of Options granted to Controlling Shareholders and Associates of Controlling Shareholders under the PropNex ESOS shall not exceed 25% of the aggregate of the total number of Shares which may be granted under the PropNex ESOS; and
- (b) the number of shares over which an Option may be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the PropNex ESOS.

4. **Maximum entitlements**

The aggregate number of Shares comprised in any options to be offered to a grantee shall be determined at the absolute discretion of our Remuneration Committee, which shall take into account (where applicable) criteria such as rank, past performance, years of service and potential for future development of that grantee.

5. **Options, exercise period and exercise price**

The options that are granted under the PropNex ESOS may have exercise prices that are, at our Remuneration Committee's discretion, set at a price (the "**Market Price**") equal to the average of the last dealt prices for a Share on the Official List of the SGX-ST for the five (5) consecutive Market Days immediately preceding the date on which an offer to grant an option is made; or at a discount to the Market Price (subject to a maximum discount of 20%). Options which are fixed at the Market Price ("**Market Price Option**") may be exercised after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that option is made ("**Incentive Option**"). Options granted under the PropNex ESOS will have a life span of ten (10) years for options granted to Group Employees (other than non-executive directors and/or employees of associated companies) and five (5) years for options granted to non-executive directors and/or employees of associated companies.

PROPnex ESOS

6. ***Grant of options***

Under the rules of the PropNex ESOS, there are no fixed periods for the grant of options. As such, offers of the grant of options may be made at any time from time to time at the discretion of our Remuneration Committee. However, no option shall be granted during the period of thirty (30) days immediately preceding the date of announcement of our Company's interim or final results (as the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made on or after the third Market Day from the date on which the aforesaid announcement is made.

7. ***Termination of options***

Special provisions in the rules of the PropNex ESOS deal with the lapse or earlier exercise of options in circumstances which include the termination of the participant's employment in our Group, the bankruptcy of the participant, the death of the participant, a take-over of our Company, and the winding-up of our Company.

8. ***Acceptance of options***

The grant of options shall be accepted within thirty (30) days from the date of the offer. Offers of options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay our Company a consideration of S\$1.00.

9. ***Rights of shares arising***

Subject to the prevailing legislation, our Company will deliver Shares to participants upon exercise of their options by way of either (i) an issue of new Shares; or (ii) a transfer of Shares then held by our Company in treasury.

In determining whether to issue new Shares to participants upon exercise of their options, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

The financial effects of the above methods are discussed below.

Shares arising from the exercise of options are subject to the provisions of the Constitution of our Company. Shares allotted and issued, and existing Shares procured by our Company for transfer, upon the exercise of an option shall rank *pari passu* in all respects with the then existing issued Shares, save for any dividends, rights, allotments or distributions, the record date ("**Record Date**") for which is prior to the relevant exercise date of the option. "**Record Date**" means the date as at the close of business on which Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions (as the case may be).

10. ***Duration of the PropNex ESOS***

The PropNex ESOS shall continue in operation for a maximum duration of ten (10) years and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

PROP Nex ESOS

11. ***Abstention from voting***

Shareholders who are eligible to participate in the PropNex ESOS are to abstain from voting on any shareholders' resolution relating to the PropNex ESOS and should not accept nominations as proxy or otherwise for voting unless specific instructions have been given in the proxy form on how the vote is to be cast.

12. ***Alteration of Capital***

Subject to the rules of the PropNex ESOS, if a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the exercise price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the maximum entitlement in any one (1) FY; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to participants,

may, at the option of the Remuneration Committee, be adjusted in such manner as the Remuneration Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the record date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

Notwithstanding the provisions above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Remuneration Committee after considering all relevant circumstances considers it equitable to do so.

The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Rules, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of the PropNex ESOS.

Upon any adjustment required to be made, the Company shall notify each participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new exercise price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one (1) FY.

PROPnex ESOS

13. *Alterations and Amendments to the PropNex ESOS*

Subject to the Rules of the PropNex ESOS, any or all of the provisions of the PropNex ESOS may be modified and/or altered at any time and from time to time by resolution of the Remuneration Committee save that (i) any modification and alteration which shall materially alter the rights attaching to any Option shall be subject to the consent of the relevant participants; (ii) modification and alteration which shall be to the advantage of participants shall be approved by Shareholders at a general meeting; and (iii) no modification or alteration shall be made without due compliance with the Listing Manual and the prior approval of the SGX-ST.

Grant of options with a discounted exercise price

The ability to offer options to participants of the PropNex ESOS with exercise prices set at a discount to the prevailing market prices of the Shares will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation. The PropNex ESOS will also serve to recruit new group employees whose contributions are important to the long-term growth and profitability of our Group. Discounted options would be perceived in a more positive light by the participants, inspiring them to work hard and produce results in order to be offered options at a discount as only employees who have made outstanding contributions to the success and development of our Group would be granted options at a discount.

At present, our Company foresees that options may be granted with a discount principally in the following circumstances:

- (a) Firstly, where it is considered more effective to reward and retain talented employees by way of a discounted price option rather than a market price option. This is to reward the outstanding performers who have contributed significantly to our Group's performance and the discounted price option serves as additional incentives to such group employees. Options granted by our Company on the basis of market price may not be attractive and realistic in the event of an overly buoyant market and inflated share prices. Hence, during such period, the ability to offer such options at a discount would allow our Company to grant options on a more realistic and economically feasible basis. Furthermore, options granted at a discount will give an opportunity to group employees to realise some tangible benefits even if external events cause the share price to remain largely static.
- (b) Secondly, where it is more meaningful and attractive to acknowledge a participant's achievements through a discounted price option rather than paying him a cash bonus. For example, options granted at a discount may be used to compensate employees and to motivate them during economic downturns when wages (including cash bonuses and annual wage supplements) are frozen or cut, or they could be used to supplement cash rewards in lieu of larger cash bonuses or annual wage supplements. Accordingly, it is possible that merit-based cash bonuses or rewards may be combined with grants of market price options or discounted price options, as part of eligible employees' compensation packages. The PropNex ESOS will provide group employees with an incentive to focus more on improving the profitability of our Group thereby enhancing shareholder value when these are eventually reflected through the price appreciation of the Shares after the vesting period.

PROPnex ESOS

- (c) Thirdly, where due to speculative forces and having regard to the historical performance of the Share price, the market price of the Shares at the time of the grant of the options may not be reflective of financial performance indicators such as return on equity and/or earnings growth.

Our Remuneration Committee will have the absolute discretion to grant options where the exercise price is discounted, to determine the level of discount (subject to a maximum discount of 20% of the Market Price) and the grantees to whom, and the options to which, such discount in the exercise price will apply provided that our Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of options under the PropNex ESOS at a discount not exceeding the maximum discount as aforesaid.

In deciding whether to give a discount and the quantum of such discount (subject to the aforesaid limit), our Remuneration Committee will have regard to the financial and other performance of our Company and our Group, the years of service and individual performance of the grantee, the contribution of the grantee to the success and development of our Group and the prevailing market conditions.

Our Company may also grant options without any discount to the market price. Additionally, our Company may, if it deems fit, impose conditions on the exercise of the options (whether such options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the option may be exercised during the initial years following its vesting.

Rationale for participation of executive directors and employees of our associated companies and non-executive directors (including our Independent Directors) of our Group in the PropNex ESOS

The extension of the PropNex ESOS to executive directors and employees of our associated companies and non-executive directors (including our Independent Directors) of our Group allows our Group to have a fair and equitable system to reward directors and employees who have made and who continue to make significant contributions to the long-term growth of our Group.

We believe that the PropNex ESOS will also enable us to attract, retain and provide incentives to its participants to achieve higher standards of performance as well as encourage greater dedication and loyalty by enabling our Company to give recognition to past contributions and services as well as motivating participants generally to contribute towards the long-term growth of our Group.

Although the non-executive directors are not involved in the day-to-day running of our Group's business, they, nonetheless, play an invaluable role in furthering the business interests of our Group by contributing their experience and expertise. The participation by the non-executive directors in the PropNex ESOS will provide our Company with a further avenue to acknowledge and recognise their services and contributions to our Group as it may not always be possible to compensate them fully or appropriately by increasing the directors' fees or other forms of cash payment.

PROPnex ESOS

Rationale for participation by Controlling Shareholders and their Associates

The extension of the PropNex ESOS to our Controlling Shareholders and their Associates are important to the development and success of the Group. Regardless of whether eligible participants are Controlling Shareholders or Associates of Controlling Shareholders, we believe that all deserving and eligible participants should be equally entitled to take part and benefit from the Company's fair and equitable system of remuneration.

Although the Controlling Shareholders and their Associates may already have shareholding interests in the Company, the extension of the PropNex ESOS to include them ensures that they are similarly entitled, with the other eligible employees of the Group who are not Controlling Shareholders or their Associates, to take part and benefit from this system of remuneration. We are of the view that there should be a fair and equitable system to reward the eligible persons who have made and continue to make important contributions to the long-term growth of the Group notwithstanding that they are Controlling Shareholders or their Associates.

In terms of the basis for determining the number of Options to be granted to each Controlling Shareholder and/or Associate of a Controlling Shareholder, factors which will be taken into account include the designation, capability, experience, skills, expertise, scope of responsibility and years of service of the participant as well as his overall past and potential contributions to the growth and development of the Group.

In particular, Mr Mohamed Ismail is a co-founder of the Group and his contributions have been critical to the growth, development and success of the Group. Similarly, Mr Alan Lim is also a co-founder of the Group and possesses a wealth of experience in the real estate industry. The extension of the PropNex ESOS to Mr Mohamed Ismail and Mr Alan Lim is important in recognising their contributions to the Group. Any Options issued to Mr Mohamed Ismail and Mr Alan Lim will be subject to approval of independent Shareholders in separate resolutions.

Financial Effects of the PropNex ESOS

Any Options granted under the PropNex ESOS will have a fair value. Where such options are granted at a consideration below their fair value, there will be a cost to our Company, the amount of which will depend on whether the Options are granted at the Market Price or at a discount to the Market Price. The cost to our Company of granting Options under the PropNex ESOS will be as follows:

- (i) the exercise of an Option at a discounted exercise price will translate into a reduction of the proceeds from the exercise of such options, as compared to the proceeds that our Company would have received from such exercise had the exercise been made at the prevailing market price of our Shares. Such reduction of the exercise proceeds will represent the monetary cost to our Company of granting Options with a discounted exercise price;
- (ii) as the monetary cost of granting Options with a discounted exercise price is borne by our Company, the earnings of our Company will effectively be reduced by an amount corresponding to the reduced interest earnings that our Company would have received from the difference in proceeds from an exercise price with no discount versus the discounted exercise price. Such reduction will, accordingly, result in the dilution of our Company's EPS;
- (iii) the effect of the issue and allotment of new Shares upon the exercise of Options on our Company's NAV per Share will be accretive if the exercise price is above the NAV per Share, but dilutive otherwise; and

PROP Nex ESOS

- (iv) the grant of Options under the ESOS will have an impact on our Company's reported profit because under SFRS(I) 2, share-based payments require the recognition of an expense in respect of Options granted under the ESOS. The expense will be based on the fair value of the Options at the date of grant and will be recognised over the vesting period.

The financial effects discussed above in (i), (ii) and (iii) will only materialise upon the exercise of the relevant Options. The cost of granting Options discussed in (iv) above will be recognised in the financial statements even if the Options discussed in (iv) above are not exercised.

Share options have value because the option to buy a company's share for a fixed price during an extended future time period is a valuable right, even if there are restrictions attached to such an option. As our Company is required to account for share-based awards granted to our employees, the cost of granting Options will affect our financial results as this cost to our Company will have to be charged to our Company's profit or loss commencing from the time Options are granted. Subject as aforesaid, as and when Options are exercised, the cash inflow will add to the net tangible assets of our Company and its share capital base will grow. Where Options are granted with subscription prices that are set at a discount to the market prices for our Shares prevailing at the time of the grant of such Options, the amount of the cash inflow to our Company on the exercise of such Options will be diminished by the quantum of the discount given, as compared with the cash inflow that would have been receivable by our Company had the Options been granted at the market price of our Shares prevailing at the time of the grant.

The grant of Options will have an impact on our Company's reported profit under the accounting rules in SFRS(I) 2. The cost to our Company in granting an Option will vary depending on the number of Options granted pursuant to the ESOS, whether these Options are granted at Market Price or at a discount to the Market Price and the validity period of the Options. Generally, a greater discount and a longer validity period for an Option will result in a higher potential cost to our Company.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

In general, transactions between our Group and any of our Interested Persons would constitute Interested Person Transactions for the purposes of Chapter 9 of the Listing Manual.

Certain terms such as “associate”, “control”, “Controlling Shareholder”, and “Interested Person” used in this section have the meanings as provided in the Listing Manual and in the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulation 2005, unless the context specifically requires the application of the definitions in one or the other as the case may be.

In line with the rules set out in Chapter 9 of the Listing Manual, transactions valued less than S\$100,000 are not considered material in the context of the Offering, and may not be taken into account for the purposes of aggregation in this section.

Save as disclosed in this section and in the section entitled “*Restructuring Exercise*” and “*Our Business – Real Estate Brokerage – Joint Venture with JLLPC*” of this Prospectus, there were no material present and ongoing Interested Person Transactions for the Period Under Review and for the period from 1 January 2018 up to the Latest Practicable Date (collectively, the “**Relevant Period**”).

INTERESTED PERSONS

The list of Interest Persons and their relationship to our Company is as follows:

Interested Person	Relationship with our Group ⁽¹⁾
Mr. Mohamed Ismail	The Executive Chairman and the CEO of our Company.
Mr. Alan Lim	The Executive Director of our Company.
Mr. Kelvin Fong	The Executive Director of our Company.
P&N	Our Controlling shareholder, which is company incorporated in Singapore that is owned by Mr. Mohamed Ismail and Mr. Alan Lim, and with a registered principal business of other investment holding companies and business and management consultancy services. Mr. Mohamed Ismail and Mr. Alan Lim are also directors of P&N.
SingCapital	A company incorporated in Singapore that is 51% owned by P&N and with a registered principal business of corporate finance advisory services and business and management consultancy services. Mr. Mohamed Ismail is also a director of SingCapital.
SingBuilders	A company incorporated in Singapore that is wholly-owned by Singbuilders Development (which in turn is wholly-owned by P&N), and with a registered principal business of building construction including major upgrading works and general wholesale trade (import and exports). Mr. Mohamed Ismail and Mr. Alan Lim are also directors of SingBuilders.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Interested Person	Relationship with our Group ⁽¹⁾
SingBuilders Development	A company incorporated in Singapore wholly-owned by P&N, and with a registered principal business of business management and consultancy services in relation to building construction, as well as training for real estate developers. Mr. Mohamed Ismail and Mr. Alan Lim are also directors of SingBuilders Development.
Zest Academy Group	A company incorporated in Singapore that is 45% owned by Mr. Kelvin Fong and with a registered principal business of retail sale via internet and other information technology and computer service activities (e.g. disaster recovery services). Mr. Kelvin Fong is also a director of Zest Academy Group.

Note:

- (1) Save as disclosed above, none of the shareholders and directors of the Interested Persons listed above are related to our Directors, CEO, Controlling Shareholders or their Associates.

PAST INTERESTED PERSON TRANSACTIONS

Loans from our Group to P&N

During the Relevant Period, our Group had made a number of unsecured, non-guaranteed and interest-free working capital loans to our Controlling Shareholder, P&N, which were repayable upon demand. The approximate aggregate value of such loans for the Relevant Period and the largest amount outstanding during the Relevant Period were as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)	Largest Amount Outstanding during the Relevant Period (S\$'000)
Amount loaned by:					
PropNex Realty	2,000.0	3,000.0	–	–	3,000.0
PropNex Grandeur Homes	500.0	135.0	–	–	500.0

The above transactions were not on an arm's length basis and were not on normal commercial terms as no fee or interest was paid on the loans, there were no fixed repayment terms and the loan was reimbursed at cost. As all amounts outstanding have been fully settled, and any potential interest arising out of the above loans would not have been material, the Directors are of the view that they were not prejudicial to the interests of our Group. As at the Latest Practicable Date, all amounts owing by P&N to our Group have been fully settled. We do not intend to enter into similar transactions post-Listing.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Payments by our Group to Interested Persons

Receipt of trade and non-trade services from P&N

During the Relevant Period, our Controlling Shareholder P&N, provided our Group with:

- (a) shared services such as executive management services, HR services, IT services, Finance and accounts services and corporate secretarial services;
- (b) express commission services for our Salespersons who require quicker pay-out to their commission earned on their successful project sales transactions;
- (c) payment-on-behalf services (which includes, among others, payment of the principal amounts of the express commission services, payment of gifts and refreshments); and
- (d) non-recurring one-off over-riding founders fee for trade-related management services for supervising trade operations.

The aggregate values of such transactions for the Relevant Period are as follows:

Aggregate transaction value paid to P&N by:	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
<u>PropNex Realty</u>				
Shared services	2,156.9	2,157.6	2,586.4	—
Express commission services	32.7	40.0	127.3	8.0
Non-recurring one-off over-riding founders fee for management services	—	1,719.4	—	—
Payment-on-behalf services	501.7	658.3	1,947.0	130.2
<u>PropNex International</u>				
Shared services	69.9	68.1	66.7	—
Payment-on-behalf services	—	—	0.2	—
<u>PropNex Grandeur Homes</u>				
Shared services	5.8	5.8	5.8	—
<u>PropNex Property Management</u>				
Shared services	48.5	53.9	39.4	—
<u>Life Mastery Academy</u>				
Shared services	124.0	123.8	123.3	—
Payment-on-behalf services	—	—	—	0.3
<u>Company</u>				
Payment-on-behalf services	—	—	—	5.7

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

The above-mentioned transactions were not on an arm's length basis. While the fees charged for the services in (a) and (b) above were not on normal commercial terms, they reflected the arrangement the Company had with P&N prior to the Restructuring Exercise. The fees charged for the services in (c) were charged at cost. The one-off over-riding founders' fee in (d) was paid to the founders for their efforts in growing the Group's business since inception. Accordingly, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group. As at the Latest Practicable Date, there are no outstanding fees payable by our Group to P&N in respect of the above transactions. We do not intend to enter into transactions of the above nature with P&N post-Listing.

Payment of commission to P&N

In FY2015 and FY2016, PropNex International paid to P&N S\$54,296 and S\$24,175 respectively for underwriting services provided in relation to the sale and purchase of property by P&N in the United Kingdom. PropNex International, with the participation of P&N, entered into an underwriting agreement with the property developer in relation to a project based in the United Kingdom. Upon receipt of the commission that arose through the sale of the underwritten property, PropNex International paid to P&N the above amounts as its share of the commission received. This is not on an arm's length basis and not on normal commercial terms. As the amounts paid to P&N are immaterial and there have been no transaction of a similar nature since FY2016, accordingly, the transaction is not prejudicial to the interests of the Group. We do not intend to enter into transactions of the above nature with P&N post-Listing.

Rental and season parking at GM Building

During the Relevant Period, PropNex Grandeur Homes, PropNex International, PropNex Property Management and the Company rented a portion of the office space and parking at Blk 625 Lorong 4 Toa Payoh, Level 4, Singapore 319519 (the "**GM Building**") from P&N. The aggregate value of such transactions for the Relevant Period are as follows:

Aggregate value of rental and parking fees at the GM Building paid to P&N by:	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
PropNex International	2.3	—	—	—
PropNex Grandeur Homes	331.7	231.2	232.4	19.3
PropNex Property Management	0.5	—	—	—
Company	—	—	—	1.1

The above-mentioned transactions were not on an arm's length basis and not on normal commercial terms. However, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group as they were charged at cost. As at the Latest Practicable Date, there are no outstanding fees payable by our Group to P&N for the rental of the GM Building. We do not intend to enter into transactions of the above nature with P&N post-Listing. The lease to the GM Building has been novated by P&N to our Group.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Payment by P&N on behalf of our Group for employee compensation and benefits

During the Relevant Period, our Controlling Shareholder P&N, made payments on behalf of the Group for employee benefits such as employee incentive trips, staff training, and salary. The aggregate value of such transactions for the Relevant Period are as follows:

Aggregate transaction value paid to P&N for the services by:	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
PropNex Realty	14.8	19.3	29.3	1.5
PropNex International	0.5	3.6	13.9	—
PropNex Grandeur Homes	32.4	33.7	35.7	—
PropNex Property Management	5.2	7.8	6.1	—
Life Mastery Academy	4.4	2.9	6.6	—
Company	—	—	—	957.3

The above-mentioned transactions were not on an arm's length basis and the fees charged by P&N to the Group were charged at cost, and not on normal commercial terms. Accordingly, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group. As at Latest Practicable Date, P&N has paid on behalf the salaries of the Group's key management for the first quarter of FY2018 of approximately S\$0.9 million as the Company was newly incorporated and was in the process of setting up, among others, their banking services. As at the Latest Practicable Date, there are no outstanding fees payable by our Group to P&N in respect of the service provided by P&N. We do not intend to enter into transactions of the above nature with P&N post-Listing.

Education and training services from SingCapital

In FY 2015, PropNex Realty paid to SingCapital S\$104,940 for a day-course provided to approximately 800 salespersons by SingCapital on property development. The transaction was not on an arm's length basis and not on normal commercial terms. As there is no other training provider that provide such similar day-course on property development. Accordingly, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group. As at the Latest Practicable Date, there are no outstanding fees payable by our Group to SingCapital in respect of the education and training related services provided. We do not intend to enter into transactions of the above nature with SingCapital post-Listing.

Payments by Interested Persons to our Group

Provision of services to P&N

During the Relevant Period, our Group provided the following services to P&N:

- (a) administrative support services by PropNex Grandeur Homes and Life Master Academy; and
- (b) payment-on-behalf services by PropNex Realty, PropNex International, Life Mastery Academy and the Company.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

The aggregate value of the transactions for the Relevant Period are as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Provision of administrative support services	126.3	129.8	128.8	–
Provision of payment-on-behalf services	88.1	90.4	31.5	652.7

The above-mentioned transactions were not on an arm's length basis and not on normal commercial terms. The services were charged based on a slight mark-up and based on the amount of utilisation by P&N. Accordingly, our Directors are of the view that above-mentioned transactions were not prejudicial to the interests of our Group. As at Latest Practicable Date, the Company has paid on behalf the Group's key management bonus pertaining FY2017 of approximately S\$0.7 million as the key management of the Group was only transferred from P&N to the Company in FY2018. As at the Latest Practicable Date, there are no outstanding fees payable by P&N to our Group in respect of the administrative support services and the payment-on-behalf services. We do not intend to enter into transactions of the above nature with P&N post-Listing.

Provision of marketing and advertising services and administrative support services to SingBuilders and SingBuilders Development

During the Relevant Period, PropNex Realty and PropNex Grandeur Homes provided marketing and advertising services and administrative support services respectively, to SingBuilders and SingBuilders Development respectively. The aggregate value of the transactions for the Relevant Period are as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Provision of Marketing and Advertising Support Services	–	–	108.8	–
Provision of Administrative Support Services	18.8	16.0	8.6	–

The above-mentioned transactions were not on an arm's length basis but they fees that we charged to SingBuilders and SingBuilders Development were at prevailing market rates and on normal commercial terms. Accordingly, our Directors are of the view that above-mentioned transactions were not prejudicial to the interests of our Group. As at the Latest Practicable Date, there are no outstanding fees payable by SingBuilders and SingBuilders Development to our Group in respect of the above-mentioned transactions. We do not intend to enter into transactions of the above nature with SingBuilders and SingBuilders Development post-Listing.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Services rendered to SingCapital

During the Relevant Period, we provided the following services to SingCapital:

- (a) Life Mastery Academy referred course attendees to SingCapital for SAMP (SG mortgage planner) conducted by SingCapital;
- (b) Life Mastery Academy conducted a property investment courses for the employees of SingCapital; and
- (c) Life Mastery Academy and PropNex Grandeur Homes provided administrative support services to SingCapital.

Life Mastery Academy and PropNex Grandeur Homes received payment from SingCapital for the abovementioned services. The aggregate values of the transactions for the Relevant Period are as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Referral fee income from referrals	–	–	5.8	–
Provision of property investment courses	–	–	1.3	–
Provision of administrative support services	0.4	1.0	1.1	0.3

The above-mentioned transactions were not on an arm's length basis and not on normal commercial terms. As the amount at risk of the transactions are immaterial, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group. As at the Latest Practicable Date, there are no outstanding fees payable by SingCapital to our Group in respect of the finance courses provided. We intend to enter into transactions of the above nature with SingCapital post-Listing and such transactions will be subject to Chapter 9 of the Listing Manual and the "Guidelines and Review Procedures for On-Going and Future Interested Person Transactions" set out below.

Acquisition of 33,000 shares in Soreal Prop Pte. Ltd. from P&N

On 22 December 2017, our Group acquired from P&N, 33,000 shares of Soreal, representing an interest of 33%, for a consideration of S\$33,000. PropNex Realty also paid P&N S\$150,000 in consideration for the novation of P&N's loan of S\$150,000 to Soreal. The registered principle business of Soreal is web portals including social networking sites and other holding companies.

The Directors are of the view that the aforesaid acquisition while not on an arm's length basis and not being made on normal commercial terms, the acquisition formed part of the Restructuring Exercise and was therefore not prejudicial to the interests of the Group. The consideration of S\$33,000 was based on the NTA value of the shares of Soreal and the consideration of S\$150,000 for the novation of the loan was at cost.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Transfer of P&N Trademarks from P&N to the Company

Pursuant to the Restructuring Agreement, effective on 10 January 2018, P&N transferred the P&N Trademarks to the Company, for a consideration of S\$210,000. The consideration was based on the net book value of the P&N Trademarks. The Directors are of the view that the transfer, while not on an arm's length basis and not on normal commercial terms, the transfer formed part of the Restructuring Exercise and was therefore not prejudicial to the interest of the Group.

Novation of leased property by P&N to our Group

P&N is the tenant of the property at Blk 625 Lorong 4 Toa Payoh, Level 4, Singapore 319519 (the **"GM Building"**) for the period from 1 May 2016 to 31 December 2018 pursuant to a lease agreement dated 4 March 2016 (the **"Lease Agreement"**).

On 1 January 2018, P&N novated the Lease Agreement to our Company, with no cost incurred or consideration for the novation. Following the novation, our Company became the tenant of the GM Building and assumed all rights and obligations under the Lease Agreement.

Our Directors are of the view that the aforesaid novation was not on an arm's length basis and not made on normal commercial terms as there was no consideration for the novation. The novation formed part of the Restructuring Exercise and was accordingly not prejudicial to the interest of the Group.

Personal guarantees provided by Ismail to HDB on behalf of our Group

Our Executive Chairman and CEO, Mr Mohamed Ismail had provided personal guarantees to HDB for the properties leased by our Group between 2013 to 2016, the details of which are as follows:

On behalf of	Recipient of guarantee	Amount guaranteed (S\$'000)	Largest amount guaranteed (S\$'000)	Details for which guarantee is provided
PropNex Realty	HDB	5,929.5	5,929.5	For the due performance of the Company's financial obligations to HDB for the 3 year lease (from 1 August 2013 to 31 July 2016) of the premises at 480 Lorong 6 Toa Payoh East Wing (#10-01, 11-01) Singapore 310480
Life Mastery Academy	HDB	654.1	654.1	For the due performance of the Company's financial obligations to HDB for the 1 year 10 months lease (from 1 June 2013 to 31 March 2015) of the premises at 490 Lorong 6 Toa Payoh (#03-15) Singapore 310490

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

As no consideration was paid by our Group to procure the provision of the abovementioned personal guarantees by Ismail, the above arrangement was not provided on an arm's length basis and not on normal commercial terms. As no fee was charged by Ismail for the provision of such guarantees, our Directors are of the view that it is not prejudicial to the interests of our Group. As at the Latest Practicable Date, the personal guarantees by Mr. Mohamed Ismail have been discharged.

Personal guarantees provided by Mr. Mohamed Ismail and Mr. Alan Lim to SPH on behalf of our Group

Our Executive Chairman and CEO, Mr Mohamed Ismail and our Executive Director, Mr Alan Lim had each provided a joint and several personal guarantee on behalf of our Group to SPH, the details of which are as follows:

On behalf of	Recipient of guarantee	Amount guaranteed (S\$'000)	Largest amount guaranteed (S\$'000)	Details for which guarantee is provided
PropNex Realty	SPH	3,000.0	3,000.0	To hold SPH harmless against any loss, expenses, damages or liabilities incurred by SPH as a result of the advertisement orders placed directly by the Company or its named agents under the master agreement dated 3 July 2015 entered into between PropNex Realty and SPH (the " Master Agreement ").

The above arrangement was not provided on an arm's length basis and not on normal commercial terms. As no consideration was paid by our Group to procure the provision of the personal guarantee by Ismail and Alan, our Directors are of the view that it is not prejudicial to the interests of our Group. The personal guarantee by Ismail and Alan was discharged following the termination of the Master Agreement on 14 July 2016 and we presently do not require any personal guarantees for our SPH contracts.

Provision of brokerage services to our Directors

During the Relevant Period, PropNex Realty provided real estate brokerage services through its salespersons to our Directors, Mr. Mohamed Ismail, Mr. Alan Lim and Mr. Kan Yut Keong in connection with the sale, purchase and/or rental of properties.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

The commissions paid by our Directors to the Group are as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Mr. Mohamed Ismail	7.8	19.3	2.6	0.9
Mr. Alan Lim	11.1	18.7	22.4	1.8
Mr. Kan Yut Keong	2.5	11.5	2.5	—

The provision of the above real estate brokerage services to Mr. Mohamed Ismail and Mr. Alan Lim, by virtue of their being directors of the Company, was not on an arm's length basis but was on normal commercial terms. The provision of services to Mr. Kan was on an arm's length basis and on normal commercial terms. The commission rates were negotiated between each of the relevant Directors and their respective salespersons based on the prevailing market rates. Accordingly, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group. We may, in the ordinary course of business, continue to provide real estate brokerage services to Interested Persons post-Listing and such transactions will be subject to Chapter 9 of the Listing Manual and the "Guidelines and Review Procedures for On-Going and Future Interested Person Transactions" set out below.

Insurance policies taken out by P&N on behalf of our Group

During the Relevant Period, P&N had taken out various insurance policies on behalf of our Group. These policies are paid for in full by P&N and charged back to the Group at cost. The aggregate premiums paid to P&N by our Group for the abovementioned policies during the Relevant Period are as follows:

Aggregate value of premiums paid to P&N by:	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
PropNex Realty	0.8	0.9	1.0	1.2
PropNex International	0.3	0.4	0.4	0.4
PropNex Grandeur Homes	1.0	1.0	1.0	1.5
PropNex Property Management	0.8	1.2	1.4	1.3
Life Mastery Academy	0.2	0.3	0.3	0.4
Company	—	—	—	9.3

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

As no fees were charged by P&N and the premiums were paid for in full by P&N and charged back to the various entities of our Group at cost, the above transactions were not on an arm's length basis and were not on normal commercial terms. The transactions reflected the arrangement our Group had with P&N prior to the Restructuring Exercise. Additionally, in view of the favourable premium rates enjoyed by the Group on a group insurance basis, our Directors are of the view that the transactions were not prejudicial to the interests of our Group. We do not intend to enter into such transactions post-Listing.

As at the Latest Practicable Date, such insurance policies have been taken up in our Group's own name.

Provision of Administrative Support Services to Kelvin Fong

Prior to becoming our Executive Director, Mr. Kelvin Fong was a team leader of one of our real estate salesperson team. Save for overriding commission paid to Mr. Kelvin Fong in his capacity as team leader for the Period Under Review, the transactions listed below, were carried out when Mr. Kelvin Fong prior to his appointment as an Executive Director of the Company.

PropNex Grandeur Homes had provided administrative support services to Mr. Kelvin Fong at room #11-53/54 at 480 Lorong 6 Toa Payoh East Wing, HDB Hub, Singapore 31048. The administrative support services included the provision of in-house legal support, information technology searches, printing of documents, provision of news updates and property transaction searches. The aggregate value of the transactions for the Relevant Period are as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Provision of Administrative Support Services	29.6	29.6	29.6	–

The above-mentioned transactions were on an arm's length basis. The fees that we charged were at prevailing rates available to salespersons of the Group and are therefore on normal commercial terms. Accordingly, our Directors are of the view that above-mentioned transactions were not prejudicial to the interests of our Group. We do not intend to enter into transactions of the above nature with Mr Kelvin Fong post-Listing.

Provision of Administrative Support Services to Zest Academy Group

PropNex Grandeur Homes had provided administrative support services to Zest Academy Group at room #11-53/54 at 480 Lorong 6 Toa Payoh East Wing, HDB Hub, Singapore 31048. The administrative support services include the provision of in-house legal support, information technology searches, printing of documents, provision of news updates and property transaction searches. The aggregate value of the transactions for the Relevant Period are as follows:

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Provision of Administrative Support Services	–	2.3	13.6	5.7

The above-mentioned transactions were not on an arm's length basis, by virtue of Kelvin Fong being a director of the Company, but the fees that we charged were at prevailing rates available to salespersons of the Group and are therefore on normal commercial terms. Accordingly, our Directors are of the view that above-mentioned transactions were not prejudicial to the interests of our Group. As at the Latest Practicable Date, there are no outstanding fees payable by Zest Academy to our Group. We do not intend to enter into transactions of the above nature with Zest Academy post-Listing.

PRESENT AND ONGOING INTERESTED PERSON TRANSACTIONS

Details of present and on-going transactions between our Group and Interested Persons for the Relevant Period are as follows:

Education and training services from SingCapital

During the Relevant Period, our Group has, through Life Mastery Academy, engaged SingCapital on education and training related services. The aggregate value of the transactions with SingCapital during the Relevant Period is as follows:

	FY2015 (S\$'000)	FY2016 (S\$'000)	FY2017 (S\$'000)	From 1 January 2018 up until the Latest Practicable Date (S\$'000)
Life Mastery Academy	27.8	20.2	30.1	5.5

The above-mentioned transactions were not carried out on an arm's length basis and not on normal commercial terms. SingCapital charges us a discounted rate as compared to similar courses it conducts for independent third parties. Accordingly, our Directors are of the view that the above-mentioned transactions were not prejudicial to the interests of our Group and minority shareholders. As at the Latest Practicable Date, there are no outstanding fees payable by our Group to SingCapital in respect of the education and training related services provided. We intend to enter into transactions of the above nature with SingCapital post-Listing and such transactions will be subject to Chapter 9 of the Listing Manual and the "Guidelines and Review Procedures for On-Going and Future Interested Person Transactions" set out below.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Personal guarantees provided by Mr. Mohamed Ismail to HDB on behalf of our Group

Our Executive Chairman and CEO, Mr. Mohamed Ismail has provided personal guarantees to HDB for the properties leased by our Group, the details of which are as follows:

On behalf of	Recipient of guarantee	Amount guaranteed (S\$'000)	Largest amount guaranteed (S\$'000)	Details for which guarantee is provided
PropNex Realty	HDB	5,498.9	5,498.9	For the due performance of the Company's financial obligations to HDB for the 3 year lease (from 1 August 2016) of the premises at 480 Lorong 6 Toa Payoh East Wing (#10-01, 11-01) Singapore 310480
Life Mastery Academy	HDB	296.6	296.6	For the due performance of the Company's financial obligations to HDB for the 3 year lease (from 1 July 2017) of the premises at 190 Lorong 6 Toa Payoh #02-510, Singapore 310190

The above arrangements were not provided on an arm's length basis and were not on normal commercial terms. As no consideration was paid by our Group to procure the provision of the abovementioned personal guarantees by Mr. Mohamed Ismail, our Directors are of the view that the above-mentioned transactions are not prejudicial to the interests of our Group.

Following the admission of our Company to the Main Board of the SGX-ST, we intend to request for the discharge of the abovementioned personal guarantees by Mr. Mohamed Ismail and replace them with corporate guarantees by our Company. Our Directors do not expect any material change in the terms and conditions of the leases arising from the discharge of personal guarantee. Nevertheless, Mr. Mohamed Ismail has given an undertaking that in the event that HDB does not agree to the release of his personal guarantees, he will not withdraw or revoke such guarantees and that such guarantees will remain in effect.

GUIDELINES AND REVIEW PROCEDURES FOR ON-GOING AND FUTURE INTERESTED PERSON TRANSACTIONS

Our Audit Committee will review and approve all interested person transactions to ensure that they are on normal commercial terms, that is, the transactions are transacted in terms and prices not more favourable to the Interested Persons than if they were transacted with a third party and are not prejudicial to the interests of our Group and our minority Shareholders in any way.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

To ensure that all future interested person transactions are carried out on normal commercial terms and will not be prejudicial to the interests of our Group or our minority Shareholders, the following procedures will be implemented by our Group:

- (a) when purchasing any products or engaging any services from an Interested Person, two (2) other quotations from non-Interested Persons will be obtained for comparison to ensure that the interests of our Group and minority Shareholders are not disadvantaged. The purchase price or fee for services shall not be higher than the most competitive price or fee of the two other quotations from non-Interested Persons. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, requirements, specifications, delivery time and track record will be taken into consideration;
- (b) when selling any products or supplying any services to an Interested Person, the price or fee and terms of two (2) other successful transactions of a similar nature with non-Interested Persons will be used as comparison to ensure that the interests of our Group or minority Shareholders are not disadvantaged. The price or fee for the supply of products or services shall not be lower than the lowest price or fee of the two other successful transactions with non-Interested Persons;
- (c) in the case of renting properties from or to an Interested Person, the Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords of similar properties and/or obtaining necessary reports or reviews published by salespersons (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar properties in terms of size, suitability for purpose and location, based on the results of the relevant inquiries;
- (d) where it is not possible to compare against the terms of other transactions with unrelated third parties and given that the products or services may be purchased only from an Interested Person, the interested person transaction will be approved by either our Executive Director and CEO, if he has no interest in the transaction, or failing which, our Audit Committee, in accordance with our usual business practices and policies. In determining the transaction price payable to the Interested Person for such products and/or service, factors such as, but not limited to, quantity, requirements and specifications will be taken into account; and
- (e) in addition, we shall monitor all interested person transactions entered into by us and categorise these transactions as follows:
 - (i) a Category 1 interested person transaction is one where the value thereof is equal or in excess of 3.0% of the latest audited NTA of our Group; and
 - (ii) a Category 2 interested person transaction is one where the value thereof is below 3.0% of the latest audited NTA of our Group.

All Category 1 interested person transactions must be approved by our Audit Committee prior to entry whereas Category 2 interested person transactions need not be approved by our Audit Committee prior to entry but shall be reviewed on a quarterly basis by our Audit Committee.

Our Audit Committee will review all interested person transactions, if any, on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above, it will take into account all relevant non-quantitative factors.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

In the event that a member of our Audit Committee is interested in any such transaction, he will abstain from participating in review and approval process in relation to that particular transaction.

We shall prepare all the relevant information to assist the Audit Committee in its review and will keep a register recording all interested person transactions. The register shall also record the basis for entry into the transactions, including the quotations and other evidence obtained to support such basis.

In addition, the Audit Committee and the Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into at least on an annual basis. Such transactions will also be subject to the approval of our Shareholders if required by the Listing Manual. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

These internal audit reports will be reviewed by the Audit Committee to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that interested person transactions are conducted on normal commercial terms, and do not prejudice our interests and the interests of our minority Shareholders. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms, and not prejudicial to our interests and the interests of our minority Shareholders, the Audit Committee will adopt such new guidelines and review procedures for future interested person transactions as may be appropriate.

Disclosure will be made in our annual report of the aggregate value of interested person transactions during the relevant financial year under review.

POTENTIAL CONFLICTS OF INTERESTS

There are no potential conflicts of interests between the Company and its Controlling Shareholders and Directors.

Jones Lang LaSalle Property Consultants Pte. Ltd. (“JLLPC”) is a joint venture partner in PropNex International, a subsidiary of the Company. JLLPC is part of Jones Lang LaSalle Incorporated (“JLL”), a global real estate services group listed on the New York Stock Exchange with market capitalisation of approximately US\$7.0 billion. The PropNex International SHA which governs the relationship between JLLPC and PropNex International contains non-compete clauses which restrict JLLPC’s right to set up any business similar to or competitive with the business carried out by our real estate brokerage business in Singapore as currently conducted, and which engages commission-only based sales persons or employees to market residential properties in Singapore.

JLLPC is not a shareholder of the Company and does not have any board representation in the Company. In addition, JLLPC is not an interested person pursuant to Chapter 9 of the SGX-ST Listing Manual.

CLEARANCE AND SETTLEMENT

Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry (scripless) settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of Securities Accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with CDP.

Our Shares will be registered in the name of CDP or its nominees and held by CDP for and on behalf of persons who maintain, either directly or through Depository Agents, Securities Accounts with CDP. Persons named as direct securities account holders and Depository Agents in the Depository Register maintained by CDP, rather than CDP itself, will be treated, under the laws of Singapore and our Constitution, as members of our Company in respect of the number of our Shares credited to their respective Securities Accounts.

Persons holding our Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Constitution. A fee of S\$10.00 for each withdrawal of 1,000 Shares or less and a fee of S\$25.00 for each withdrawal of more than 1,000 Shares will be payable to CDP upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S\$2.00 (or such other amount as our Directors may decide) will be payable to our Share Registrar for each share certificate issued and stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S\$0.20 per S\$100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S\$10.00, subject to GST at the prevailing rate (currently seven per cent. (7%)), is payable upon the deposit of each instrument of transfer with CDP. The above fees may be subject to such changes as may be in accordance with CDP's prevailing policies or the current tax policies that may be in force in Singapore from time to time.

Pursuant to announced rules effective from 1 June 2014, transfers and settlements pursuant to on-exchange trades will be charged a fee of S\$30.00 and transfers and settlements pursuant to off-exchange trades will be charged a fee of 0.015% of the value of the transaction, subject to a minimum of S\$75.00.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of our Shares sold and the buyer's Securities Account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.0325 per cent. of the transaction value. The clearing fee, instrument of transfer deposit fee and share withdrawal fee are subject to GST of seven per cent. (7%) (or such other rate prevailing from time to time).

CLEARANCE AND SETTLEMENT

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in Securities Accounts. An investor may open a direct securities account with CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

PLAN OF DISTRIBUTION

THE OFFERING

The Offering consists of: (i) the Placement of 40,375,000 Shares to investors, including institutional and other investors in Singapore and outside the United States in reliance on Regulation S under the US Securities Act, and (ii) the Public Offer of 2,125,000 Shares in Singapore. The Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Issue Manager, Underwriter and Placement Agent.

Subject to the terms and conditions contained in the Management and Underwriting Agreement and the Placement Agreement, we have agreed to issue and/or sell the Offering Shares and the Cornerstone Shares and the Issue Manager, Underwriter and Placement Agent has agreed to procure subscribers for and/or purchase of, or failing which, to subscribe for and/or purchase the Offering Shares and the Cornerstone Shares at the Offering Price.

The Management and Underwriting Agreement and the Placement Agreement may be terminated at any time prior to delivery of the Shares pursuant to the terms of the Management and Underwriting Agreement and the Placement Agreement and upon the occurrence of certain events, including, among other things, certain force majeure events. The closing of the Offering is conditional upon certain events, including the fulfilment, or waiver by the SGX-ST, of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of all our Shares (including the Vendor Shares and the Additional Shares), the New Shares, the Cornerstone Shares, the Option Shares and the Award Shares on the Official List of the SGX-ST.

The Issue Manager, Underwriter and Placement Agent may make sub-placement arrangements in respect of their obligations under the Management and Underwriting Agreement and the Placement Agreement, upon such terms and conditions as they deem fit.

The Offering Price was determined following a book-building process by agreement among us, the Vendors and the Issue Manager, Underwriter and Placement Agent, after taking into account, among other things, the prevailing conditions in the securities market, current market valuations of publicly traded companies that we, the Vendors and the Issue Manager, Underwriter and Placement Agent believe to be reasonably comparable to us, an assessment of our recent historical performance, estimates of our business potential and earnings prospects, the current state of our development and the current state of our industry and economy as a whole.

Commission

Pursuant to the Management and Underwriting Agreement and the Placement Agreement between our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent, our Company and the Vendors have appointed the Issue Manager, Underwriter and Placement Agent to manage the Offering. The Issue Manager, Underwriter and Placement Agent will receive a management fee from our Company and the Vendors for services rendered in connection with the Offering.

We and the Vendors will pay the Issue Manager, Underwriter and Placement Agent:

- (a) as compensation for its services in connection with the offer of the Offering Shares and the Cornerstone Shares in the Offering, an underwriting and placement commission of 2.75% of the aggregate Offering Price for the Offering Shares and the Cornerstone Shares underwritten by the Issue Manager, Underwriter and Placement Agent; and

PLAN OF DISTRIBUTION

- (b) an incentive fee of up to 0.25% (to be determined at the discretion of our Company and the Vendors) of the aggregate Offering Price for the Offering Shares and Cornerstone Shares underwritten by the Issue Manager, Underwriter and Placement Agent.

Purchasers and/or Subscribers of the Placement Shares may be required to pay to the Issue Manager, Underwriter and Placement Agent a brokerage fee up to 1% of the Offering Price as well as stamp duty and other similar charges to the relevant authorities in accordance with the laws and practices of the country of subscription and/or purchase at the time of settlement.

Indemnities

Under the Management and Underwriting Agreement and the Placement Agreement, our Company and the Vendors shall hold the Issue Manager, Underwriter and Placement Agent, and their respective directors, employees and agents (collectively, the “**Indemnified Persons**”) fully and effectively indemnified against all liabilities, costs and expenses due to any claim which may be brought or threatened to be brought against any of them in relation to the Offering arising out of certain situations as set out in the Management and Underwriting Agreement and Placement Agreement, in each case except in relation to any claim arising out of the wilful default, fraud, or gross negligence of the Issue Manager, Underwriter and Placement Agent.

The Management and Underwriting Agreement and the Placement Agreement each contains a contribution clause which provides that where the respective indemnification is unavailable to an Indemnified Person or is insufficient in respect, among others, of any losses, claims, damages or liabilities referred to therein, then our Company and the Vendors shall contribute to the amount paid or payable by such Indemnified Person as a result of any losses, claims, damages or liabilities (a) in such proportion as is appropriate to reflect the relative benefits received by our Company and each of the Vendors on the one hand and the Issue Manager, Underwriter and Placement Agent on the other from the Offering and the subscription of the Cornerstone Shares, or (b) if the allocation provided by (a) above is not permitted by applicable law, our Company and each of the Vendors shall contribute to the amount paid or payable by the Indemnified Person in such proportion as is appropriate to reflect not only the relative benefits referred to in (a) above, but also the relative fault of our Company and each of the Vendors on the one hand and the Issue Manager, Underwriter and Placement Agent on the other in connection with the statements or omissions that resulted in such, among others, claims, demands, actions, liabilities, damages, losses, as well as any other relevant equitable considerations. The relative benefits received by the Company and the Vendors on the one hand and the Issue Manager, Underwriter and Placement Agent on the other shall be deemed to be in the same proportion as the total net proceeds from the Offering of the Offering Shares and Cornerstone Shares subscribed and/or purchased for under the Management and Underwriting Agreement and Placement Agreement (before deducting expenses) received by the Company and the Vendors, bear to the total underwriting discounts and commissions received by the Issue Manager, Underwriter and Placement Agent under the Management and Underwriting Agreement and Placement Agreement. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company and each of the Vendors on the one hand or the Issue Manager, Underwriter and Placement Agent on the other and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

PLAN OF DISTRIBUTION

OVER-ALLOTMENT OPTION

In connection with the Offering, the Over-allotment Option Providers have granted the Issue Manager, Underwriter and Placement Agent, the Over-allotment Option exercisable by the Stabilising Manager (or any of its affiliates or other persons acting on its behalf), in full or in part, on one or more occasions, from the Listing Date until the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 8,500,000 Shares, representing not more than 20.0% of the total number of Offering Shares in the Offering, to undertake stabilising actions, to purchase up to an aggregate of 8,500,000 Shares (representing not more than 20.0% of the total number of Offering Shares) at the Offering Price, solely to cover the over-allotment of Shares (if any), subject to any applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder.

PRICE STABILISATION

In connection with the Offering, the Stabilising Manager (or any of its affiliates or persons acting on its behalf) may over-allot Shares or effect transactions that stabilise or maintain the market price of the Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations hereunder.

However, there is no assurance that the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) will undertake any stabilisation action. Such transactions may commence on or after the Listing Date and, if commenced, may be discontinued at any time at the Stabilising Manager's sole discretion and must not be effected after the earlier of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilising Manager (or any of its affiliates or other persons acting on its behalf) has bought on the SGX-ST an aggregate of 8,500,000 Shares, representing approximately 20.0% of the total number of Offering Shares in the Offering, in undertaking stabilising actions.

None of our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent or the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of our Company, the Vendor, the Issue Manager, Underwriter and Placement Agent or the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) makes any representation that the Stabilising Manager will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice (unless such notice is required by law). The Stabilising Manager will also be required to make a public announcement through the SGX-ST in relation to the cessation of the stabilising actions and the number of Shares in respect of which the Over-allotment Option has been exercised not later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilising actions.

SHARE LENDING AGREEMENT

In connection with the Over-allotment Option, the Stabilising Manager has entered into a Share Lending Agreement with the Over-allotment Option Providers pursuant to which the Stabilising Manager may borrow up to 8,500,000 Shares from them, which will be borrowed before the commencement of trading of the Shares on the SGX-ST, for the sole purpose of facilitating settlement of the over-allotment of Shares in connection with the Offering. Any Shares that may

PLAN OF DISTRIBUTION

be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Over-allotment Option Providers either through the purchase of Shares in the open market by the Stabilising Manager in the conduct of stabilisation activities or through the exercise of the Over-allotment Option by the Stabilising Manager.

INTERESTS OF THE ISSUE MANAGER, UNDERWRITER AND PLACEMENT AGENT

The Issue Manager, Underwriter and Placement Agent engages in transactions with and performs services for us in the ordinary course of business and may in the future engage, in commercial banking, trading and/or investment banking transactions with our Group, for which it has received, and may in future, receive customary fees.

In addition, pursuant to the Management and Underwriting Agreement and a Placement Agreement, we have appointed the Issue Manager, Underwriter and Placement Agent as the underwriter and the placement agent for the Offering and we will pay the Issue Manager, Underwriter and Placement Agent a fee for providing such services to us. For more details, please refer to the section entitled “*Plan of Distribution – The Offering – Commission*” of this Prospectus for further details.

Save as disclosed above, we do not have any material relationship with the Issue Manager, Underwriter and Placement Agent.

DISTRIBUTION AND SELLING RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Offering Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.

No action has been or will be taken under the requirements of the legal or regulatory requirements of the United States or any other jurisdiction, except for the lodgement and registration of this Prospectus in Singapore in order to permit a public offering of the Offering Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the Offering Shares in certain jurisdictions may be restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by us, the Vendors and the Issue Manager, Underwriter and Placement Agent to inform themselves about, and to observe and comply with, any such restrictions at their own expense and without liability to us, the Vendors and the Issue Manager, Underwriter and Placement Agent.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other persons, reproduce or otherwise distribute this Prospectus or any information contained herein for any purpose whatsoever nor permit or cause the same to occur.

United States of America

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and they may not be offered or sold within the United States or to or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

PLAN OF DISTRIBUTION

In addition, until the expiration of 40 days after the Shares were bona fide offered to the public, an offer or sale of the Shares offered within the United States by a dealer, whether or not participating in the Offering, may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than pursuant to an exemption from registration under the US Securities Act. Shares sold pursuant to Regulation S may not be offered or resold within the United States, except under an exemption from the registration requirements of the US Securities Act or under a registration statement declared effective under the US Securities Act.

Hong Kong

Please be warned that the content of this document has not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the Offering. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Offering Shares have not been, may not be, and will not be, offered or sold in Hong Kong, or offered or directed for sale from outside Hong Kong to any person in Hong Kong, by means of this Offering Memorandum or any document other than: (i) to “professional investors” as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) and any rules made thereunder (including, but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)), and/or (ii) in other circumstances which do not result in this Offering Memorandum or the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or which do not constitute an offer to the public within the meaning of that ordinance. No advertisement, the possession of any person, for the purposes of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder (including but not limited to the Securities and Futures (Professional Investor) Rules (Chapter 571D of the Laws of Hong Kong)). This document and the information contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

The Offering is not an offer for sale to the public in Hong Kong and it is not our intention that the Offering Shares be offered for sale to the public in Hong Kong.

Malaysia

No prospectus or other offering material or document in connection with the Offering of the Offering Shares has been or will be registered with the Securities Commission of Malaysia (“**Commission**”) pursuant to the Capital Markets and Services Act, 2007 (“**CMSA**”). Accordingly, this Prospectus and any other material or document in connection with the offer or sale, or invitation for subscription or purchase, of the Offering Shares may not be circulated or distributed, nor may the Offering Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed-end fund approved by the Commission, (ii) a holder of a Capital Markets Services Licence granted under Section 61 of the CMSA, (iii) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds Ringgit Malaysia Three Million (RM3,000,000) (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual, (iv) an individual who has a gross annual income exceeding Ringgit Malaysia Three Hundred Thousand (RM300,000) (or its equivalent in foreign currencies), per annum in the preceding

PLAN OF DISTRIBUTION

twelve (12) months, (v) an individual who, jointly with his or her spouse, has a gross annual income of Ringgit Malaysia Four Hundred Thousand (RM400,000) (or its equivalent in foreign currencies), per annum in preceding twelve (12) months, (vi) a corporation with total net assets exceeding Ringgit Malaysia Ten Million (RM10,000,000) (or its equivalent in foreign currencies), based on the last audited accounts, (vii) a partnership with total net assets exceeding Ringgit Malaysia Ten Million (RM10,000,000) (or its equivalent in foreign currencies), (viii) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act, 2010, (ix) an Islamic bank licensee as defined in the Labuan Financial Services and Securities Act, 2010, and (x) any other person as may be specified by the Commission, provided that, in each of the preceding categories (i) to (x), the distribution of the Offering Shares is made by a holder of a Capital Markets Services Licence who carries on the business of dealing in securities.

GENERAL INFORMATION

1. INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

- (a) There is no shareholding qualification for Directors in our Constitution.
- (b) As at the date of this Prospectus, save as disclosed below, none of our Controlling Shareholders, Directors or Executive Officers:
 - (i) has, at any time during the last ten (10) years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner or at any time within two (2) years from the date he ceased to be a partner;
 - (ii) has, at any time during the last ten (10) years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two (2) years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (iii) has any unsatisfied judgement against him;
 - (iv) has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
 - (v) has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
 - (vi) has at any time during the last ten (10) years, had judgement entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
 - (vii) has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;
 - (viii) has ever been disqualified from acting as a director of any or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
 - (ix) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

GENERAL INFORMATION

- (x) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:
 - (aa) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;
 - (bb) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;
 - (cc) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere;
or
 - (dd) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or
- (xi) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued by warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.
- (c) Mr Kan Yut Keong, our Independent Director, was a former director of JAG Foundation Limited, a company with its registered principal activities of other education N.E.C. and community activities N.E.C. The company conducted a not-for-profit youth life skills development using golf etiquettes. He was not involved in the management of the company and stepped down as director on 31 December 2011. On 6 February 2012, a creditors' voluntary liquidation was brought against the company because the land on which the golf course was meant to be developed was subsequently acquired by the government, resulting in the company's inability to proceed with its operations. The company was subsequently wound up on 28 April 2014. No actions were brought against Mr Kan Yut Keong in relation to the winding up of JAG Foundation Limited.

Mr Kan Yut Keong is also presently an independent director of Nam Cheong Limited which (i) on 24 January 2018 announced that creditors had approved a scheme of arrangement proposed by Nam Cheong Limited to its creditors, (ii) on 22 January 2018 announced that creditors had approved schemes of arrangement in relation to the key subsidiaries of Nam Cheong Limited, namely, Nam Cheong Dockyard Sdn Bhd and Nam Cheong International Ltd, and (iii) on 4 April 2018 announced that Nam Cheong Limited has been granted an extension of the moratorium under Section 211B of the Companies Act for a period of four (4) months until 6 August 2018, by the High Court of the Republic of Singapore. The abovementioned schemes of arrangement are currently subject to sanction by the High Court of the Republic of Singapore and the High Court of Malaysia, respectively. As an independent director of Nam Cheong Limited, he was not involved in the day-to-day operational management of Nam Cheong Limited.

GENERAL INFORMATION

- (d) Dr Ahmad Magad, our Lead Independent Director, was the general manager of FJW Industries (S) Pte Ltd, based in Singapore, from 1979 to 1988. FJW Industries (S) Pte. Ltd. was owned by FJW Optical Systems Inc., an American company. In 1986, He was called upon to assist as a witness before the US Grand Jury to confirm certain facts in relation to the manufacture of periscopes and was not the subject of the investigation. Since then, Dr Ahmad Magad has not been contacted by the relevant authority to provide any further assistance on this matter.
- (e) Mr Mohamed Ismail, our Executive Chairman and CEO, was asked, in 2017, by the Criminal Investigation Department (“CID”) to assist in its investigation in relation to the suspected leakage of official secrets. He was not a subject of the investigation. Since then, Ismail was not contacted by CID to provide any further assistance on this matter.
- (f) Mr Alan Lim, our Executive Director, was interviewed by IRAS in 2005 in relation to an inadvertent under-declaration of his personal income tax for years of assessment from 2001 to 2005. The outcome of the investigation was that he had to pay a penalty of S\$60,000. He has since made payment and this matter has been resolved. Since then, there has been no further correspondence from IRAS on this matter and Alan has not been subject to any further warning and penalty by IRAS. In 2006, Alan was asked by the CID to attend an investigation related to his property which was purchased as an investment and subject to an existing tenancy. The tenant had engaged in illegal online gambling activities. Alan Lim was not the subject of the investigation. In 2010, Alan Lim was asked by the CID to attend another investigation related to the same said property as the flat was leased to a PRC couple who allowed other illegal PRC immigrants to stay at the flat without the approval from HDB. Alan Lim was not the subject of the investigation. Since then, Alan Lim was not contacted by CID to provide any further assistance on both cases.

2. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Group within the two (2) years preceding the date of lodgement of this Prospectus and are or may be material:

- (a) the Restructuring Agreement;
- (b) the Business Takeover Agreement entered into with the Dennis Wee Realty Pte Ltd;
- (c) sale and purchase agreement entered into between P&N and PropNex Realty for the purchase of Soreal;
- (d) the PropNex International SHA; and
- (e) the Cornerstone Subscription Agreements.

3. LITIGATION AND ARBITRATION PROCEEDINGS

A subsidiary of the Company, PropNex Realty and our Mr Alan Lim are currently defendants, together with five (5) other third parties, to proceedings brought by Crossfire International Pte Ltd. Crossfire International Pte Ltd is alleging that, among others, a salesperson of our Group, together with the other defendants, conspired to deprive Crossfire International Pte Ltd of commission arising from the sale and purchase of a certain property. As advised by

GENERAL INFORMATION

solicitors acting for PropNex Realty and Alan, the sum claimed by Crossfire International Pte Ltd is S\$1.09 million and the defendants shall be jointly and severally liable. As at the Latest Practicable Date, proceedings are ongoing and PropNex Realty and Alan have engaged counsel and are defending the claim vigorously.

Potential losses of approximately S\$1.1 million (excluding legal costs) may arise in the event that PropNex Realty is unable to defend the claim by Crossfire International Pte Ltd. The Directors are of the opinion that the Group has a good reasonable prospect of defending the claim of up to approximately S\$1.1 million by the plaintiff and does not expect the outcome of the action to have a material effect on the Group's financial position as at the Latest Practicable Date.

Save as disclosed above, to the best of our knowledge and belief, having made all reasonable enquiries, neither the Company nor any of our subsidiaries is engaged in any litigation or arbitration proceedings including those which are pending or known to be contemplated which may have, or which have had in the twelve (12) months preceding the date of lodgement of this Prospectus, a material effect on the financial position or profitability of our Group.

4. MISCELLANEOUS

- (a) Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with The Bank of East Asia, Limited (the **"Receiving Bank"**). In the ordinary course of business, the Receiving Bank will deploy these monies in the inter-bank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.
- (b) There has not been any public take-over offer by a third party in respect of our Shares, or by our Company in respect of another corporation or units of another business trust, which has occurred during the period between 1 January 2017 and the Latest Practicable Date.
- (c) Our Directors are not aware of any event which has occurred since the end of the period covered by the most recent financial statements included in this Prospectus to the Latest Practicable Date which may have a material effect on the financial information of our Group provided in the *"Audited Combined Financial Statements for the Financial Years ended 31 December 2015, 2016 and 2017"* as set out in Appendix A of this Prospectus.
- (d) Save as disclosed in this Prospectus in the sections entitled *"Risk Factors"*, *"Management's Discussion and Analysis of Results of Operations and Financial Position"*, *"Prospects, Business Strategies and Plans"* and the Independent Market Research report as set out in Appendix F of this Prospectus, the financial conditions and operations of our Group are not likely to be affected by any of the following:
 - (i) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our Group's liquidity increasing or decreasing in any material way;
 - (ii) material commitments for capital expenditure;

GENERAL INFORMATION

- (iii) unusual or infrequent events or transactions or any significant economic changes that will material affect the amount of reported income from operations; and
- (iv) known trends or uncertainties that have had or that we reasonably expect to have a material favourable or unfavourable impact on revenue or operating income.
- (e) Our audit partner in charge, Mr Jeya Poh Wan S/O K. Suppiah, has been the partner in charge for almost nine financial years. In the spirit of independence and for good corporate governance, our Company will request for the rotation of the audit partner in charge from FY2019 onwards.

5. INTERESTS OF EXPERTS

No expert named in this Prospectus:

- (i) is employed on a contingent basis by our Company or our subsidiaries;
- (ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or
- (iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offering.

6. CONSENTS

- (a) KPMG LLP, named as the Independent Auditors and Reporting Accountants have given their consent to act in such capacity in relation to this Prospectus and have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their name and all references thereto and the information prepared by the Independent Auditors and Reporting Accountants for the purposes of incorporation in this Prospectus as set out in Appendix A of this Prospectus entitled *“Audited Combined Financial Statements for the Financial Years Ended 31 December 2015, 2016 and 2017”* in the form and context in which it is included in this Prospectus.
- (b) UOB Kay Hian Private Limited, named as the Issue Manager, Underwriter and Placement Agent, has given its consent to act in such capacity in relation to this Prospectus and has given and has not withdrawn its written consent to the issue of the Prospectus with the inclusion of its name and all references thereto in the form and context in which they are included in this Prospectus.
- (c) Frost & Sullivan, named as the Independent Market Research Consultant, has given its consent to act in such capacity in relation to the Prospectus and has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of their name and all references thereto and the information prepared by the Independent Market Research Consultant on 20 June 2018 for the purposes of incorporation in this Prospectus as set out in Appendix F of this Prospectus entitled “Independent Market Research Report” and the statements attributed to and issued by it for the purpose of incorporation in this Prospectus in the sections entitled “Our Business”, “Prospects, Business Strategies and Plans” of this Prospectus in the form and context in which it is included in this Prospectus.

GENERAL INFORMATION

- (d) Morgan Lewis Stamford LLC, the Solicitors to the Offering and to the Company as to Singapore Law, Baker & McKenzie.Wong & Leow, the Solicitors to the Issue Manager, Underwriter and Placement Agent as to Singapore Law, the Share Registrar, and Receiving Bank do not make or purport to make any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and each of them makes no representation regarding any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Prospectus.

7. RESPONSIBILITY STATEMENT

This Prospectus has been reviewed and approved by our Directors and the Vendors and they individually and collectively accept full responsibility for the accuracy of the information given in this Prospectus and confirm after having made all reasonable enquiries that, to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, our Company and its subsidiaries, and our Directors and the Vendors are not aware of any facts the omission of which would make any statement in this Prospectus misleading.

Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors and the Vendors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

8. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents may be inspected at our registered office at 480 Lorong 6 Toa Payoh #10-01 HDB Hub Singapore 310480 during normal business hours for a period of six (6) months from the date of registration of this Prospectus:

- (a) the Constitution of our Company;
- (b) the *“Audited Combined Financial Statements for the Financial Years Ended 31 December 2015, 2016 and 2017”* as set out in Appendix A of this Prospectus;
- (c) the respective audited financial statements of our Company and our subsidiaries, where applicable, for FY2015, FY2016 and FY2017;
- (d) the material contracts referred to in paragraph 2 of this section;
- (e) the information prepared by Frost & Sullivan;
- (f) the letters of consent referred to in paragraph 6 of this section; and
- (g) the Service Agreements referred to in the section entitled *“Directors, Management and Staff – Service Agreement”* of this Prospectus.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Independent auditors’ report

Members of the Company
PropNex Limited and its subsidiaries

Report on the combined financial statements

Opinion

We have audited the combined financial statements of PropNex Limited (the “Company”) and its subsidiaries (collectively, the “Group”), which comprise the combined statements of financial position as at 31 December 2015, 31 December 2016 and 31 December 2017, and the combined statements of profit or loss, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017, and notes to the combined financial statements, including a summary of significant accounting policies, as set out on pages A-4 to A-65.

In our opinion, the accompanying combined financial statements of the Group are properly drawn up in accordance with the Financial Reporting Standards in Singapore (“FRSs”) so as to give a true and fair view of the financial position of the Group as at 31 December 2015, 31 December 2016 and 31 December 2017, and of the financial performance, changes in equity and cash flows of the Group for each of the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the ‘*Auditors’ responsibilities for the audit of the combined financial statements*’ section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the combined financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and directors for the combined financial statements

Management is responsible for the preparation of combined financial statements that give a true and fair view in accordance with FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair combined financial statements and to maintain accountability of assets.

In preparing the combined financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors’ responsibilities include overseeing the Group’s financial reporting process.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Auditors' responsibilities for the audit of the combined financial statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these combined financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the combined financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the combined financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the combined financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Restriction on Distribution and Use

This report is made solely to you as a body and for the inclusion in the prospectus to be issued in relation to the proposed offering of shares of the Company in connection with the Company's listing on the Singapore Exchange Securities Trading Limited.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

25 June 2018

Jeya Poh Wan S/O K. Suppiah
Partner-in-charge

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Combined statements of financial position

As at 31 December 2015, 31 December 2016 and 31 December 2017

	Note	2015 \$	2016 \$	2017 \$
Assets				
Plant and equipment	4	799,146	683,024	1,747,231
Trademark	5	7,862	7,862	7,862
Associate	6	–	–	–
Non-current assets		807,008	690,886	1,755,093
Trade and other receivables	7	25,632,488	34,025,557	62,926,455
Cash and cash equivalents	8	12,948,404	16,129,642	27,675,713
Total current assets		38,580,892	50,155,199	90,602,168
Total assets		39,387,900	50,846,085	92,357,261
Equity				
Share capital	9	435,002	435,002	435,002
Translation reserve		7,058	11,645	10,608
Capital reserve	9	207,119	606,615	606,615
Accumulated profits		7,972,722	10,468,347	17,045,941
Equity attributable to owners of the Company		8,621,901	11,521,609	18,098,166
Non-controlling interests	25	2,215,096	1,510,393	3,061,404
Total equity		10,836,997	13,032,002	21,159,570
Liabilities				
Deferred tax liability	10	30,714	30,714	143,710
Non-current liability		30,714	30,714	143,710
Trade and other payables	11	26,812,020	36,001,153	67,211,115
Current tax liabilities		1,067,960	1,160,212	3,194,525
Deferred income	12	640,209	622,004	648,341
Current liabilities		28,520,189	37,783,369	71,053,981
Total liabilities		28,550,903	37,814,083	71,197,691
Total equity and liabilities		39,387,900	50,846,085	92,357,261

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

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Combined statements of profit or loss

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Note	2015 \$	2016 \$	2017 \$
Revenue	13	204,772,478	245,034,849	361,255,677
Cost of services rendered		(185,585,206)	(225,902,060)	(327,499,946)
Finance income	14	75,567	87,810	121,231
Other income	15	2,711,652	2,543,923	2,816,525
Staff costs	16	(6,935,162)	(7,611,470)	(8,283,136)
Depreciation of plant and equipment	4	(397,296)	(407,516)	(373,702)
Other expenses		(5,312,118)	(3,781,937)	(5,847,282)
Share of loss of associate		–	–	(33,000)
Profit before tax	17	9,329,915	9,963,599	22,156,367
Tax expense	18	(1,010,890)	(1,104,509)	(3,270,956)
Profit from continuing operations		8,319,025	8,859,090	18,885,411
Profit attributable to:				
Owners of the Company		6,541,488	7,615,625	16,273,279
Non-controlling interests	25	1,777,537	1,243,465	2,612,132
Profit for the year		8,319,025	8,859,090	18,885,411
Earnings per share				
Basic earnings per share (cents)	22	2.13	2.48	5.30
Diluted earnings per share (cents)	22	2.13	2.48	5.30

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

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Combined statements of comprehensive income

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Note	2015 \$	2016 \$	2017 \$
Profit for the year		8,319,025	8,859,090	18,885,411
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations		4,730	915	(1,208)
Other comprehensive income for the year, net of tax		4,730	915	(1,208)
Total comprehensive income for the year		<u>8,323,755</u>	<u>8,860,005</u>	<u>18,884,203</u>
Total comprehensive income attributable to:				
Owners of the Company		6,546,218	7,620,296	16,272,242
Non-controlling interests	25	1,777,537	1,239,709	2,611,961
Total comprehensive income for the year		<u>8,323,755</u>	<u>8,860,005</u>	<u>18,884,203</u>

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

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Combined statements of changes in equity

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Note	Share capital \$	Translation reserve \$	Capital reserve \$	Accumulated profits \$	Total \$	Non-controlling interests \$	Total equity \$
At 1 January 2015		435,002	2,328	207,119	5,981,234	6,625,683	1,687,559	8,313,242
Profit for the year		–	–	–	6,541,488	6,541,488	1,777,537	8,319,025
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	4,730	–	–	4,730	–	4,730
Total other comprehensive income, net of tax		–	4,730	–	–	4,730	–	4,730
Total comprehensive income for the year		–	4,730	–	6,541,488	6,546,218	1,777,537	8,323,755
Transactions with owners, recognised directly in equity								
Distributions to owners								
Dividends paid	9	–	–	–	(4,550,000)	(4,550,000)	(1,250,000)	(5,800,000)
Total transactions with owners of the Company		–	–	–	(4,550,000)	(4,550,000)	(1,250,000)	(5,800,000)
At 31 December 2015		435,002	7,058	207,119	7,972,722	8,621,901	2,215,096	10,836,997

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

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Combined statements of changes in equity

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Note	Share capital \$	Translation reserve \$	Capital reserve \$	Accumulated profits \$	Total \$	Non-controlling interests \$	Total equity \$
At 1 January 2016		435,002	7,058	207,119	7,972,722	8,621,901	2,215,096	10,836,997
Profit for the year		–	–	–	7,615,625	7,615,625	1,243,465	8,859,090
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	4,671	–	–	4,671	(3,756)	915
Total other comprehensive income, net of tax		–	4,671	–	–	4,671	(3,756)	915
Total comprehensive income for the year		–	4,671	–	7,615,625	7,620,296	1,239,709	8,860,005
Transactions with owners, recognised directly in equity								
Distributions to owners	9	–	–	–	(5,120,000)	(5,120,000)	(1,545,000)	(6,665,000)
Dividends paid		–	–	–	(5,120,000)	(5,120,000)	(1,545,000)	(6,665,000)
Total distributions to owners								
Changes in ownership interest in subsidiaries								
Acquisition of non-controlling interests without a change in control	24	–	(84)	399,496	–	399,412	(399,412)	–
Total changes in ownership interests in subsidiaries								
Total transactions with owners		–	(84)	399,496	–	399,412	(399,412)	–
At 31 December 2016		435,002	11,645	606,615	10,468,347	11,521,609	1,510,393	13,032,002

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

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Combined statements of changes in equity

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Note	Share capital \$	Translation reserve \$	Capital reserve \$	Accumulated profits \$	Total \$	Non- controlling interests \$	Total equity \$
At 1 January 2017		435,002	11,645	606,615	10,468,347	11,521,609	1,510,393	13,032,002
Profit for the year		–	–	–	16,273,279	16,273,279	2,612,132	18,885,411
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	(1,037)	–	–	(1,037)	(171)	(1,208)
Total other comprehensive income, net of tax		–	(1,037)	–	–	(1,037)	(171)	(1,208)
Total comprehensive income for the year		–	(1,037)	–	16,273,279	16,272,242	2,611,961	18,884,203
Transaction with owners, recognised directly in equity								
Distributions to owners	9	–	–	–	(9,695,685)	(9,695,685)	(1,060,950)	(10,756,635)
Dividends paid								
Total transaction with owners of the Company		–	–	–	(9,695,685)	(9,695,685)	(1,060,950)	(10,756,635)
At 31 December 2017		435,002	10,608	606,615	17,045,941	18,098,166	3,061,404	21,159,570

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

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Combined statements of cash flows

For the years ended 31 December 2015, 31 December 2016 and 31 December 2017

	Note	2015 \$	2016 \$	2017 \$
Cash flows from operating activities				
Profit for the year		8,319,025	8,859,090	18,885,411
Adjustments for:				
Bad debts written off	17	47,380	1,570	250,000
Depreciation of plant and equipment	4	397,296	407,516	373,702
Impairment losses recognised on trade and other receivables	17	866,742	662,984	979,553
Interest income	14	(75,567)	(87,810)	(121,231)
Loss on disposal of plant and equipment	17	1,223	–	1,192
Plant and equipment written off	17	163,913	–	30,815
Share of loss of associate		–	–	33,000
Tax expense	18	1,010,890	1,104,509	3,270,956
		10,730,902	10,947,859	23,703,398
Changes in:				
– trade and other receivables		(8,818,039)	(9,057,623)	(30,130,451)
– trade and other payables		4,266,172	9,190,048	31,208,754
– deferred income		6,217	(18,205)	26,337
Cash generated from operations		6,185,252	11,062,079	24,808,038
Tax paid		(690,160)	(1,043,580)	(1,159,910)
Tax refunded		–	31,323	36,263
Net cash from operating activities		5,495,092	10,049,822	23,684,391
Cash flows from investing activities				
Acquisition of plant and equipment	4	(521,623)	(291,394)	(1,472,316)
Investment in associate		–	–	(33,000)
Deposits pledged		(152)	(152)	(152)
Interest received		75,567	87,810	121,231
Proceeds from sale of plant and equipment		5,226	–	2,400
Net cash used in investing activities		(440,982)	(203,736)	(1,381,837)
Cash flows from financing activities				
Dividends paid to owners	9	(4,550,000)	(5,120,000)	(9,695,685)
Dividends paid to non-controlling interests	9	(1,250,000)	(1,545,000)	(1,060,950)
Net cash used in financing activities		(5,800,000)	(6,665,000)	(10,756,635)
Net (decrease)/increase in cash and cash equivalents		(745,890)	3,181,086	11,545,919
Cash and cash equivalents at 1 January		13,633,568	12,887,678	16,068,764
Cash and cash equivalents at 31 December	8	12,887,678	16,068,764	27,614,683

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

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

These notes form an integral part of the combined financial statements.

1 Business and organisation

1.1 Introduction

The combined financial statements of PropNex Limited (the “Company”) and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) have been prepared in accordance with the principles and the accounting policies set out in Note 3.

The combined financial statements have been prepared solely for inclusion in the prospectus (the “Prospectus”) to be issued in relation to the proposed offering of shares of the Company in connection with the Company’s listing (the “Listing”) on the Singapore Exchange Securities Trading Limited.

These combined financial statements of the Group were authorised for issue by the directors of the Company on 25 June 2018.

1.2 The Company

The Company was incorporated in the Republic of Singapore on 10 January 2018 with its issued and paid up share capital of \$1 comprising one share held by P & N Holdings Pte. Ltd. The address of its registered office is 480 Lorong 6 Toa Payoh, HDB Hub East Wing, #10-01, Singapore 310480.

The principal activities of the Company are those of an investment holding company. The principal activities of the subsidiaries are set out in Note 26 to the combined financial statements.

1.3 The restructuring exercise (“Restructuring Exercise”)

On 13 June 2018, the Company entered into a sale and purchase agreement with P & N Holdings Pte. Ltd. to acquire the equity interest of the following entities for a consideration of \$18,098,166.

PropNex Realty Pte. Ltd.	100%
PropNex International Pte. Ltd.	71.83%
PropNex Grandeur Homes Pte. Ltd.	100%
Life Mastery Academy Pte. Ltd.	100%
PropNex Property Management Consultants Pte. Ltd.	75%

The consideration was arrived at the net asset value of the above entities as at 31 December 2017 and the consideration was satisfied by the allotment and issue of 18,098,166 ordinary shares of the Company to P & N Holdings Pte. Ltd.

Upon completion of the above acquisition, these entities will become the subsidiaries of the Company.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

1 Business and organisation (continued)

1.3 The restructuring exercise (“Restructuring Exercise”) (continued)

On 13 June 2018, 18,098,167 ordinary shares of the Company were split into 307,100,000 ordinary shares.

The Restructuring Exercise was accounted for as a combination of businesses under common control by the shareholder of the Company, P & N Holdings Pte. Ltd. as it controls the Group entities before and after the Restructuring Exercise. The presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, notwithstanding that the Restructuring Exercise was not completed until after the end of the reporting period.

1.4 Subsidiaries

The combined financial statements of the Group have been prepared to reflect the operations of the Company and the subsidiaries as a single economic enterprise and consist of those companies under common control during the years ended 31 December 2015, 31 December 2016 and 31 December 2017.

The principal activities of the subsidiaries are set out in Note 26 to the combined financial statements.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

2 Basis of preparation (continued)

2.4 Use of estimates and judgements (continued)

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.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the combined financial statements and have been applied consistently by the Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combinations* as at the date of acquisition, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

Acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.2 Foreign currency (continued)

Foreign operations (continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the translation reserve in equity.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers or retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash and fixed deposits placed with financial institutions and cash on hand.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.3 Financial instruments (continued)

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.4 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.4 Plant and equipment (continued)

Recognition and measurement (continued)

- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain and loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.4 Plant and equipment (continued)

Depreciation (continued)

The estimated useful lives for the current and comparative years are as follows:

Office equipment	5 years
Computers	3 years
Furniture and fittings	5 years
Renovation	5 years, or remaining lease period if shorter

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

Trademark

Intangible assets that are acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the acquired trademark, less its residual value.

Trademark is not amortised while their useful lives are assessed to be indefinite. The trademark is registered in Indonesia where the right to use the trademark is indefinite in nature. Any conclusion that the useful life is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful lives assessment from indefinite to finite is accounted for prospectively from the date of change and is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.6 Impairment (continued)

Non-derivative financial assets (continued)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.6 Impairment (continued)

Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Revenue

Commission income from real estate agency services

Revenue from real estate agency services is recognised in profit or loss when services are rendered and the customer invoiced.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.8 Revenue (continued)

Commission income from real estate project marketing services

Revenue from real estate project marketing services is recognised in profit or loss when services are rendered and the customer invoiced.

Property management fee income

Revenue from real estate management services is recognised in profit or loss when services are rendered.

Courses and related fee income from training services

Revenue from the provision of real estate related courses and training programmes are recognised in profit or loss when services are rendered.

Administrative support fee income

Revenue is recognised in profit or loss when administrative support services are rendered and invoiced.

3.9 Finance income

Finance income comprises interest income on fixed deposits. Interest income is recognised as it accrues, using the effective interest method.

3.10 Government grants

Cash grants received from the government are recognised in profit or loss as other income upon receipt.

3.11 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes; if any.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.11 Tax (continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

3 Significant accounting policies (continued)

3.12 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.13 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Directors of the Company to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Directors of the Company include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and intangible assets.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

4 Plant and equipment

	Office equipment \$	Computers \$	Furniture and fittings \$	Renovation \$	Total \$
Cost					
At 1 January 2015	188,088	1,044,080	125,731	968,769	2,326,668
Additions	39,336	127,139	11,450	343,698	521,623
Disposals	(12,316)	(12,110)	–	(1,100)	(25,526)
Written off	–	(12,757)	(32,075)	(301,064)	(345,896)
At 31 December 2015	215,108	1,146,352	105,106	1,010,303	2,476,869
Additions	16,291	225,093	15,500	34,510	291,394
Disposals	(3,500)	–	–	–	(3,500)
Written off	–	–	(81)	–	(81)
At 31 December 2016	227,899	1,371,445	120,525	1,044,813	2,764,682
Additions	325,379	519,401	35,681	591,855	1,472,316
Disposals	(16,130)	(2,400)	–	–	(18,530)
Written off	(54,575)	–	(9,357)	(472,928)	(536,860)
At 31 December 2017	482,573	1,888,446	146,849	1,163,740	3,681,608
Accumulated depreciation					
At 1 January 2015	103,628	645,370	68,713	663,776	1,481,487
Depreciation for the year	26,598	227,999	17,094	125,605	397,296
Disposals	(9,195)	(9,589)	–	(293)	(19,077)
Written off	–	(12,446)	(20,328)	(149,209)	(181,983)
At 31 December 2015	121,031	851,334	65,479	639,879	1,677,723
Depreciation for the year	30,084	259,846	15,827	101,759	407,516
Disposals	(3,500)	–	–	–	(3,500)
Written off	–	–	(81)	–	(81)
At 31 December 2016	147,615	1,111,180	81,225	741,638	2,081,658
Depreciation for the year	37,884	184,488	16,447	134,883	373,702
Disposals	(14,605)	(333)	–	–	(14,938)
Written off	(51,998)	–	(9,357)	(444,690)	(506,045)
At 31 December 2017	118,896	1,295,335	88,315	431,831	1,934,377
Carrying amounts					
At 1 January 2015	84,460	398,710	57,018	304,993	845,181
At 31 December 2015	94,077	295,018	39,627	370,424	799,146
At 31 December 2016	80,284	260,265	39,300	303,175	683,024
At 31 December 2017	363,677	593,111	58,534	731,909	1,747,231

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

5 Trademark

	\$
Cost	
At 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017	7,862
Accumulated amortisation	
At 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017	–
Carrying amounts	
At 1 January 2015, 31 December 2015, 31 December 2016 and 31 December 2017	7,862

6 Associate

	2015	2016	2017
	\$	\$	\$
Interests in associate	–	–	–

Details of the associate is as follows:

Name of associates	Operating segment	Principal place of business/ country of incorporation	Ownership interest		
			2015	2016	2017
			%	%	%
Soreal Prop Pte. Ltd.	Real estate investment	Singapore	–	–	33

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

7 Trade and other receivables

	Note	2015 \$	2016 \$	2017 \$
Trade receivables		24,125,766	31,612,966	63,869,951
Impairment losses	19	(1,450,094)	(1,601,001)	(2,363,431)
		<u>22,675,672</u>	<u>30,011,965</u>	<u>61,506,520</u>
Other receivables		88,798	134,411	320,054
Impairment losses	19	–	–	(6,057)
		<u>88,798</u>	<u>134,411</u>	<u>313,997</u>
Amount due from director-related companies/shareholder (non-trade)		2,504,234	3,141,021	–
Amount due from non-controlling shareholder of a subsidiary (trade)		–	176,209	54,257
Amount due from associate (non-trade)		–	–	150,000
Deposits		263,216	244,620	371,532
Prepayments		100,568	317,331	530,149
		<u>25,632,488</u>	<u>34,025,557</u>	<u>62,926,455</u>

The non-trade amounts due from director-related companies and associate are unsecured, interest-free and repayable on demand.

A director-related company is defined as one:

- (a) in which a director of the Company has substantial financial interests or who is in a position to exercise significant influence; and/or
- (b) which directly or indirectly, through one or more intermediaries, are under the control of common shareholders.

Other receivables comprised mainly advance payments to its property agents.

The Group's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in Note 19.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

8 Cash and cash equivalents

	2015 \$	2016 \$	2017 \$
Cash at bank and on hand	11,549,729	15,477,088	26,850,160
Fixed deposits	1,398,675	652,554	825,553
	12,948,404	16,129,642	27,675,713
Deposits pledged	(60,726)	(60,878)	(61,030)
	12,887,678	16,068,764	27,614,683

Deposits pledged represent bank balances of a subsidiary pledged as security to obtain credit facilities. The effective interest rate on fixed deposits of the Group was 0.25% (2016: 0.25%; 2015: 0.25% to 0.79%) per annum.

9 Capital and reserves

Share capital

	Number of shares			Amount		
	2015	2016	2017	2015 \$	2016 \$	2017 \$
Fully paid ordinary shares, with no par value:						
At 1 January and 31 December	450,002	450,002	450,002	435,002	435,002	435,002

Since the Restructuring Exercise was not completed as at 31 December 2017, the share capital in the combined statements of financial position as at 31 December 2015, 31 December 2016 and 31 December 2017 represented the aggregate share capital of PropNex Realty Pte. Ltd., PropNex International Pte. Ltd., PropNex Grandeur Homes Pte. Ltd., Life Mastery Academy Pte. Ltd. and PropNex Property Management Consultants Pte. Ltd., owned by P & N Holdings Pte. Ltd.

The Company was incorporated in the Republic of Singapore on 10 January 2018 with its issued and paid up share capital of \$1 comprising one share held by P & N Holdings Pte. Ltd. On 13 June 2018, the Company issued 18,098,166 ordinary shares pursuant to the Restructuring Exercise as disclosed in note 1.3.

On 13 June 2018, 18,098,167 ordinary shares of the Company were split into 307,100,000 ordinary shares.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

9 Capital and reserves (continued)

Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Capital reserve

	2015 \$	2016 \$	2017 \$
Gain arising from the debt waived by a director-related company/shareholder	207,119	207,119	207,119
Gain on acquisition of non-controlling interests	–	399,496	399,496
	207,119	606,615	606,615

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group:

For the years ended 31 December

	2015 \$	2016 \$	2017 \$
Paid to the owners			
<u>PropNex Realty Pte. Ltd.</u>			
\$60.52 (2016: \$30; 2015: \$25) per ordinary share	2,500,000	3,000,000	6,051,635
<u>PropNex Grandeur Homes Pte. Ltd.</u>			
\$202,500 (2016: \$182,500; 2015: \$350,000) per ordinary share	700,000	365,000	405,000
<u>PropNex International Pte. Ltd.</u>			
\$35 (2016: \$30; 2015: \$25) per ordinary share	1,275,000	1,530,000	2,514,050

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

9 Capital and reserves (continued)

Dividends (continued)

For the years ended 31 December (continued)

	2015 \$	2016 \$	2017 \$
<u>Life Mastery Academy Pte. Ltd.</u>			
\$5 (2016: \$Nil; 2015: \$Nil) per ordinary share	–	–	500,000
<u>PropNex Property Management Consultants Pte. Ltd.</u>			
\$2.00 (2016: \$2.00; 2015: \$0.67) per ordinary share	75,000	225,000	225,000
	4,550,000	5,120,000	9,695,685
Paid by the subsidiaries to non-controlling interests			
<u>PropNex International Pte. Ltd.</u>			
\$35 (2016: \$30; 2015: \$25) per ordinary share	1,225,000	1,470,000	985,950
<u>PropNex Property Management Consultants Pte. Ltd.</u>			
\$2.00 (2016: \$2.00; 2015: \$0.67) per ordinary share	25,000	75,000	75,000
	1,250,000	1,545,000	1,060,950
Total	5,800,000	6,665,000	10,756,635

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

9 Capital and reserves (continued)

Dividends (continued)

After the reporting date, the following exempt (one-tier) dividends were declared and paid by the Group:

	\$
Paid to the owners	
<u>PropNex Realty Pte. Ltd.</u>	
\$50 per ordinary share	5,000,000
<u>PropNex Grandeur Homes Pte. Ltd.</u>	
\$250,000 per ordinary share	500,000
<u>PropNex International Pte. Ltd.</u>	
\$70 per ordinary share	5,028,100
<u>Life Mastery Academy Pte. Ltd.</u>	
\$4 per ordinary share	400,000
<u>PropNex Property Management Consultants Pte. Ltd.</u>	
\$2.67 per ordinary share	300,000
	11,228,100
Paid by the subsidiaries to non-controlling interests	
<u>PropNex International Pte. Ltd.</u>	
\$70 per ordinary share	1,971,900
<u>PropNex Property Management Consultants Pte. Ltd.</u>	
\$2.67 per ordinary share	100,000
	2,071,900
Total	13,300,000

10 Deferred tax liability

	As at 1/1/2015	Recognised in profit or loss (Note 18)	As at 31/12/2015	Recognised in profit or loss (Note 18)	As at 31/12/2016	Recognised in profit or loss (Note 18)	As at 31/12/2017
	\$	\$	\$	\$	\$	\$	\$
Plant and equipment	30,714	–	30,714	–	30,714	112,996	143,710

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

11 Trade and other payables

	2015	2016	2017
	\$	\$	\$
Trade payables	23,791,434	31,785,065	61,101,409
Accrued expenses	1,915,198	2,168,164	2,935,061
Amount due to director-related companies/shareholder (trade)	193	536,618	–
Amount due to director-related companies/shareholder (non-trade)	163,332	274,781	1,284,437
Amount due to non-controlling shareholder of a subsidiary (trade)	10,308	35,462	246,699
Refundable deposits	219,629	216,645	286,965
Liability for short-term accumulating compensated absences	65,182	84,978	87,369
Other payables	646,744	899,440	1,269,175
	<u>26,812,020</u>	<u>36,001,153</u>	<u>67,211,115</u>

Refundable rental deposits are paid by agents to the Group for the rental of office spaces and are returned upon termination.

The non-trade amounts due from director-related companies are unsecured, interest-free and repayable on demand.

The Group's exposures to currency risk and to liquidity risk related to trade and other payables are disclosed in Note 19.

12 Deferred income

	2015	2016	2017
	\$	\$	\$
Deferred income	640,209	622,004	648,341

Deferred income mainly relates to receipts from the sales of convention tickets.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

13 Revenue

	2015 \$	2016 \$	2017 \$
Commission income from real estate agency services	165,787,838	197,303,284	240,472,524
Commission income from real estate project marketing services	34,339,172	43,072,898	115,317,405
Property management fee income	1,873,249	1,968,567	2,273,759
Courses and related fee income from training services	827,155	737,049	1,056,655
Administrative support fee income	1,945,064	1,953,051	2,135,334
	<u>204,772,478</u>	<u>245,034,849</u>	<u>361,255,677</u>

14 Finance income

	2015 \$	2016 \$	2017 \$
Interest income	<u>75,567</u>	<u>87,810</u>	<u>121,231</u>

15 Other income

	2015 \$	2016 \$	2017 \$
Corporate event income	6,484	8,183	15,370
E-stamping income	21,392	19,969	17,237
Government grants	320,630	355,075	181,268
Marketing fee income	381,110	326,999	329,714
Merchandising income	117,594	224,084	191,127
Referral fee income	1,118,651	1,032,255	1,396,137
Recovery of bad debts	182,577	1,747	–
Sponsorship income	144,486	147,476	125,327
Training and seminar income	46,263	93,188	132,033
Others	372,465	334,947	428,312
	<u>2,711,652</u>	<u>2,543,923</u>	<u>2,816,525</u>

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

16 Staff costs

	2015 \$	2016 \$	2017 \$
Salaries, wages and related costs	6,249,337	6,825,692	7,667,692
Contributions to defined contribution plan	693,978	773,035	611,759
(Decrease)/Increase in liability for short-term accumulating compensated absences	(8,153)	12,743	3,685
	6,935,162	7,611,470	8,283,136

17 Profit before tax

The following items have been charged/(credited) in arriving at profit before tax:

	Note	2015 \$	2016 \$	2017 \$
Assignment fee		–	–	700,000
Audit fee		62,272	78,833	74,825
Bad debts written off		47,380	1,570	250,000
Corporate events		181,290	221,768	249,410
Course fee expenses		5,229	18,681	–
Depreciation of plant and equipment		397,296	407,516	373,702
Donation		237,466	111,570	104,127
Education and training expenses		82,257	168,901	181,297
General office expenses		316,031	215,650	300,817
Impairment losses recognised on trade and other receivables	19	866,742	662,984	979,553
Loss on disposal of plant and equipment		1,223	–	1,192
Marketing expenses		1,128,813	619,651	780,678
Net foreign exchange loss/(gain)		78,639	20,837	(208)
Operating lease expenses		291,837	311,280	328,627
Plant and equipment written off		163,913	–	30,815
Recruitment expenses		194,318	191,660	495,078
Referral fee expenses		618,357	540,850	753,354
Recovery of bad debts		(182,577)	(1,747)	–

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

18 Tax expense

	2015 \$	2016 \$	2017 \$
<i>Current tax expense</i>			
Current year	1,067,959	1,160,211	3,194,525
Over provision in prior years	(57,069)	(55,702)	(36,565)
	1,010,890	1,104,509	3,157,960
<i>Deferred tax credit</i>			
Origination and reversal of temporary differences	–	–	84,562
Under provision in prior years	–	–	28,434
	–	–	112,996
Total tax expense	1,010,890	1,104,509	3,270,956
<i>Reconciliation of effective tax rate</i>			
Profit for the year	8,319,025	8,859,090	18,885,411
Tax expense	1,010,890	1,104,509	3,270,956
Profit before tax	9,329,915	9,963,599	22,156,367
Tax using Singapore tax rate of 17%	1,586,086	1,693,812	3,766,582
Non-deductible expenses	66,030	29,378	110,257
Non-taxable income	(2,173)	(297)	(103)
Tax-exempt income	(128,186)	(127,527)	(129,625)
Tax incentives	(406,522)	(351,510)	(422,615)
Tax rebates	(67,126)	(104,187)	(47,955)
(Over)/Underprovision in prior years			
– Current tax	(57,069)	(55,702)	(36,565)
– Deferred tax	–	–	28,434
Others	19,850	20,542	2,546
	1,010,890	1,104,509	3,270,956

The tax incentives comprise mainly enhanced Productivity and Innovation Credit of 400% for certain plant and equipment purchases.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

19 Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives and policies for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from receivables from customers.

The carrying amount of financial assets in the statement of financial position represents the Group's maximum exposure to credit risk.

Risk management policy

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a credit policy in place and exposure to credit risk is monitored on an ongoing basis. Credit risk on cash and cash equivalents is limited because cash and cash equivalents are placed with banks which are regulated. For credit risk on receivables, ongoing credit valuation is performed on the financial condition of the debtors and a loss from impairment is recognised in profit or loss.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

19 Financial instruments (continued)

Financial risk management (continued)

Credit risk (continued)

Exposure to credit risk

At reporting date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Impairment losses

The ageing of trade and other receivables, excludes prepayments at the reporting date was:

	Gross 2015 \$	Impairment 2015 \$	Gross 2016 \$	Impairment 2016 \$	Gross 2017 \$	Impairment 2017 \$
Not past due	3,918,804	–	3,681,245	–	1,025,165	–
Past due 1 – 30 days	9,453,046	–	14,818,566	–	28,379,595	–
Past due 31 – 90 days	9,086,058	–	8,743,069	–	25,199,244	–
Past due 91 – 180 days	2,844,242	–	6,363,696	–	7,557,333	–
Past due 181 – 270 days	708,582	(531,807)	926,532	(824,882)	1,656,798	(1,421,829)
More than 270 days	971,282	(918,287)	776,119	(776,119)	947,659	(947,659)
	<u>26,982,014</u>	<u>(1,450,094)</u>	<u>35,309,227</u>	<u>(1,601,001)</u>	<u>64,765,794</u>	<u>(2,369,488)</u>

The credit quality of the loans and receivables are assessed to be acceptable risks.

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2015 \$	2016 \$	2017 \$
At 1 January	954,201	1,450,094	1,601,001
Impairment losses recognised	866,742	662,984	979,553
Written off	(370,849)	(512,077)	(211,066)
At 31 December	<u>1,450,094</u>	<u>1,601,001</u>	<u>2,369,488</u>

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

19 Financial instruments (continued)

Financial risk management (continued)

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

As part of its overall liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Contractual cash flows				
	Carrying amount \$	Total \$	Within 1 year \$	Within 1 to 5 years \$	More than 5 years \$
2015					
Trade and other payables*	26,746,838	(26,746,838)	(26,746,838)	–	–
2016					
Trade and other payables*	35,916,175	(35,916,175)	(35,916,175)	–	–
2017					
Trade and other payables*	67,123,746	(67,123,746)	(67,123,746)	–	–

* Excludes liability for short-term accumulating compensated absences.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

19 Financial instruments (continued)

Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

At the reporting date, the Group is not exposed to any significant foreign currency risk as its transactions are primarily denominated in Singapore dollars.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. Capital consists of total equity.

The Group's net debt to equity ratio at the end of the reporting period was as follows:

	2015 \$	2016 \$	2017 \$
Total liabilities	28,550,903	37,814,083	71,197,691
Cash and cash equivalents	(12,948,404)	(16,129,642)	(27,675,713)
Net debt	15,602,499	21,684,441	43,521,978
Total equity	10,836,997	13,032,002	21,159,570
Net debt to equity ratio	1.44	1.66	2.06

There were no changes in the Group's approach to capital management during the year.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

19 Financial instruments (continued)

Financial risk management (continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	Carrying amount		
		Loans and receivables	Other financial liabilities	Total
		\$	\$	\$
2015				
Trade and other receivables*	7	25,531,920	–	25,531,920
Cash and cash equivalents	8	12,948,404	–	12,948,404
		<u>38,480,324</u>	<u>–</u>	<u>38,480,324</u>
Trade and other payables^	11	–	26,746,838	26,746,838
2016				
Trade and other receivables*	7	33,708,226	–	33,708,226
Cash and cash equivalents	8	16,129,642	–	16,129,642
		<u>49,837,868</u>	<u>–</u>	<u>49,837,868</u>
Trade and other payables^	11	–	35,916,175	35,916,175
2017				
Trade and other receivables*	7	62,396,306	–	62,396,306
Cash and cash equivalents	8	27,675,713	–	27,675,713
		<u>90,072,019</u>	<u>–</u>	<u>90,072,019</u>
Trade and other payables^	11	–	67,123,746	67,123,746

* Excludes prepayments.

^ Excludes liability for short-term accumulating compensated absences.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

20 Operating leases

At the reporting date, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2015	2016	2017
	\$	\$	\$
Within one year	1,204,747	1,654,340	2,028,896
Between one and five years	278,924	2,319,843	1,730,392
	<u>1,483,671</u>	<u>3,974,183</u>	<u>3,759,288</u>

The Group leases premises under operating leases which are renewable upon expiry.

21 Related parties transactions

Transactions with related parties

Other than disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties during the financial year are as follows:

	2015	2016	2017
	\$	\$	\$
Director-related companies			
Acquisition of an associate	–	–	(33,000)
Administrative support fee income	(145,076)	(144,818)	(137,482)
Commission fee income	–	–	(108,800)
Course fee income	–	–	(1,294)
Service fee expense	32,729	40,016	127,294
Commission fee expense	54,296	24,175	–
Rental fee income	(444)	(1,962)	(960)
Referral fee income	–	–	5,816
Overriding fee expense	–	1,719,402	–
Trainer fee expense	132,714	20,170	30,090
Reimbursement of staff costs	2,405,080	2,409,155	2,821,580
Payments made on behalf for the Group			
– Rental and parking expenses	334,447	231,229	232,354
– Employee compensation and benefits	57,272	67,331	91,573
– Insurance expenses	3,092	3,800	4,118
– Other expenses	501,692	1,015,155	1,947,239
Payments made on behalf by the Group	<u>(88,128)</u>	<u>(90,434)</u>	<u>(31,535)</u>

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

21 Related parties transactions (continued)

Transactions with related parties (continued)

	2015	2016	2017
	\$	\$	\$
Non-controlling shareholder of a subsidiary			
Commission fee income	(296,572)	(756,603)	(241,131)
Commission fee expense	97,351	75,137	829,278
Directors of the Group			
Administrative support fee income	(29,632)	(31,904)	(43,265)
Commission fee income	(21,406)	(49,493)	(27,551)

Transactions with key management personnel

Key management personnel compensation

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 Chief Executive Officer of the Company are considered key management personnel of the Group.

Key management personnel compensation comprised:

	2015	2016	2017
	\$	\$	\$
Salaries and other short-term employee benefits	2,522,969	2,900,859	2,957,359
Post-employment benefits (including contributions to defined contribution plan)	62,729	65,619	65,619
	2,585,698	2,966,478	3,022,978

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

21 Related parties transactions (continued)

Transactions with key management personnel (continued)

Key management personnel compensation (continued)

Details of the remuneration of the key management personnel, in terms of percentage of total remuneration of each key management personnel for the years ended 31 December 2015, 31 December 2016 and 31 December 2017, are as follows:

Name	Salaries*	Bonuses*	Commission	Total
	%	%	%	%
2015				
<i>Executive directors and Chief Executive Officer</i>				
In the band from \$500,000 to \$750,000				
Mohamed Ismail s/o Abdul Gafoore	80%	20%	–	100%
Lim Tow Huat	80%	20%	–	100%
Kelvin Fong Keng Seong	–	–	100%	100%
<i>Other key management personnel</i>				
In the band from \$250,000 to \$499,999				
Lim Yong Hock	61%	39%	–	100%
In the band up to \$249,999				
Johnsonwill Hon Chee Wei	80%	20%	–	100%
Josephine Chow Mei Lin	80%	20%	–	100%
2016				
<i>Executive directors and Chief Executive Officer</i>				
In the band from \$1,000,000 to \$1,250,000				
Kelvin Fong Keng Seong	–	–	100%	100%

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

21 Related parties transactions (continued)

Transactions with key management personnel (continued)

Key management personnel compensation (continued)

Name	Salaries* %	Bonuses* %	Commission %	Total %
2016				
<i>Executive directors and Chief Executive Officer</i>				
\$500,000 to \$750,000				
Mohamed Ismail s/o Abdul Gafoore	80%	20%	–	100%
Lim Tow Huat	80%	20%	–	100%
<i>Other key management personnel</i>				
In the band from \$250,000 to \$499,999				
Lim Yong Hock	58%	42%	–	100%
In the band up to \$249,999				
Johnsonwill Hon Chee Wei	80%	20%	–	100%
Josephine Chow Mei Lin	80%	20%	–	100%
2017				
<i>Executive directors and Chief Executive Officer</i>				
In the band from \$1,000,000 to \$1,250,000				
Kelvin Fong Keng Seong	–	–	100%	100%
In the band from \$500,000 to \$750,000				
Mohamed Ismail s/o Abdul Gafoore	80%	20%	–	100%
Lim Tow Huat	80%	20%	–	100%

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

21 Related parties transactions (continued)

Transactions with key management personnel (continued)

Key management personnel compensation (continued)

Name	Salaries* %	Bonuses* %	Commission %	Total %
Other key management personnel				
In the band from \$250,000 to \$499,999				
Lim Yong Hock	52%	48%	–	100%
In the band up to \$249,999				
Johnsonwill Hon Chee Wei	80%	20%	–	100%
Josephine Chow Mei Lin	80%	20%	–	100%

* Inclusive of employer CPF

22 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 31 December 2015, 31 December 2016 and 31 December 2017 was based on the profit attributable to ordinary shareholders of \$6,541,488 (2015); \$7,615,625 (2016) and \$16,273,279 (2017) respectively and the weighted-average number of ordinary shares outstanding during the year, calculated as follows:

Weighted average number of ordinary shares

	2015 Number of shares	2016 Number of shares	2017 Number of shares
Weighted average number of ordinary shares*	307,100,000	307,100,000	307,100,000

The Company's pre-invitation number of ordinary shares of 307,100,000 has been used in the calculation of basic earnings per share for all periods as pre-invitation number of ordinary shares reflects the weighted average number of shares for all periods adjusting the changes in number of shares arising from Restructuring Exercise as disclosed in note 1.3.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

22 Earnings per share (continued)

Basic earnings per share (continued)

Weighted average number of ordinary shares (continued)

Diluted earnings per share

As at 31 December 2015, 31 December 2016 and 31 December 2017, there were no outstanding dilutive potential ordinary shares.

23 Operating segments

The operating segments of the Group which represent its strategic businesses are real estate agency, real estate project marketing, training and real estate management. They offer different services, and are managed separately. For each operating segment, the directors of the Company (the chief operating decision maker) review its operating results to make decisions about resources to be allocated to the segment and to assess its performance. For the purpose of financial reporting, these operating segments are organised under the following reportable segments:

Real estate brokerage services

Real estate brokerage comprises real estate agency and real estate project marketing.

Real estate agency relates mainly to services rendered in the sale and lease of public and private residential and commercial/industrial properties, including Housing and Development Board flats, condominiums, landed properties, retail shops, offices and factories.

Real estate project marketing relates mainly to services rendered in the sale of new private residential development projects for third-party property developers in Singapore as well as overseas.

Training

Training relates mainly to real estate related courses and training programmes organised by the Group.

Property management services

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 before tax of each operating segment. Management believes that such information is most relevant in evaluating the results of operating segments relative to other entities that operate within these industries.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

23 Operating segments (continued)

Information about reportable segments

Business segments

	Real estate brokerage services \$	Training \$	Property management services \$	Total \$
2015				
External revenues	202,072,074	827,155	1,873,249	204,772,478
Inter-segment revenue	27,534,981	345,508	–	27,880,489
Finance income	75,363	151	53	75,567
Depreciation	(350,901)	(38,678)	(7,717)	(397,296)
Reportable segment profit/(loss) before tax	9,103,774	(90,365)	316,506	9,329,915
Reportable segment assets	37,982,300	500,189	905,411	39,387,900
Capital expenditure	371,952	129,116	20,555	521,623
Reportable segment liabilities	28,227,547	139,036	184,320	28,550,903
2016				
External revenues	242,329,233	737,049	1,968,567	245,034,849
Inter-segment revenue	36,628,358	556,550	–	37,184,908
Finance income	83,434	185	4,191	87,810
Depreciation	(356,529)	(42,985)	(8,002)	(407,516)
Reportable segment profit/(loss) before tax	9,854,680	(172,009)	280,928	9,963,599
Reportable segment assets	49,025,313	918,359	902,413	50,846,085
Capital expenditure	233,289	51,415	6,690	291,394
Reportable segment liabilities	37,446,010	161,452	206,621	37,814,083
2017				
External revenues	357,925,263	1,056,655	2,273,759	361,255,677
Inter-segment revenue	101,864,177	402,132	–	102,266,309
Finance income	119,799	377	1,055	121,231
Depreciation	(316,924)	(49,115)	(7,663)	(373,702)
Reportable segment profit before tax	21,734,687	50,157	371,523	22,156,367
Reportable segment assets	90,556,086	829,706	971,469	92,357,261
Capital expenditure	1,408,124	61,106	3,086	1,472,316
Reportable segment liabilities	70,805,151	154,184	238,356	71,197,691

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

23 Operating segments (continued)

Information about reportable segments (continued)

Business segments (continued)

Reconciliations of reportable segment revenues

	2015 \$	2016 \$	2017 \$
Revenue			
Total revenue for reportable segments	232,652,967	282,219,757	463,521,986
Elimination of inter-segment revenue	(27,880,489)	(37,184,908)	(102,266,309)
Consolidated revenue	<u>204,772,478</u>	<u>245,034,849</u>	<u>361,255,677</u>

24 Changes in interests in subsidiaries with no change in control

In 2016, the Group acquired an additional 20.83% interest in PropNex International Pte. Ltd. for \$4,550,050 in cash, increasing its ownership interest from 51% to 71.83%.

The following summarises the effect of changes in the Group's ownership interest in PropNex International Pte. Ltd.:

	2016 \$
Consideration paid for acquisition of non-controlling interests	–
Net decrease in equity attributable to non-controlling interests	<u>399,412</u>
Net increase in equity attributable to owners	<u>399,412</u>
Represented by:	
Increase in capital reserve	399,496
Decrease in foreign currency translation reserve	<u>(84)</u>
Net increase in equity attributable to owners of the Company	<u>399,412</u>

Consideration paid for acquisition of non-controlling interests

The acquisition of non-controlling interests in these combined financial statements has been accounted for on the basis that the consideration was paid by a director-related company for the Group and it is not required for subsequent settlement with the director-related company.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

25 Non-controlling interests

The following subsidiaries have non-controlling interests that are material to the Group.

Name	Principal place of business/ country of incorporation	Operating segment	Ownership interests held by NCI		
			2015 %	2016 %	2017 %
PropNex International Pte. Ltd.	Singapore	Real estate project marketing services	49	28.17	28.17
PropNex Property Management Consultants Pte. Ltd.	Singapore	Property management services	25	25	25

The following summarises the financial information of each of the Group's subsidiaries with material non-controlling interests, based on their respective (consolidated) financial statements prepared in accordance with FRSs, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	PropNex International Pte. Ltd. \$	PropNex Property Management Consultants Pte. Ltd. \$	Total \$
2015			
Revenue	34,339,172	1,873,279	36,212,451
Profit	3,484,955	279,640	3,764,595
Total comprehensive income	3,484,955	279,640	3,764,595
Attributable to NCI:			
– Profit	1,707,627	69,910	1,777,537
– Total comprehensive income	1,707,627	69,910	1,777,537
Non-current assets	154,045	19,227	173,272
Current assets	12,233,253	886,184	13,119,437
Non-current liabilities	–	(2,360)	(2,360)
Current liabilities	(8,234,596)	(181,960)	(8,416,556)
Net assets	4,152,702	721,091	4,873,793

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

25 Non-controlling interests (continued)

	PropNex International Pte. Ltd. \$	PropNex Property Management Consultants Pte. Ltd. \$	Total \$
Net assets attributable to NCI	2,034,824	180,272	2,215,096
Cash flows from operating activities	2,467,903	217,444	2,685,347
Cash flows used in investing activities	(131,187)	(20,502)	(151,689)
Cash flows used in financing activities	(1,276,378)	(75,110)	(1,351,488)
– Dividends to NCI	(1,225,000)	(25,000)	(1,250,000)
Net (decrease)/increase in cash and cash equivalents	(164,662)	96,832	(67,830)
2016			
Revenue	43,072,898	1,968,567	45,041,465
Profit	3,605,005	274,519	3,879,524
Total comprehensive income	3,609,676	274,519	3,884,195
Attributable to NCI:			
– Profit	1,174,835	68,630	1,243,465
– Total comprehensive income	1,171,079	68,630	1,239,709
Non-current assets	139,317	17,915	157,232
Current assets	14,105,726	884,498	14,990,224
Non-current liabilities	–	(2,360)	(2,360)
Current liabilities	(9,500,671)	(204,443)	(9,705,114)
Net assets	4,744,372	695,610	5,439,982
Net assets attributable to NCI	1,336,490	173,903	1,510,393
Cash flows from operating activities	4,245,135	421,459	4,666,594
Cash flows used in investing activities	(12,078)	(2,499)	(14,577)
Cash flows used in financing activities	(1,531,307)	(224,818)	(1,756,125)
– Dividends to NCI	(1,470,000)	(75,000)	(1,545,000)
Net increase in cash and cash equivalents	1,231,750	119,142	1,350,892

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

25 Non-controlling interests (continued)

	PropNex International Pte. Ltd. \$	PropNex Property Management Consultants Pte. Ltd. \$	Total \$
2017			
Revenue	115,317,405	2,273,759	117,591,164
Profit	8,973,222	337,503	9,310,725
Total comprehensive income	8,972,618	337,503	9,310,121
Attributable to NCI:			
– Profit	2,527,756	84,376	2,612,132
– Total comprehensive income	2,527,585	84,376	2,611,961
Non-current assets	101,625	13,337	114,962
Current assets	40,959,922	958,132	41,918,054
Non-current liabilities	–	(2,360)	(2,360)
Current liabilities	(30,844,557)	(235,996)	(31,080,553)
Net assets	10,216,990	733,113	10,950,103
Net assets attributable to NCI	2,878,126	183,278	3,061,404
Cash flows from operating activities	8,673,283	370,358	9,043,641
Cash flows from/(used in) investing activities	28,293	(2,030)	26,263
Cash flows used in financing activities	(2,518,261)	(225,182)	(2,743,443)
– Dividends to NCI	(985,950)	(75,000)	(1,060,950)
Net increase in cash and cash equivalents	5,197,365	68,146	5,265,511

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

26 Subsidiaries

As at 31 December 2015, 31 December 2016 and 31 December 2017, the subsidiaries of the Group are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Ownership interest		
			2015 %	2016 %	2017 %
PropNex Realty Pte. Ltd.	Singapore	Real estate brokerage services	100	100	100
PropNex International Pte. Ltd.	Singapore	Real estate project marketing services	51	71.83	71.83
PropNex Grandeur Homes Pte. Ltd.	Singapore	Administrative support services	100	100	100
Life Mastery Academy Pte. Ltd.	Singapore	Training	100	100	100
PropNex Property Management Consultants Pte. Ltd.	Singapore	Property management services	75	75	75
<i>Subsidiary of PropNex International Pte. Ltd.</i>					
PropNex International Sdn. Bhd.	Malaysia	Real estate project marketing services	100	100	100

27 Contingent liabilities

On 18 November 2016, a subsidiary of the Company and 7 other defendants (“Defendants”) were served a writ of summon by another real estate agency (“Plaintiff”) for claim over commission income in relation to the sale of a hotel in 2010. Based on the legal advice obtained from the Company’s external legal counsel and the assessment of the litigation, the directors are of the opinion that the Group has a good reasonable prospect of defending the claim of up to \$1,090,000 by the Plaintiff and does not expect the outcome of the action to have a material effect on the Group’s financial position at the reporting date.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards

Applicable to 2018 financial statements

In December 2017, the Accounting Standards Council (“ASC”) issued the Singapore Financial Reporting Standards (International) (“SFRS(I)”). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

On 19 January 2018, Monetary Authority of Singapore (“MAS”) announced that entities lodging prospectus with MAS on or after 1 January 2018 are required to prepare historical audited financial statements restated up to three years, in accordance with SFRS(I). Transitional relief was provided to entities that currently use SFRS from restating the historical financial statements in accordance with SFRS(I). For entities whose track record period includes annual periods beginning on or after 1 January 2017, the transitional relief requires that the entity provides:

- historical financial information for the year(s) prior to the annual period beginning on or after 1 January 2017 prepared in SFRS;
- historical financial information for the annual period beginning on or after 1 January 2017 prepared in SFRS, accompanied by:
 - (a) a reconciliation of the four primary financial statements (i.e. statement of financial position, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows) reported in accordance with SFRS, to SFRS(I) and (b) notes to describe any differences between the financial figures prepared in SFRS and those in SFRS(I);
- historical financial information for the annual period beginning or after 1 January 2018 (if any) prepared in SFRS.

The Group has elected to adopt this transition relief to prepare this set of combined financial statements.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

In addition to the adoption of the new framework, the Group will also concurrently apply the following new SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Applicable to 2018 financial statements (continued)

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters* issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investment in Associates and Joint Ventures* arising from the amendments to IAS 28 – *Measuring an associate or joint venture at fair value* issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

When the Group adopts SFRS(I) in 2018, the Company will apply SFRS(I) 1 with 1 January 2017 as the date of transition for the Group. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2018, restatement of comparative figures may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but there are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. Except as described below, the Group does not expect the application of the mandatory exemptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Foreign currency translation reserve (“FCTR”)

The Group plans to elect the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for its foreign operation to nil at date of transition, and reclassify the cumulative of FCTR of \$11,645 as at 1 January 2017 determined in accordance with FRS to the retained earnings. After the date of transition, any gain or loss on disposal of its foreign operation will exclude translation differences that arose before the date of transition.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 31 December 2018, using the retrospective approach. As a result, the Group will apply all of the requirements of SFRS(I) 15 retrospectively and the comparative period presented in the 2018 financial statements will be restated.

The expected impact upon the adoption of SFRS(I) 15 are described below.

Commission income from real estate agency services

The Group currently recognised its revenue from the provision of real estate agency services when services are rendered and customers are invoiced. The services are usually success-based fee arrangement where the amount of consideration is contingent on the achievement of specific outcome. The Group does not expect any significant impact on the financial statements arising from SFRS(I) 15 because the Group satisfies the performance obligation and the service is transferred to the customer. Simultaneously, the customer has a present obligation to pay, which is when the customer is invoiced.

The Group has assessed the commission arrangement with its agents to determine whether the Group is acting as an agent or a principal under the new transfer-of-control approach and the Group expects to continue to recognise the commission income and commission payable to the agents on a gross basis under SFRS(I) 15.

The Group also enters into certain co-broking arrangements with co-brokers in the provision of real estate agency services. The commission income is currently recognised on the gross basis under the current risk-and-reward approach. The Group has assessed the co-broking arrangement with co-brokers to determine whether the Group is acting as an agent or a principal under the new transfer-of-control approach. The Group expects to recognise the commission income with co-broking arrangements on a net basis under SFRS(I) 15 as the Group is able to control the extent of its performance obligation to services its customers and unable to entirely control or satisfy the performance obligations by the third party co-brokers.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Commission income from real estate project marketing services

The Group currently recognised its revenue from real estate project marketing services when services are rendered and the customer invoiced. As these services are success-based fee arrangement where the amount of consideration is contingent on the achievement of specific outcome. The Group does not expect any significant impact on the financial statements arising from SFRS(I) 15 because the Group satisfies the performance obligation at the same time that the customer has a present obligation to pay, which is when the customer is invoiced.

The Group also enters into certain co-broking arrangements with co-brokers in the provision of real estate project marketing services. The commission income is currently recognised on the gross basis under the current risk-and-reward approach. The Group has assessed the co-broking arrangement with co-brokers to determine whether the Group is acting as an agent or a principal under the new transfer-of-control approach. The Group expects to recognise the commission income with co-broking arrangements on a net basis under SFRS(I) 15 as the Group is able to control the extent of its performance obligation to services its customers and unable to entirely control or satisfy the performance obligations by the third party co-brokers.

Property management fee income

The Group currently recognised its revenue from the provision of real estate management services when services are rendered. Contracts for the provision of real estate management services may consist certain price adjustment provisions to the monthly fees and billings that varies with the services to be provided. Revenue can only be recognised, if it is highly probable that a significant reversal in revenue will not occur in the future. As the Group currently renders the services and correspondingly invoices the customer in the same month, the price adjustment will be recorded in the same month corresponding to the services rendered, the Group does not expect the impact on the financial statements arising from SFRS(I) 15 to be significant.

Courses and related fee income from training services

The Group currently recognised its revenue from the provision of real estate related courses and training programmes when services are rendered. The Group does not expect any significant impact on the financial statements arising from SFRS(I) 15 as the Group satisfies the performance obligation and the service is transferred to the customer when the services are rendered.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Administrative support fee income

The Group currently recognised its revenue when administrative support services are rendered and invoiced. Contracts for the provision of administrative support may consist certain price adjustment provisions to the monthly fees. Such clauses represent variable consideration under SFRS(I) 15 which may require the transaction price of the contracts to be adjusted upfront. Revenue can only be recognised, if it is highly probable that a significant reversal in revenue will not occur in the future. As the Group currently renders the services and correspondingly invoices the customer in the same month, the price adjustment will be recorded in the same month corresponding to the services rendered, the Group does not expect the impact on the financial statements arising from SFRS(I) 15 to be significant.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively. However, the Group plans to take advantage of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Differences in the carrying amounts of financial assets resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 January 2018.

The expected impact on adoption of SFRS(I) 9 are described below. The information below reflects the Group’s expectation of the implications arising from changes in the accounting treatment, however, the actual tax effect may change when the transition adjustments are finalised.

Impairment

The Group’s financial assets consist of loans and receivables that are expected to continue to be accounted for using amortised cost model under SFRS(I) 9.

SFRS(I) 9 replaces the current ‘incurred loss’ model with a forward-looking expected credit loss (“ECL”) model. The new impairment model will apply to financial assets measured at amortised cost. Under SFRS(I) 9, the Group’s loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Impairment (continued)

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables. For the non-trade receivables, the Group plans to apply the general approach and record 12-month ECL on non-trade receivables. Based on the assessment, the Group expects a decrease in impairment for trade and other receivables of \$1,424,214 and correspondence increase in deferred tax liabilities by \$214,463 as at 1 January 2018, with a net adjustment of \$1,201,707 to the retained earnings as at 1 January 2018.

Applicable to financial statements for the year 2019 and thereafter

The following new IFRS, amendments to and interpretations of IFRS are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

Applicable to 2021 financial statements

- IFRS 17 *Insurance Contracts*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28)

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group’s preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below. The Group also preliminarily assessed that IFRS 17 is not relevant to the Group as the Group does not issue insurance contracts nor account for financial guarantee contracts as insurance contracts.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

SFRS(I) 16 Leases

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee’s classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements.

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 4% of the total assets and 5% of total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

Reconciliation of historical financial information prepared in accordance with SFRS to SFRS(I) 1 as part of transitional relief

Below are the summary of the reconciliation of historical financial information prepared in accordance with SFRS to SFRS(I) 1.

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Combined statement of financial position

		As at 31 December 2017			As at 1 January 2018	
	Note	Current framework \$	SFRS(I) 1 adjustment \$	SFRS(I) framework \$	SFRS(I) 9 adjustment \$	SFRS(I) framework \$
Assets						
Plant and equipment		1,747,231	–	1,747,231	–	1,747,231
Trademark		7,862	–	7,862	–	7,862
Associate		–	–	–	–	–
Non-current assets		1,755,093	–	1,755,093	–	1,755,093
Trade and other receivables	(ii)	62,926,455	–	62,926,455	1,424,214	64,350,669
Cash and cash equivalents		27,675,713	–	27,675,713	–	27,675,713
Total current assets		90,602,168	–	90,602,168	1,424,214	92,026,382
Total assets		92,357,261	–	92,357,261	1,424,214	93,781,475
Equity						
Share capital		435,002	–	435,002	–	435,002
Translation reserve	(i)	10,608	(11,645)	(1,037)	–	(1,037)
Capital reserve		606,615	–	606,615	–	606,615
Accumulated profits	(i),(ii)	17,045,941	11,645	17,057,586	1,201,707	18,259,293
Equity attributable to owners of the Company		18,098,166	–	18,098,166	1,201,707	19,299,873
Non-controlling interests	(ii)	3,061,404	–	3,061,404	6,044	3,067,448
Total equity		21,159,570	–	21,159,570	1,207,751	22,367,321
Liabilities						
Deferred tax liability	(ii)	143,710	–	143,710	216,463	360,173
Non-current liability		143,710	–	143,710	216,463	360,173
Trade and other payables		67,211,115	–	67,211,115	–	67,211,115
Current tax liabilities		3,194,525	–	3,194,525	–	3,194,525
Deferred income		648,341	–	648,341	–	648,341
Current liabilities		71,053,981	–	71,053,981	–	71,053,981
Total liabilities		71,197,691	–	71,197,691	216,463	71,414,154
Total equity and liabilities		92,357,261	–	92,357,261	1,424,214	93,781,475

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Combined statement of profit or loss

	Note	For the year ended 31 December 2017		
		Current framework	SFRS(I) 15 adjustment	SFRS(I) framework
		\$	\$	\$
Revenue	(iii)	361,255,677	(29,404,243)	331,851,434
Cost of services rendered	(iii)	(327,499,946)	29,404,243	(298,095,703)
Finance income		121,231	—	121,231
Other income		2,816,525	—	2,816,525
Staff costs		(8,283,136)	—	(8,283,136)
Depreciation of plant and equipment		(373,702)	—	(373,702)
Other expenses		(5,847,282)	—	(5,847,282)
Share of loss of associate		(33,000)	—	(33,000)
Profit before tax		22,156,367	—	22,156,367
Tax expense		(3,270,956)	—	(3,270,956)
Profit from continuing operations		18,885,411	—	18,885,411
Profit attributable to:				
Owners of the Company		16,273,279	—	16,273,279
Non-controlling interests		2,612,132	—	2,612,132
Profit for the year		18,885,411	—	18,885,411
Earnings per share				
Basic earnings per share		5.30	—	5.30
Diluted earnings per share		5.30	—	5.30

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Combined statement of comprehensive income

		For the year ended 31 December 2017		
	Note	Current framework \$	SFRS(I) 15 adjustment \$	SFRS(I) framework \$
Profit for the year		18,885,411	–	18,885,411
Other comprehensive income, net of tax				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences – foreign operations		(1,208)	–	(1,208)
Other comprehensive income for the year, net of tax		(1,208)	–	(1,208)
Total comprehensive income for the year		18,884,203	–	18,884,203
Total comprehensive income attributable to:				
Owners of the Company		16,272,242	–	16,272,242
Non-controlling interests		2,611,961	–	2,611,961
Total comprehensive income for the year		18,884,203	–	18,884,203

**APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR
THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017**

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Combined statement of changes in equity

For the year ended 31 December 2017

	Note	Share capital \$	Translation reserve \$	Capital reserve \$	Retained earnings \$	Total \$	Non-controlling interests \$	Total equity \$
At 1 January 2017		435,002	11,645	606,615	10,468,347	11,521,609	1,510,393	13,032,002
– As reported under current framework		–	–	–	11,645	–	–	–
– Effect of SFRS(I) 1	(i)	435,002	(11,645)	–	–	11,521,609	–	–
– As reported under SFRS(I) framework		–	–	606,615	10,479,992	11,521,609	1,510,393	13,032,002
Profit for the year		–	–	–	16,273,279	16,273,279	2,612,132	18,885,411
Other comprehensive income								
Foreign currency translation differences – foreign operations		–	(1,037)	–	–	(1,037)	(171)	(1,208)
Total other comprehensive income, net of tax		–	(1,037)	–	–	(1,037)	(171)	(1,208)
Total comprehensive income for the year		–	(1,037)	–	16,273,279	16,272,242	2,611,961	18,884,203
Transaction with owners, recognised directly in equity								
Distributions to owners								
Dividends paid		–	–	–	(9,695,685)	(9,695,685)	(1,060,950)	(10,756,635)
Total transaction with owners of the Company		–	–	–	(9,695,685)	(9,695,685)	(1,060,950)	(10,756,635)
At 31 December 2017		435,002	(1,037)	606,615	17,057,586	18,098,166	3,061,404	21,159,570
– Effect of SFRS(I) 9	(ii)	–	–	–	1,201,707	1,201,707	6,044	1,207,751
As at 1 January 2018		435,002	(1,037)	606,615	18,259,293	19,299,873	3,067,448	22,367,321

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Combined statement of cash flows

	For the year ended 31 December 2017		
	Current framework	SFRS(I) 15 adjustment	SFRS(I) framework
	\$	\$	\$
Cash flows from operating activities			
Profit for the year	18,885,411	–	18,885,411
Adjustments for:			
Bad debts written off	250,000	–	250,000
Depreciation of plant and equipment	373,702	–	373,702
Impairment losses recognised on trade and other receivables	979,553	–	979,553
Interest income	(121,231)	–	(121,231)
Loss on disposal of plant and equipment	1,192	–	1,192
Plant and equipment written off	30,815	–	30,815
Share of loss of associate	33,000	–	33,000
Tax expense	3,270,956	–	3,270,956
	23,703,398	–	23,703,398
Changes in:			
– trade and other receivables	(30,130,451)	–	(30,130,451)
– trade and other payables	31,208,754	–	31,208,754
– deferred income	26,337	–	26,337
	24,808,038	–	24,808,038
Cash generated from operations			
Tax paid	(1,159,910)	–	(1,159,910)
Tax refunded	36,263	–	36,263
	23,684,391	–	23,684,391
Net cash from operating activities			
Cash flows from investing activities			
Acquisition of plant and equipment	(1,472,316)	–	(1,472,316)
Investment in associate	(33,000)	–	(33,000)
Deposits pledged	(152)	–	(152)
Interest received	121,231	–	121,231
Proceeds from sale of plant and equipment	2,400	–	2,400
	(1,381,837)	–	(1,381,837)
Net cash used in investing activities			
Cash flows from financing activities			
Dividends paid to owners	(9,695,685)	–	(9,695,685)
Dividends paid to non-controlling interests	(1,060,950)	–	(1,060,950)
	(10,756,635)	–	(10,756,635)
Net cash used in financing activities			
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January	11,545,919	–	11,545,919
	16,068,764	–	16,068,764
Cash and cash equivalents at 31 December			
	27,614,683	–	27,614,683

APPENDIX A – AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2015, 2016 AND 2017

Notes to the combined financial statements

28 Full convergence with Singapore Financial Reporting Standards (International) (“SFRS(I)”) and adoption of new standards (continued)

Notes to the reconciliation of effect of current framework to SFRS(I) framework

(i) SFRS(I) 1

The Group plans to elect the optional exemption in IFRS 1 to reset its cumulative FCTR for its foreign operation to nil at date of transition, and reclassify the cumulative of FCTR of \$11,645 as at 1 January 2017 determined in accordance with FRS to the retained earnings. After the date of transition, any gain or loss on disposal of its foreign operation will exclude translation differences that arose before the date of transition.

(ii) SFRS(I) 9

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables. For the non-trade receivables, the Group plans to apply the general approach and record 12-month ECL on non-trade receivables. Based on the assessment, the Group expects a decrease in impairment for trade and other receivables of \$1,424,214 and correspondence increase in deferred tax liabilities by \$216,463 as at 1 January 2018, with a net adjustment of \$1,201,707 to the retained earnings as at 1 January 2018.

(iii) SFRS(I) 15

The Group enters into certain co-broking arrangements with co-brokers in the provision of real estate agency services and real estate project marketing services. The commission income is currently recognised on the gross basis under the current risk-and-reward approach. The Group has assessed the co-broking arrangement with co-brokers to determine whether the Group is acting as an agent or a principal under the new transfer-of-control approach. The Group expects to recognise the commission income with co-broking arrangements on a net basis under SFRS(I) 15 as the Group is able to control the extent of its performance obligation to services its customers and unable to entirely control or satisfy the performance obligations by the third party co-brokers.

This page has been intentionally left blank.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

The discussion below provides information about certain provisions of our Constitution and the laws of Singapore. This description is only a summary and is qualified by reference to Singapore law and our Constitution.

The instrument that constitutes and defines our Company is the Constitution of our Company.

1. Directors

(a) Ability of interested directors to vote

A Director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, directly or indirectly, and he shall not be counted in the quorum present at the meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Fees payable to Non-Executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who renders any special or extra services to the Company or goes or resides abroad in connection with the conduct of any of the affairs of the Company may be granted special remuneration by a lump sum or by way of salary, or, except in the case of a Non-executive Director, by a percentage of profits, or by any or all of those modes, as the Directors may determine.

The remuneration of a Chief Executive Officer or person holding equivalent positions shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(c) Borrowing

The Directors may borrow or raise money from time to time for the purpose of the Company or secure the payment of such sums as they think fit and may secure the repayment or payment of such sums by mortgage or charge upon all or any of the property or assets of the Company or by the issue of debentures (whether at par or at discount or premium) or otherwise as they may think fit.

(d) Retirement age limit

There is no retirement age limit for Directors under our Constitution.

(e) Shareholding qualification

There is no shareholding qualification for Directors in our Constitution.

APPENDIX B – SUMMARY OF OUR CONSTITUTION

2. Share rights and restrictions

Our Company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders and, in cases in which the person so registered is CDP, the persons named as Depositors in the Depository Register maintained by CDP for the ordinary shares, are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we shall not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits; however, we may capitalise any sum standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account and apply it for the allotment and distribution of bonus shares credited as fully paid.

All dividends are paid pro-rata amongst our shareholders in proportion to the amount paid up on each shareholder's shares, unless the rights attaching to an issue of any share provide otherwise. Unless otherwise directed, dividends are paid by cheque, draft, warrant or Post Office order sent through the post directed to the registered address of each shareholder. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled prior to the forfeiture.

The Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the general meeting. Except as otherwise provided in our Constitution, five (5) or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Constitution, on a show of hands, every shareholder present in person and by proxy shall have one (1) vote, and on a poll, every shareholder present in person or by proxy shall have one (1) vote for each share which he holds or represents. A shareholder who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote at the same general meeting. A shareholder who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to

APPENDIX B – SUMMARY OF OUR CONSTITUTION

a different share or shares held by it. As required by Rule 730A of the Listing Manual, all resolutions at general meetings of the Company shall be voted by poll. A poll may also be demanded in certain circumstances, including by the chairman of the meeting or by any shareholder or shareholders present in person or by proxy and representing not less than 5% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by not less than five (5) shareholders present in person or by proxy and entitled to vote. In the case of an equality of vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least fourteen (14) days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital or other undistributable reserve, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Companies Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Constitution relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Constitution on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

This page has been intentionally left blank.

APPENDIX C – DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the rights and privileges of shareholders conferred by the laws of Singapore and the Constitution of our Company. These statements summarise the material provisions of the Constitution but are qualified in entirety by reference to the Constitution.

Ordinary Shares

There are no founders, management, deferred or unissued shares reserved for issue for any purpose. We have only one (1) class of shares, namely, our ordinary shares which have identical rights in all respects and rank equally with one another. All of the ordinary shares are in registered form. Our Company may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase its Shares. However, it may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of its own Shares.

New Shares

New Shares may only be issued with the prior approval in a general meeting of our Shareholders. The Company may by ordinary resolution in general meeting give to the Directors a general authority to issue Shares, provided that the aggregate number of Shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital at the time such authority is given after adjusting for new Shares arising from the conversion or exercise of convertible securities or employee share options on issue at the time such authority is given and any subsequent bonus issue, consolidation or sub-division of Shares, of which the aggregate number of Shares to be issued other than on a pro-rata basis to our Shareholders shall not exceed 20% (or such other limit as may be prescribed by the SGX-ST). The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted or the date by which the annual general meeting is required by law to be held, whichever is the earlier but any approval may be revoked or varied by our Company in general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Board who may allot and issue the same with such rights and restrictions as it may think fit.

Shareholders

Only persons who are registered in the register of Shareholders of our Company and, in cases in which the person so registered is CDP, the persons named as the Depositors in the Depository Register maintained by CDP for the Shares, are recognised as our Shareholders. Our Company will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. Our Company may close the register of Shareholders for any time or times if it provides the SGX-ST at least five (5) clear market days' notice or such other periods as may be prescribed by the SGX-ST. However, the register of Shareholders may not be closed for one or more periods not exceeding than thirty (30) days in aggregate in any calendar year. Our Company typically closes the register of Shareholders to determine Shareholders' entitlement to receive dividends and other distributions.

APPENDIX C – DESCRIPTION OF OUR SHARES

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the Listing Manual or the rules or by-laws of any stock exchange on which our Company is listed. Our Board may decline to register any transfer of Shares which are not fully paid Shares, or Shares on which our Company has a lien. Our Shares may be transferred by a duly signed instrument of transfer in a form approved by the SGX-ST or any stock exchange on which our Company is listed. Our Board may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as it may require. Our Company will replace lost or destroyed certificates for Shares if it is properly notified and if the applicant pays a fee which will not exceed S\$2 and furnishes any evidence and indemnity that our Board may require.

General Meetings of Shareholders

Our Company is required to hold an annual general meeting every year. Our Board may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10% of the total voting rights of all Shareholders request in writing that such a meeting be held. In addition, two (2) or more Shareholders holding not less than 10% of the issued share capital of our Company (excluding treasury shares) may call a meeting. Unless otherwise required by law or by our Constitution, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Constitution, a change of the corporate name and a reduction in the share capital. Our Company must give at least twenty-one (21) days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least fourteen (14) days' notice in writing. The notice must be given to every Shareholder who has supplied our Company with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP seventy-two (72) hours before the general meeting. Except as otherwise provided in our Constitution, five (5) or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under the Constitution, on a show of hands, every Shareholder present in person and by proxy shall have one (1) vote, and on a poll, every Shareholder present in person or by proxy shall have one (1) vote for each Share which he holds or represents. A Shareholder who is not a relevant intermediary may appoint not more than two (2) proxies to attend and vote at the same general meeting. A Shareholder who is a relevant intermediary may appoint more than two (2) proxies to attend and vote at the same general meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by it. A poll may be demanded in certain circumstances, including by the chairman of the meeting or by any Shareholder or Shareholders present in person or by proxy and representing not less than 5% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than five (5) Shareholders present in person or by proxy and entitled to vote. In the case of an equality

APPENDIX C – DESCRIPTION OF OUR SHARES

of vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote. As required by Rule 730A of the Listing Manual, all resolutions at general meetings shall be voted by poll.

Dividends

Our Company may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but it may not pay dividends in excess of the amount recommended by our Board. Our Company must pay all dividends out of its profits. Our Board may also declare an interim dividend without the approval of our Shareholders. All dividends are paid pro-rata among our Shareholders in proportion to the amount paid up on each Share, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque, draft, warrant or Post Office order to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by our Company to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge our Company from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issues

Our Board may, with approval by our Shareholders at a general meeting, capitalise any reserves or profits and distribute the same as bonus Shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which our Company is listed.

Take-overs

Under the Take-over Code, any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of the voting Shares must extend a take-over offer for the remaining voting Shares in accordance with the provisions of the Take-over Code. In addition, a mandatory take-over offer is also required to be made if a person holding, either on his own or together with parties acting in concert with him, between 30% and 50% of the voting rights acquires additional voting shares representing more than 1% of the voting shares in any six (6) month period. Under the Take-over Code, the following individuals and companies will be presumed to be persons acting in concert with each other unless the contrary is established:

- (a) the following companies:
 - (i) a company;
 - (ii) the parent company of (i);
 - (iii) the subsidiaries of (i);
 - (iv) the fellow subsidiaries of (i);
 - (v) the associated companies of (i), (ii), (iii) or (iv);
 - (vi) companies whose associated companies include any of (i), (ii), (iii), (iv) or (v); and
 - (vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights;

APPENDIX C – DESCRIPTION OF OUR SHARES

- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its customer in respect of the shareholdings of:
 - (i) the adviser and persons controlling, controlled by or under the same control as the adviser; and
 - (ii) all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the customer total 10% or more of the customer's equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) the following persons and entities:
 - (i) an individual;
 - (ii) the close relatives of (i);
 - (iii) the related trusts of (i);
 - (iv) any person who is accustomed to act in accordance with the instructions of (i);
 - (v) companies controlled by any of (i), (ii), (iii) or (iv); and
 - (vi) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

Under the Singapore Take-over Code, a mandatory offer made with consideration other than cash must be accompanied by a cash alternative at not less than the highest price paid by the offeror or any person acting in concert within the preceding six (6) months.

Liquidation or Other Return of Capital

If our Company is liquidated or in the event of any other return of capital, holders of Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

APPENDIX C – DESCRIPTION OF OUR SHARES

Indemnity

As permitted by Singapore law, our Constitution provides that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by our Company against all costs, charges, losses, expenses and liabilities incurred or to be incurred by him in the execution and discharge of his duties or in relation thereto.

Limitations on Rights to Hold or Vote Shares

Except as described in “Voting Rights” and “Take-overs” above, there are no limitations imposed by Singapore law or by our Constitution on the rights of non-resident Shareholders to hold or vote in respect of our Shares.

Minority Rights

The rights of minority Shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any Shareholder of our Company, as they think fit to remedy any of the following situations:

- (a) our affairs are being conducted or the powers of our Board are being exercised in a manner oppressive to, or in disregard of the interests of, one (1) or more of our Shareholders; or
- (b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one (1) or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the relief they may grant and such relief is in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- (a) direct or prohibit any act or cancel or vary any transaction or resolution;
- (b) regulate the conduct of our affairs in the future;
- (c) authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;
- (d) provide for the purchase of a minority Shareholder’s shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital;
- (e) provide that our Constitution be amended; or
- (f) provide that we be wound up.

This page has been intentionally left blank.

APPENDIX D – RULES OF THE PROP Nex PSP

1. NAME OF THE PLAN

- 1.1 The Plan shall be called the “**PropNex Performance Share Plan**”.

2. DEFINITIONS

- 2.1 In the Plan, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Act”</i>	The Companies Act, Chapter 50 of Singapore as amended from time to time.
<i>“Adoption Date”</i>	The date on which the Plan is adopted by the Company in general meeting.
<i>“Associate”</i>	Shall have the meaning assigned to it in the Listing Manual.
<i>“Associated Company”</i>	A company in which at least 20% but not more than 50% of its issued shares are held by the Company or the Group and over which the Company has Control.
<i>“Auditors”</i>	The auditors of the Company for the time being.
<i>“Award”</i>	A contingent award of Shares granted under Rule 5.
<i>“Award Date”</i>	In relation to an Award, the date on which the Award is granted pursuant to Rule 5.
<i>“Award Letter”</i>	A letter in such form as the Committee shall approve confirming an Award granted to a Participant by the Committee.
<i>“CDP”</i>	The Central Depository (Pte) Limited.
<i>“Committee”</i>	The Remuneration Committee of the Company.
<i>“Company”</i>	PropNex Limited, a company incorporated in Singapore.
<i>“Control”</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
<i>“Group”</i>	The Company and its subsidiaries and Associated Companies (as they may exist from time to time).

APPENDIX D – RULES OF THE PROP Nex PSP

<i>“Group Executive”</i>	Any confirmed employee of the Group (including any Group Executive Director who meet the relevant criteria and who shall be regarded as a Group Executive for the purposes of the Plan) selected by the Committee to participate in the Plan in accordance with Rule 4.
<i>“Group Executive Director”</i>	A director of the Company and/or any of its subsidiaries and/or any of its Associated Companies, as the case may be, who performs an executive function.
<i>“Listing Manual”</i>	The Listing Manual of the Singapore Exchange.
<i>“Market Value”</i>	In relation to a Share, on any day: (a) the average price of a Share on the Singapore Exchange over the five (5) immediately preceding Trading Days; or (b) if the Committee is of the opinion that the Market Value as determined in accordance with (a) is not representative of the value of a Share, such price as the Committee may determine, such determination to be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
<i>“Non-executive Director”</i>	A director of the Company and/or its subsidiaries, other than one (1) who performs an executive function.
<i>“Participant”</i>	A person who has been granted an Award pursuant to the Plan.
<i>“Performance Condition”</i>	In relation to an Award, the condition specified on the Award Date in relation to that Award.
<i>“Performance Period”</i>	The period, as may be determined by the Committee at its discretion, during which the Performance Condition is to be satisfied.
<i>“Plan”</i>	The PropNex Performance Share Plan, as the same may be modified or altered from time to time.
<i>“Release”</i>	In relation to an Award, the release at the end of the Performance Period relating to that Award of all or some of the Shares to which that Award relates in accordance with Rule 7 and, to the extent that any Shares which are the subject of the Award are not released pursuant to Rule 7, the Award in relation to those Shares shall lapse accordingly, and “Released” shall be construed accordingly.

APPENDIX D – RULES OF THE PROPnex PSP

<i>“Release Schedule”</i>	In relation to an Award, a schedule in such form as the Committee shall approve, setting out the extent to which Shares which are the subject of that Award shall be released on the Performance Condition being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the Performance Period.
<i>“Released Award”</i>	An Award which has been released in accordance with Rule 7.
<i>“Retention Period”</i>	Such retention period as may be determined by the Committee and notified to the Participant at the grant of the relevant Award to that Participant.
<i>“Shares”</i>	Ordinary shares in the capital of the Company.
<i>“Singapore Exchange”</i>	The Singapore Exchange Securities Trading Limited.
<i>“Trading Day”</i>	A day on which the Shares are traded on the Singapore Exchange.
<i>“Vesting”</i>	In relation to Shares which are the subject of a Released Award, the absolute entitlement to all or some of the Shares which are the subject of a Released Award and “Vest” and “Vested” shall be construed accordingly.
<i>“Vesting Date”</i>	In relation to Shares which are the subject of a Released Award, the date (as determined by the Committee and notified to the relevant Participant) on which those Shares have Vested pursuant to Rule 7.
2.2	Words importing the singular number shall, where applicable, include the plural number and <i>vice versa</i> . Words importing the masculine gender shall, where applicable, include the feminine and neuter genders.
2.3	Any reference to a time of a day in the Plan is a reference to Singapore time.
2.4	Any reference in the Plan to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in the Plan and used in the Plan shall have the meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

APPENDIX D – RULES OF THE PROPNEP PSP

3. OBJECTIVES OF THE PLAN

The Plan has been proposed in order to:

- (a) foster an ownership culture within the Group which aligns the interests of Group Executives and Non-executive Directors with the interests of shareholders;
- (b) motivate Participants to achieve key financial and operational goals of the Company and/or their respective business offerings; and
- (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world-class company.

4. ELIGIBILITY OF PARTICIPANTS

The following persons will be eligible to participate in the Plan at the absolute discretion of the Committee:

- (a) Group Executives who have attained the age of twenty-one (21) years and hold such rank as may be designated by the Committee from time to time; and
- (b) Non-executive Directors (including Independent Directors).

Directors and employees of the Company's parent company and its Subsidiaries who are also Directors and/or employees of the Company and the Company's Subsidiaries shall be entitled to participate in the Plan ("**Plan Entitled Persons**"). Save for the Plan Entitled Persons, Directors and employees of the Company's parent company and its Subsidiaries are not entitled to participate in the Plan.

Group Executives who are also Controlling Shareholders or Associates of a Controlling Shareholder who meet the eligibility criteria above are also eligible to participate in the PropNex PSP provided that the participation and the terms of each grant and the actual number of Awards granted under the Plan to a participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by independent Shareholders in separate resolutions for each person subject to the following:

- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders and Associates of Controlling Shareholders under the Plan shall not exceed 25% of the aggregate of the total number of Shares (comprised in Awards) which may be granted under the Plan; and
- (b) the number of shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the Plan.

The participation of and the terms of each grant and the actual number of Awards granted under the Plan to a Plan Entitled Person who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the limits described above.

APPENDIX D – RULES OF THE PROPnex PSP

5. GRANT OF AWARDS

- 5.1 Subject as provided in Rule 8, the Committee may grant Awards to Group Executives and Non-executive Directors as the Committee may select, in its absolute discretion, at any time during the period when the Plan is in force.
- 5.2 The number of Shares which are the subject of each Award to be granted to a Participant in accordance with the Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, creativity, innovativeness, entrepreneurship, years of service and potential for future development, his contribution to the success and development of our Group and, if applicable, the extent of effort and resourcefulness with which the Performance Condition may be achieved within the Performance Period.
- 5.3 The Committee shall decide in relation to an Award:
- (a) the Participant;
 - (b) the Award Date;
 - (c) the Performance Period;
 - (d) the number of Shares which are the subject of the Award;
 - (e) the Performance Condition;
 - (f) the Release Schedule; and
 - (g) any other condition which the Committee may determine in relation to that Award.
- 5.4 The Committee may amend or waive the Performance Period, the Performance Condition and/or the Release Schedule in respect of any Award:
- (a) in the event of a take-over offer being made for the Shares or if under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies or in the event of a proposal to liquidate or sell all or substantially all of the assets of the Company; or
 - (b) if anything happens which causes the Committee to conclude that:
 - (i) a changed Performance Condition and/or Release Schedule would be a fairer measure of performance, and would be no less difficult to satisfy; or
 - (ii) the Performance Condition and/or Release Schedule should be waived, and shall notify the Participants of such change or waiver.

APPENDIX D – RULES OF THE PROPNE X PSP

- 5.5 As soon as reasonably practicable after making an Award, the Committee shall send to each Participant an Award Letter confirming the Award and specifying in relation to the Award:
- (a) the Award Date;
 - (b) the Performance Period;
 - (c) the number of Shares which are the subject of the Award;
 - (d) the Performance Condition;
 - (e) the Release Schedule; and
 - (f) any other condition which the Committee may determine in relation to that Award.

5.6 Participants are not required to pay for the grant of Awards.

5.7 An Award or Released Award shall be personal to the Participant to whom it is granted and, prior to the allotment and/or transfer to the Participant of the Shares to which the Released Award relates, shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, except with the prior approval of the Committee and if a Participant shall do, suffer or permit any such act or thing as a result of which he would or might be deprived of any rights under an Award or Released Award without the prior approval of the Committee, that Award or Released Award shall immediately lapse.

6. EVENTS PRIOR TO THE VESTING DATE

6.1 An Award shall, to the extent not yet Released, immediately lapse without any claim whatsoever against the Company:

- (a) in the event of misconduct on the part of the Participant as determined by the Committee in its discretion;
- (b) subject to Rule 6.2(b), upon the Participant ceasing to be in the employment of the Group for any reason whatsoever; or
- (c) in the event of an order being made or a resolution passed for the winding-up of the Company on the basis, or by reason, of its insolvency.

For the purpose of Rule 6.1(b), the Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

6.2 In any of the following events, namely:

- (a) the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of an Award;

APPENDIX D – RULES OF THE PROPnex PSP

- (b) where the Participant ceases to be in the employment of the Group by reason of:
 - (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);
 - (ii) redundancy;
 - (iii) retirement at or after the legal retirement age;
 - (iv) retirement before the legal retirement age with the consent of the Committee;
 - (v) the company by which he is employed or to which he is seconded, as the case may be, ceasing to be a company within the Group, or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group, as the case may be;
 - (vi) (where applicable) his transfer of employment between companies within the Group;
 - (vii) his transfer to any government ministry, governmental or statutory body or corporation at the direction of any company within the Group; or
 - (viii) any other event approved by the Committee;
- (c) the death of a Participant; or
- (d) any other event approved by the Committee,

the Committee may, in its absolute discretion, preserve all or any part of any Award and decide as soon as reasonably practicable following such event either to Vest some or all of the Shares which are the subject of any Award or to preserve all or part of any Award until the end of the Performance Period and subject to the provisions of the Plan. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and the extent to which the Performance Condition has been satisfied.

6.3 Without prejudice to the provisions of Rule 5.4, if before the Vesting Date, any of the following occurs:

- (a) a take-over offer for the Shares becomes or is declared unconditional;
- (b) a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies being approved by shareholders of the Company and/or sanctioned by the court under the Act; or
- (c) an order being made or a resolution being passed for the winding-up of the Company (other than as provided in Rule 6.1(c) or for amalgamation or reconstruction),

the Committee will consider, at its discretion, whether or not to Release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to Release any Award,

APPENDIX D – RULES OF THE PROPNEP PSP

then in determining the number of Shares to be Vested in respect of such Award, the Committee will have regard to the proportion of the Performance Period which has elapsed and the extent to which the Performance Condition has been satisfied. Where Awards are Released, the Committee will, as soon as practicable after the Awards have been Released, procure the allotment or transfer to each Participant of the number of Shares so determined, such allotment or transfer to be made in accordance with Rule 7.

7. RELEASE OF AWARDS

7.1 Review of Performance Condition

7.1.1 As soon as reasonably practicable after the end of each Performance Period, the Committee shall review the Performance Condition specified in respect of each Award and determine at its discretion whether it has been satisfied and, if so, the extent to which it has been satisfied, and provided that the relevant Participant has continued to be a Group Executive or a Non-executive Director from the Award Date up to the end of the Performance Period, shall Release to that Participant all or part (as determined by the Committee at its discretion in the case where the Committee has determined that there has been partial satisfaction of the Performance Condition) of the Shares to which his Award relates in accordance with the Release Schedule specified in respect of his Award on the Vesting Date. If not, the Awards shall lapse and be of no value.

If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or (subject to Rule 6) if the relevant Participant has not continued to be a Group Executive or a Non-executive Director from the Award Date up to the end of the relevant Performance Period, that Award shall lapse and be of no value and the provisions of Rules 7.2 to 7.4 shall be of no effect.

The Committee shall have the discretion to determine whether the Performance Condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make computational adjustments to the audited results of the Company or the Group, to take into account such factors as the Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and further the right to amend the Performance Condition if the Committee decides that a changed performance target would be a fairer measure of performance.

7.1.2 Shares which are the subject of a Released Award shall be Vested to a Participant on the Vesting Date, which shall be a Trading Day falling as soon as practicable after the review by the Committee referred to in Rule 7.1.1 and, on the Vesting Date, the Committee will procure the allotment or transfer to each Participant of the number of Shares so determined.

7.1.3 Where new Shares are allotted upon the Vesting of any Award, the Company shall, as soon as practicable after such allotment, apply to the Singapore Exchange for permission to deal in and for quotation of such Shares.

APPENDIX D – RULES OF THE PROPNE X PSP

7.2 Release of Award

Subject to the prevailing legislation, our Company will deliver Shares to participants upon vesting of their awards by way of either (i) an issuance of new Shares; or (ii) a transfer of Shares then held by our Company in treasury. The Remuneration Committee may, in its absolute discretion, make a release of an Award, wholly or partly, in the form of cash rather than Shares.

In determining whether to issue new Shares, or to purchase existing Shares for delivery, or the payment of the aggregate Market Value) in cash, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of issuing new Shares or delivering existing Shares.

Shares which are allotted or transferred on the Release of an Award to a Participant shall be issued in the name of, or transferred to, CDP to the credit of the securities account of that Participant maintained with CDP or the securities sub-account of that Participant maintained with a Depository Agent, in each case, as designated by that Participant.

7.3 Ranking of Shares

New Shares allotted and issued, and existing Shares procured by the Company for transfer, on the Release of an Award shall:

- (a) be subject to all the provisions of the Constitution of the Company; and
- (b) rank in full for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant Vesting Date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

For the purposes of this Rule 7.3, “Record Date” means the date fixed by the Company for the purposes of determining entitlements to dividends or other distributions to or rights of holders of Shares.

7.4 Moratorium

Shares which are allotted and issued or transferred to a Participant pursuant to the Release of an Award shall not be transferred, charged, assigned, pledged or otherwise disposed of, in whole or in part, during the Retention Period, except to the extent set out in the Award Letter or with the prior approval of the Committee. The Company may take steps that it considers necessary or appropriate to enforce or give effect to this disposal restriction including specifying in the Award Letter the conditions which are to be attached to an Award for the purpose of enforcing this disposal restriction.

8. LIMITATION ON THE SIZE OF THE PLAN

- 8.1 The aggregate number of Shares which may be issued or transferred pursuant to Awards granted under the Plan on any date, when aggregated with the aggregate number of Shares over which options or awards are granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day preceding that date.

APPENDIX D – RULES OF THE PROPnex PSP

- 8.2 Shares which are the subject of Awards which have lapsed for any reason whatsoever may be the subject of further Awards granted by the Committee under the Plan.
- 8.3 The number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder is subject to the following:
- (a) the aggregate number of Shares comprised in Awards granted to Controlling Shareholders and Associates of Controlling Shareholders under the Plan shall not exceed 25% of the aggregate number of Shares (comprised in Awards) which may be granted under the Plan; and
 - (b) the number of Shares available to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the Plan.

9. ADJUSTMENT EVENTS

- 9.1 If a variation in the issued ordinary share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

- (a) the class and/or number of Shares which are the subject of an Award to the extent not yet Vested; and/or
- (b) the class and/or number of Shares in respect of which future Awards may be granted under the Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant receives a benefit that a shareholder of the Company does not receive.

- 9.2 Unless the Committee considers an adjustment to be appropriate, the issuance of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares undertaken by the Company on the Singapore Exchange during the period when a share purchase mandate granted by shareholders of the Company (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.
- 9.3 Notwithstanding the provisions of Rule 9.1, any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the Auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.
- 9.4 Upon any adjustment required to be made pursuant to this Rule 9, the Company shall notify the Participant (or his duly appointed personal representatives where applicable) in writing and deliver to him (or his duly appointed personal representatives where applicable) a statement setting forth the class and/or number of Shares thereafter to be issued or transferred on the Vesting of an Award. Any adjustment shall take effect upon such written notification being given.

APPENDIX D – RULES OF THE PROPnex PSP

10. ADMINISTRATION OF THE PLAN

- 10.1 The Plan shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the board of directors of the Company, provided that no member of the Committee shall participate in any deliberation or decision in respect of Awards to be granted to him or held by him.
- 10.2 The Committee shall have the power, from time to time, to make and vary such arrangements, guidelines and/or regulations (not being inconsistent with the Plan) for the implementation and administration of the Plan, to give effect to the provisions of the Plan and/or to enhance the benefit of the Awards and the Released Awards to the Participants, as it may, in its absolute discretion, think fit. Any matter pertaining or pursuant to the Plan and any dispute and uncertainty as to the interpretation of the Plan, any rule, regulation or procedure thereunder or any rights under the Plan shall be determined by the Committee.
- 10.3 Neither the Plan nor the grant of Awards under the Plan shall impose on the Company or the Committee or any of its members any liability whatsoever in connection with: (a) the lapsing of any Awards pursuant to any provision of the Plan; (b) the failure or refusal by the Committee to exercise, or the exercise by the Committee of, any discretion under the Plan; and/or (c) any decision or determination of the Committee made pursuant to any provision of the Plan.
- 10.4 Any decision or determination of the Committee made pursuant to any provision of the Plan (other than a matter to be certified by the Auditors) shall be final, binding and conclusive (including for the avoidance of doubt, any decisions pertaining to disputes as to the interpretation of the Plan or any rule, regulation or procedure hereunder or as to any rights under the Plan). The Committee shall not be required to furnish any reasons for any decision or determination made by it.
- 10.5 As a safeguard against abuse, pursuant to the Listing Manual, a Participant who is a member of the Committee shall not be involved in its deliberation in respect of Awards (if any) to be granted to him. Further, where Awards are proposed to be granted to or held by Group Executive Directors, all members of the Board (and not just members of the Committee) who are not Group Executive Directors will be involved in deliberation on the same.

11. NOTICES AND COMMUNICATIONS

- 11.1 Any notice required to be given by a Participant to the Company shall be sent or made to the registered office of the Company or such other addresses (including electronic mail addresses) or facsimile number, and marked for the attention of the Committee, as may be notified by the Company to him in writing.
- 11.2 Any notices or documents required to be given to a Participant or any correspondence to be made between the Company and the Participant shall be given or made by the Committee (or such person(s) as it may from time to time direct) on behalf of the Company and shall be delivered to him by hand or sent to him at his home address, electronic mail address or facsimile number according to the records of the Company or the last known address, electronic mail address or facsimile number of the Participant.

APPENDIX D – RULES OF THE PROPnex PSP

- 11.3 Any notice or other communication from a Participant to the Company shall be irrevocable, and shall not be effective until received by the Company. Any other notice or communication from the Company to a Participant shall be deemed to be received by that Participant, when left at the address specified in Rule 11.2 or, if sent by post, on the day following the date of posting or, if sent by electronic mail or facsimile transmission, on the day of despatch.

12. MODIFICATIONS TO THE PLAN

- 12.1 Any or all the provisions of the Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, except that:

- (a) no modification or alteration shall alter adversely the rights attached to any Award granted prior to such modification or alteration except with the consent in writing of such number of Participants who, if their Awards were Released to them upon the Performance Conditions for their Awards being satisfied in full, would become entitled to not less than three-quarters in number of all the Shares which would fall to be Vested upon Release of all outstanding Awards upon the Performance Conditions for all outstanding Awards being satisfied in full;
- (b) the definitions of “Associated Company”, “Group Executive”, “Group Executive Director”, “Non-executive Director”, “Participant”, “Performance Period” and “Release Schedule” and the provisions of Rules 4, 5, 6, 7, 8, 9, 10 and this Rule 12 shall not be altered to the advantage of Participants except with the prior approval of the Company’s shareholders in general meeting; and
- (c) no modification or alteration shall be made without the prior approval of the Singapore Exchange and such other regulatory authorities as may be necessary.

For the purposes of Rule 12.1(a), the opinion of the Committee as to whether any modification or alteration would adversely affect the rights attached to any Award shall be final, binding and conclusive.

For the avoidance of doubt, nothing in this Rule 12.1 shall affect the right of the Committee under any other provision of the Plan to amend or adjust any Award.

- 12.2 Notwithstanding anything to the contrary contained in Rule 12.1, the Committee may at any time by resolution (and without other formality, save for the prior approval of the Singapore Exchange) amend or alter the Plan in any way to the extent necessary or desirable, in the opinion of the Committee, to cause the Plan to comply with, or take into account, any statutory provision (or any amendment or modification thereto, including amendment of or modification to the Act) or the provision or the regulations of any regulatory or other relevant authority or body (including the Singapore Exchange).
- 12.3 Written notice of any modification or alteration made in accordance with this Rule 12 shall be given to all Participants.

APPENDIX D – RULES OF THE PROP Nex PSP

13. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the Plan are to abstain from voting on any shareholders' resolution relating to the Plan, including resolutions pertaining to the implementation of the PropNex PSP and the participation by and grant of Awards to Controlling Shareholders and/or their Associates, and should not accept nominations as proxy or otherwise for voting in relation to any of the resolutions above unless specific instructions have been given in the proxy form on how the votes is to be cast.

14. TERMS OF EMPLOYMENT UNAFFECTED

The terms of employment of a Participant shall not be affected by his participation in the Plan, which shall neither form part of such terms nor entitle him to take into account such participation in calculating any compensation or damages on the termination of his employment for any reason.

15. DURATION OF THE PLAN

- 15.1 The Plan shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years commencing on the Adoption Date, provided always that the Plan may continue beyond the above stipulated period with the approval of the Company's shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.
- 15.2 The Plan may be terminated at any time by the Committee or, at the discretion of the Committee, by resolution of the Company in general meeting, subject to all relevant approvals which may be required and if the Plan is so terminated, no further Awards shall be granted by the Committee hereunder.
- 15.3 The expiry or termination of the Plan shall not affect Awards which have been granted prior to such expiry or termination, whether such Awards have been Released (whether fully or partially) or not.

16. TAXES

All taxes (including income tax) arising from the grant or Release of any Award granted to any Participant under the Plan shall be borne by that Participant.

17. COSTS AND EXPENSES OF THE PLAN

- 17.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the Release of any Award in CDP's name, the deposit of share certificate(s) with CDP, the Participant's securities account with CDP, or the Participant's securities sub-account with a Depository Agent.
- 17.2 Save for the taxes referred to in Rule 15 and such other costs and expenses expressly provided in the Plan to be payable by the Participants, all fees, costs and expenses incurred by the Company in relation to the Plan including but not limited to the fees, costs and expenses relating to the allotment and issue, or transfer, of Shares pursuant to the Release of any Award shall be borne by the Company.

APPENDIX D – RULES OF THE PROP Nex PSP

18. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in any event, including but not limited to the Company's delay in issuing, or procuring the transfer of, the Shares or applying for or procuring the listing of new Shares on the Singapore Exchange in accordance with Rule 7.1.3.

19. DISCLOSURES IN ANNUAL REPORTS

The Company shall make the following disclosure (as applicable) in its annual report:

- (a) The names of the members of the Committee administering the Plan;
- (b) The information required in the table below for the following Participants of the Plan:
 - (i) Participants who are Directors of the Company; and
 - (ii) Controlling Shareholders and their Associates; and
 - (iii) Participants, other than those above, who receive 5% or more of the total number of Shares available under the Plan; and

Name of Participant	Total Number of Shares Comprised in Awards under the PropNex PSP during the Financial Year under Review (including terms)	Aggregate Number of Shares Comprised in Awards Vested to such Participant since Commencement of the PropNex PSP to the End of the Financial Year under Review	Aggregate Number of Shares Comprised in Awards Issued since Commencement of the PropNex PSP to the End of the Financial Year under Review	Aggregate Number of Shares Comprised in Awards which have not been Released as at the End of the Financial Year under Review

- (c) the number and proportion of Shares comprised in Awards granted at a discount during the financial year under review in respect of every 10% discount range, up to the maximum quantum of discount granted; and
- (d) any other information required to be so disclosed pursuant to the Listing Manual and all other applicable laws and requirements,

provided that if any of the above requirements are not applicable, an appropriate negative statement should be included therein.

20. DISPUTES

Any disputes or differences of any nature arising hereunder shall be referred to the Committee and its decision shall be final and binding in all respects.

APPENDIX D – RULES OF THE PROPnex PSP

21. GOVERNING LAW

The Plan shall be governed by, and construed in accordance with, the laws of the Republic of Singapore. The Participants, by accepting grants of Awards in accordance with the Plan, and the Company submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT, CHAPTER 53B

No person other than the Company or a Participant shall have any right to enforce any provision of the Plan or any Award by the virtue of the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

This page has been intentionally left blank.

APPENDIX E – RULES OF THE PROP Nex ESOS

1. DEFINITIONS

In this Scheme, unless the context otherwise requires, the following words and expressions shall have the following meanings:

<i>“Act”</i>	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
<i>“Associate”</i>	Shall have the meaning assigned to it in the Listing Rules.
<i>“Associated Company”</i>	A company in which at least 20% but not more than 50% of its issued shares are held by the Company or the Group and over which the Company has Control.
<i>“Associated Company Employee”</i>	Any confirmed employee (including directors) of an Associated Company selected by the Committee to participate in the Scheme.
<i>“Auditors”</i>	The auditors of the Company for the time being.
<i>“Board”</i>	The board of Directors of the Company for the time being.
<i>“CDP”</i>	The Central Depository (Pte) Limited.
<i>“Committee”</i>	The Remuneration Committee of the Company.
<i>“Company”</i>	PropNex Limited
<i>“Control”</i>	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company.
<i>“Date of Grant”</i>	The date on which an Option is granted to a Participant pursuant to Rule 7.
<i>“Director”</i>	A person holding office as a director for the time being of the Company.
<i>“EGM”</i>	Extraordinary General Meeting.
<i>“Executive Director”</i>	A director who is an employee of the Group and who performs an executive function.
<i>“Exercise Price”</i>	The price at which a Participant shall acquire each Share upon the exercise of an Option, as determined in accordance with Rule 9, or such adjusted price as may be applicable pursuant to Rule 10.

APPENDIX E – RULES OF THE PROP Nex ESOS

<i>“Financial Year” or “FY”</i>	Each period of twelve (12) months or more or less than twelve (12) months, at the end of which the balance of accounts of the Company are prepared and audited, for the purpose of laying the same before an annual general meeting of the Company.
<i>“Grantee”</i>	The person to whom an offer of an Option is made.
<i>“Group”</i>	The Company, its subsidiaries and Associated Companies (as they may exist from time to time).
<i>“Group Employee”</i>	Any confirmed employee of the Group (including an Executive Director) selected by the Committee to participate in the Scheme in accordance with Rule 4.
<i>“Listing Rules”</i>	The rules constituted in the Listing Manual of the SGX-ST.
<i>“Market Day”</i>	A day on which the SGX-ST is open for trading of securities.
<i>“Market Price”</i>	The average of the last dealt prices for a Share determined by reference to the daily Official List published by the SGX-ST for a period of five (5) consecutive Market Days immediately prior to the relevant Offer Date provided always that in the case of a Market Day on which the Shares are not traded on the SGX-ST, the last dealt price for Shares on such Market Day shall be deemed to be the last dealt price of the Shares on the immediately preceding Market Day on which the Shares were traded, rounded up to the nearest whole cent in the event of fractional prices.
<i>“Non-executive Director”</i>	A director of the Company and/or its subsidiaries, other than one (1) who performs an executive function.
<i>“Offer Date”</i>	The date on which an offer to grant an Option is made pursuant to the Scheme.
<i>“Option”</i>	The right to acquire Shares granted or to be granted to a Group Employee or a Non-executive Director pursuant to the Scheme and for the time being subsisting.
<i>“Option Period”</i>	<p>Subject as provided in Rules 11 and 15, the period for the exercise of an Option being:</p> <p>(a) in the case of an Option granted to a Group Employee (other than Options granted to Non-executive Directors and/or Associated Company Employees), a period commencing after the first anniversary of the Offer Date and expiring on (and including) the date immediately preceding the tenth anniversary of the Offer Date or such other shorter period determined by the Committee; and</p>

APPENDIX E – RULES OF THE PROP Nex ESOS

- (b) in the case of an Option granted to Non-executive Directors and/or Associated Company Employees, a period commencing after the first anniversary of the Offer Date and expiring on (and including) the date immediately preceding the fifth anniversary of the Offer Date or such other shorter period determined by the Committee,

provided that where the Exercise Price for the Shares comprised in an Option is set at a discount to the Market Price, such Option may not be exercised before the second anniversary of such Offer Date.

<i>“Participant”</i>	The holder of an Option.
<i>“Record Date”</i>	The date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.
<i>“Scheme”</i>	The PropNex ESOS as modified or amended from time to time.
<i>“S\$”</i>	Singapore dollars.
<i>“SGX-ST”</i>	The Singapore Exchange Securities Trading Limited.
<i>“Shares”</i>	Ordinary shares in the capital of the Company.
<i>“Shareholders”</i>	The registered holders for the time being of the Shares (other than CDP) or in the case of Depositors, Depositors who have Shares entered against their names in the Depository Register.
<i>“Subsidiary”</i>	A company which is for the time being a subsidiary of the Company as defined by Section 5 of the Act.

The terms “Depositor”, “Depository Register” and “Depository Agent” shall have the meanings ascribed to them respectively by Section 130A of the Act.

Words denoting the singular shall, where applicable, include the plural and *vice versa* and words denoting the masculine gender shall, where applicable, include the feminine and neuter gender. References to persons shall include corporations.

Any reference in the Scheme to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and used in this Scheme shall, where applicable, have the same meaning assigned to it under the Act. Any reference in this Scheme to a time of day shall be a reference to Singapore time unless otherwise stated.

APPENDIX E – RULES OF THE PROP Nex ESOS

2. NAME OF THE SCHEME

The Scheme shall be called the “PropNex ESOS”.

3. OBJECTIVES OF THE SCHEME

The Scheme will provide an opportunity for Group Employees who have contributed significantly to the growth and performance of the Group and Non-executive Directors and who satisfy the eligibility criteria as set out in Rule 4 of the Scheme, to participate in the equity of the Company.

The Scheme is primarily a share incentive scheme. It recognises the fact that the services of Group Employees and Non-executive Directors are important to the success and continued well-being of the Group. Implementation of the Scheme will enable the Company to give recognition to the contributions made by such Group Employees and Non-executive Directors. At the same time, it will give such Group Employees and Non-executive Directors an opportunity to have a direct interest in the Company at no direct cost to its profitability and will also help to achieve the following positive objectives:

- (a) to motivate Participants to optimise their performance standards and efficiency and to maintain a high level of contribution to the Group;
- (b) to retain key employees and directors whose contributions are essential to the long-term growth and prosperity of the Group;
- (c) to instill loyalty to, and a stronger identification by Participants with the long-term prosperity of, the Group;
- (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the Shareholders; and
- (e) to align the interests of Participants with the interests of the Shareholders.

4. ELIGIBILITY

The following persons shall be eligible to participate in the Scheme at the absolute discretion of the Committee:

- (a) Group Employees (including Executive Directors) who have attained the age of twenty-one (21) years on or prior to the relevant Offer Date and are not undischarged bankrupts and have not entered into a composition with their respective creditors, and who have, as of the Date of Grant, been in the employment of the Group for a period of at least twelve (12) months, or such shorter period as the Committee may determine; and
- (b) Non-executive Directors.

Directors and employees of the Company’s parent company and its Subsidiaries who are also Directors and/or employees of the Company and the Company’s Subsidiaries shall be entitled to participate in the Scheme (“**Scheme Entitled Persons**”). Save for the Scheme Entitled Persons, Directors and employees of the Company’s parent company and its Subsidiaries are not entitled to participate in the Scheme.

APPENDIX E – RULES OF THE PROP Nex ESOS

Subject to the discretion of the Remuneration Committee, Controlling Shareholders and/or their Associates who meet the criteria above are eligible to participate in the Scheme, provided that the participation of each Controlling Shareholder and/or their Associate and each grant of an Option to any of them shall be approved by independent Shareholders in separate resolutions for each person subject to the following:

- (a) the aggregate number of Options granted to Controlling Shareholders and Associates of Controlling Shareholders under the Scheme shall not exceed 25% of the aggregate of the total number of Shares which may be granted under the Scheme; and
- (b) the number of shares over which an Option may be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the Scheme.

The participation of and the terms of each grant and the actual number of Options granted under the Scheme to a participant who is a Controlling Shareholder or an Associate of a Controlling Shareholder shall be approved by the independent Shareholders in separate resolutions for each such person subject to the limits described above.

There will be no restriction on the eligibility of any Participant to participate in any other share option or share incentive schemes implemented by any other companies within the Group.

5. MAXIMUM ENTITLEMENT

Subject to Rule 4 and Rule 10, the aggregate number of Shares in respect of which Options may be offered to a Grantee for acquisition in accordance with the Scheme shall be determined at the discretion of the Committee who shall take into account criteria such as rank, past performance, years of service and potential development of the Grantee.

6. LIMITATION ON SIZE OF THE SCHEME

The aggregate number of Shares over which the Committee may grant Options on any date, when added to the number of Shares issued and issuable or transferred and to be transferred in respect of all Options granted under the Scheme and the number of Shares issued and issuable or transferred and to be transferred in respect of all options or awards granted under any other share option schemes or share schemes of the Company, shall not exceed 15% of the total number of issued Shares (excluding Shares held by the Company as treasury shares) on the day immediately preceding the Offer Date of the Option.

In addition, the number of Shares available to Controlling Shareholders or Associates of a Controlling Shareholder is subject to the following:

- (a) the aggregate number of Options granted to Controlling Shareholders and Associates of Controlling Shareholders under the PropNex ESOS shall not exceed 25% of the aggregate of the total number of Shares which may be granted under the Scheme; and
- (b) the number of shares over which an Option may be granted to each Controlling Shareholder or Associate of a Controlling Shareholder shall not exceed 10% of the Shares available under the Scheme.

APPENDIX E – RULES OF THE PROPnex ESOS

7. OFFER DATE

- 7.1 The Committee may, save as provided in Rule 4, Rule 5 and Rule 6, offer to grant Options to such Grantees as it may select in its absolute discretion at any time during the period when the Scheme is in force, except that no Options shall be granted during the period of thirty (30) days immediately preceding the date of announcement of the Company's interim and/or final results (whichever the case may be). In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers to grant Options may only be made on or after the third Market Day on which such announcement is released.
- 7.2 An offer to grant the Option to a Grantee shall be made by way of a letter (the "**Letter of Offer**") in the form or substantially in the form set out in Annex 1, subject to such amendments as the Committee may determine from time to time.

8. ACCEPTANCE OF OFFER

- 8.1 An Option offered to a Grantee pursuant to Rule 7 may only be accepted by the Grantee within thirty (30) days after the relevant Offer Date and not later than 5.00 p.m. on the thirtieth (30th) day from such Offer Date (a) by completing, signing and returning to the Company the Acceptance Form in or substantially in the form set out in Annex 2, subject to such modification as the Committee may from time to time determine, accompanied by payment of S\$1.00 as consideration or such other amount and such other documentation as the Committee may require and (b) if, at the date on which the Company receives from the Grantee the Acceptance Form in respect of the Option as aforesaid, he remains eligible to participate in the Scheme in accordance with these Rules.
- 8.2 If a grant of an Option is not accepted strictly in the manner as provided in this Rule 8, such offer shall, upon the expiry of the thirty (30) day period, automatically lapse and shall forthwith be deemed to be null and void and be of no effect.
- 8.3 The Company shall be entitled to reject any purported acceptance of a grant of an Option made pursuant to this Rule 8 or Exercise Notice (as defined in Rule 12) given pursuant to Rule 12 which does not strictly comply with the terms of the Scheme.
- 8.4 Options are personal to the Grantees to whom they are granted and shall not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever without the Committee's prior written approval, but may be exercised by the Grantee's duly appointed personal representative as provided in Rule 11.6 in the event of the death of such Grantee.
- 8.5 The Grantee may accept or refuse the whole or part of the offer. If only part of the offer is accepted, the Grantee shall accept the offer in multiples of 100 Shares. The Committee shall, within fifteen (15) Market Days of receipt of the Acceptance Form and consideration, acknowledge receipt of the same.
- 8.6 In the event that a grant of an Option results in a contravention of any applicable law or regulation, such grant shall be null and void and be of no effect and the relevant Participant shall have no claim whatsoever against the Company.

APPENDIX E – RULES OF THE PROPnex ESOS

- 8.7 Unless the Committee determines otherwise, an Option shall automatically lapse and become null, void and of no effect and shall not be capable of acceptance if:
- (a) it is not accepted in the manner as provided in Rule 8.1 within the thirty (30) day period; or
 - (b) the Participant dies prior to his acceptance of the Option; or
 - (c) the Participant is adjudicated a bankrupt or enters into composition with his creditors prior to his acceptance of the Option; or
 - (d) the Grantee, being a Group Employee, ceases to be in the employment of the Group or (being an Executive Director) ceases to be a director of the Company, in each case, for any reason whatsoever prior to his acceptance of the Option; or
 - (e) the Company is liquidated or wound-up prior to the Grantee's acceptance of the Option.

9. EXERCISE PRICE

- 9.1 Subject to any adjustment pursuant to Rule 10, the Exercise Price for each Share in respect of which an Option is exercisable shall be determined by the Committee at its absolute discretion, and shall be fixed by the Committee at:
- (a) the Market Price; or
 - (b) a price which is set at a discount to the Market Price, provided that:
 - (i) the maximum discount which may be given in respect of any Option shall not exceed 20% of the Market Price in respect of that Option (or such other percentage or amount as may be determined by the Committee and permitted by the SGX-ST); and
 - (ii) the Shareholders in general meeting shall have authorised, in a separate resolution, the making of offers and grants of Options under the ESOS at a discount not exceeding the maximum discount aforesaid.
- 9.2 In making any determination under Rule 9.1(b) on whether to give a discount and the quantum of such discount, the Committee shall be at liberty to take into consideration such criteria as the Committee may, at its absolute discretion, deem appropriate, including but not limited to:
- (a) the performance of the Company, its Subsidiaries and Associated Companies, as the case may be, taking into account financial parameters such as net profit after tax, return on equity and earnings growth;
 - (b) the years of service and individual performance of the eligible Group Employee;
 - (c) the contribution of the eligible Group Employee to the success and development of the Company and/or the Group; and
 - (d) the prevailing market conditions.

APPENDIX E – RULES OF THE PROP Nex ESOS

- 9.3 In the event that the Company is no longer listed on the Main Board of the SGX-ST or any other relevant stock exchange or trading in the Shares on the Main Board of the SGX-ST or such stock exchange is suspended for any reason for fourteen (14) days or more, the Exercise Price for each Share in respect of which an Option is exercisable shall be the fair market value of each such Share as determined by the Committee in good faith.

10. ALTERATION OF CAPITAL

- 10.1 If a variation in the issued share capital of the Company (whether by way of a capitalisation of profits or reserves or rights issue or reduction, subdivision, consolidation or distribution, or otherwise howsoever) should take place, then:

- (a) the Exercise Price in respect of the Shares comprised in the Option to the extent unexercised; and/or
- (b) the class and/or number of Shares comprised in the Option to the extent unexercised and the rights attached thereto; and/or
- (c) the maximum entitlement in any one (1) Financial Year; and/or
- (d) the class and/or number of Shares in respect of which additional Options may be granted to Participants,

may, at the option of the Committee, be adjusted in such manner as the Committee may determine to be appropriate including retrospective adjustments where such variation occurs after the date of exercise of an Option but the Record Date relating to such variation precedes such date of exercise and, except in relation to a capitalisation issue, upon the written confirmation of the Auditors (acting only as experts and not as arbitrators), that in their opinion, such adjustment is fair and reasonable.

- 10.2 Notwithstanding the provisions of Rule 10.1 above, no such adjustment shall be made (a) if as a result, the Participant receives a benefit that a Shareholder does not receive; and (b) unless the Committee after considering all relevant circumstances considers it equitable to do so.
- 10.3 The issue of securities as consideration for an acquisition of any assets by the Company or a private placement of securities or the cancellation of issued Shares purchased or acquired by the Company by way of a market purchase of such Shares, in accordance with the Listing Rules, undertaken by the Company on the SGX-ST during the period when a share repurchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, will not be regarded as a circumstance requiring adjustment under the provisions of this Rule 10.
- 10.4 The restriction on the number of Shares to be offered to any Grantee under Rule 5 above, shall not apply to the number of additional Shares or Options over additional Shares issued or transferred by virtue of any adjustment to the number of Shares and/or Options pursuant to this Rule 10.
- 10.5 Upon any adjustment required to be made, the Company shall notify each Participant (or his duly appointed personal representative(s)) in writing and deliver to him (or, where applicable, his duly appointed personal representative(s)) a statement setting forth the new

APPENDIX E – RULES OF THE PROPnex ESOS

Exercise Price thereafter in effect and the class and/or number of Shares thereafter comprised in the Option so far as unexercised and the maximum entitlement in any one (1) Financial Year.

11. OPTION PERIOD

- 11.1 Options granted with the Exercise Price set at Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the first anniversary of the Offer Date of that Option, provided always that the Options (other than Options granted to Non-executive Directors and/or Associated Company Employees) shall be exercised before the tenth anniversary of the relevant Offer Date and Options granted to Non-executive Directors and/or Associated Company Employees shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.2 Options granted with the Exercise Price set at a discount to Market Price shall only be exercisable, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), at any time, by a Participant after the second anniversary from the Offer Date of that Option, provided always that the Options (other than Options granted to Non-executive Directors and/or Associated Company Employees) shall be exercised before the tenth anniversary of the relevant Offer Date and Options granted to Non-executive Directors and/or Associated Company Employees shall be exercised before the fifth anniversary of the relevant Offer Date, or such earlier date as may be determined by the Committee, failing which all unexercised Options shall immediately lapse and become null and void and a Participant shall have no claim against the Company.
- 11.3 An Option shall, to the extent unexercised, immediately lapse and become null and void and a Participant shall have no claim against the Company:
- (a) subject to Rules 11.4, 11.5 and 11.6, upon the Participant ceasing to be in the employment of the Company or any of the companies within the Group for any reason whatsoever; or
 - (b) upon the bankruptcy of the Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of such Option; or
 - (c) in the event of misconduct on the part of the Participant, as determined by the Committee in its absolute discretion.

For the purpose of Rule 11.3(a), a Participant shall be deemed to have ceased to be so employed as of the date the notice of termination of employment is tendered by or is given to him, unless such notice shall be withdrawn prior to its effective date.

- 11.4 If a Participant ceases to be employed by the Group by reason of his:
- (a) ill health, injury or disability, in each case, as certified by a medical practitioner approved by the Committee;
 - (b) redundancy;

APPENDIX E – RULES OF THE PROPnex ESOS

(c) retirement at or after a normal retirement age; or

(d) retirement before that age with the consent of the Committee,

or for any other reason approved in writing by the Committee, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.5 If a Participant ceases to be employed by a Subsidiary:

(a) by reason of the Subsidiary, by which he is principally employed ceasing to be a company within the Group or the undertaking or part of the undertaking of such Subsidiary, being transferred otherwise than to another company within the Group; or

(b) for any other reason, provided the Committee gives its consent in writing,

he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.6 If a Participant dies and at the date of his death holds any unexercised Option, such Option may, at the absolute discretion of the Committee, be exercised by the duly appointed legal personal representatives of the Participant within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

11.7 If a Participant, who is also an Executive Director or a Non-executive Director (as the case may be), ceases to be a director for any reason whatsoever, he may, at the absolute discretion of the Committee, exercise any unexercised Option within the relevant Option Period and upon the expiry of such period, the Option shall immediately lapse and become null and void.

12. EXERCISE OF OPTIONS, ALLOTMENT OR TRANSFER AND LISTING OF SHARES

12.1 An Option may be exercised, in whole or in part (provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof), by a Participant giving notice in writing to the Company in or substantially in the form set out in Annex 3 (the “**Exercise Notice**”), subject to such amendments as the Committee may from time to time determine. Every Exercise Notice must be accompanied by a remittance for the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option, the relevant CDP charges (if any) and any other documentation the Committee may require. All payments shall be made by cheque, cashier’s order, bank draft or postal order made out in favour of the Company. An Option shall be deemed to be exercised upon the receipt by the Company of the said notice duly completed and the receipt by the Company of the full amount of the aggregate Exercise Price in respect of the Shares which have been exercised under the Option.

APPENDIX E – RULES OF THE PROP Nex ESOS

12.2 Subject to:

- (a) such consents or other actions required by any competent authority under any regulations or enactments for the time being in force as may be necessary (including any approvals required from the SGX-ST); and
- (b) compliance with the Rules of the Scheme and the Constitution of the Company,

the Company shall, as soon as practicable after the exercise of an Option by a Participant but in any event within ten (10) Market Days after the date of the exercise of the Option in accordance with Rule 12.1, allot the Shares or, as the case may be, procure the transfer of existing Shares (which may include, where desired, any Shares held by the Company as treasury shares), in respect of which such Option has been exercised by the Participant and where required, or as the case may be, within ten (10) Market Days from the date of such allotment, despatch the relevant share certificates to CDP for the credit of the securities account of that Participant by ordinary post or such other mode of delivery as the Committee may deem fit.

12.3 The Company shall as soon as practicable after the exercise of an Option, apply to the SGX-ST or any other stock exchange on which the Shares are quoted or listed for permission to deal in and for quotation of the Shares which may be issued upon exercise of the Option and the Shares (if any) which may be issued to the Participant pursuant to any adjustments made in accordance with Rule 10.

12.4 Shares which are all allotted or transferred on the exercise of an Option by a Participant shall be issued, as the Participant may elect, in the name of, or transferred to, CDP to the credit of the securities account of the Participant maintained with CDP or the Participant's securities sub-account with a Depository Agent.

12.5 Shares allotted and issued, and existing Shares procured by the Company for transfer, upon the exercise of an Option shall be subject to all provisions of the Constitution of the Company and shall rank *pari passu* in all respects with the then existing issued Shares except for any dividends, rights, allotments or other distributions, the Record Date for which is prior to the date such Option is exercised.

12.6 Except as set out in Rule 12 and subject to Rule 10, an Option does not confer on a Participant any right to participate in any new issue of Shares.

13. ALTERATIONS AND AMENDMENTS TO THE SCHEME

13.1 Any or all of the provisions of the Scheme may be modified and/or altered at any time and from time to time by resolution of the Committee except that:

- (a) any modification or alteration which shall alter adversely the rights attaching to any Option granted prior to such modification or alteration and which in the opinion of the Committee, materially alters the rights attaching to any Option granted prior to such modification or alteration, may only be made with the consent in writing of such number of Participants who, if they exercised their Options in full, would thereby become entitled to not less than three-quarters (3/4) in number of all the Shares which would fall to be issued and allotted or transferred upon exercise in full of all outstanding Options;

APPENDIX E – RULES OF THE PROP Nex ESOS

- (b) any modification or alteration which would be to the advantage of Participants under the Scheme shall be subject to the prior approval of Shareholders at a general meeting; and
- (c) no modification or alteration shall be made without due compliance with the Listing Manual, the prior approval of the SGX-ST or (if required) any other stock exchange on which the Shares are quoted or listed, and such other regulatory authorities as may be necessary.

For the purposes of Rule 13.1(a), the opinion of the Committee as to whether any modification or alteration would alter adversely the rights attaching to any Option shall be final and conclusive.

- 13.2 Notwithstanding anything to the contrary contained in Rule 13.1, the Committee may at any time by resolution (and without any other formality save for the prior approval of the SGX-ST) amend or alter the Scheme in any way to the extent necessary to cause the Scheme to comply with any statutory provision or the provisions or the regulations of any regulatory or other relevant authority or body (including the SGX-ST).
- 13.3 Written notice of any modification or alteration made in accordance with this Rule shall be given to all Participants.

14. DURATION OF THE SCHEME

- 14.1 The Scheme shall continue to be in force at the discretion of the Committee, subject to a maximum period of ten (10) years, commencing on the date on which the Scheme is adopted by Shareholders in the EGM. Subject to compliance with any applicable laws and regulations in Singapore, the Scheme may be continued beyond the above stipulated period with the approval of the Shareholders by ordinary resolution at a general meeting and of any relevant authorities which may then be required.
- 14.2 The Scheme may be terminated at any time by the Committee or by resolution of the Shareholders at a general meeting subject to all other relevant approvals which may be required and if the Scheme is so terminated, no further Options shall be offered by the Company hereunder.
- 14.3 The termination, discontinuance or expiry of the Scheme shall be without prejudice to the rights accrued to Options which have been granted and accepted as provided in Rule 8, whether such Options have been exercised (whether fully or partially) or not.

15. TAKE-OVER AND WINDING-UP OF THE COMPANY

- 15.1 In the event of a take-over offer being made for the Company, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and 11.2) holding Options as yet unexercised shall, notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise such Options in full or in part in the period commencing on the date on which such offer is made or, if such offer is conditional, the date on which the offer becomes or is declared unconditional, as the case may be, and ending on the earlier of:
 - (a) the expiry of six (6) months thereafter, unless prior to the expiry of such six (6) month period, at the recommendation of the offeror and with the approvals of the Committee and the SGX-ST, such expiry date is extended to a later date (being a date falling not later than the date of expiry of the Option Period relating thereto); or

APPENDIX E – RULES OF THE PROP Nex ESOS

(b) the date of the expiry of the Option Period relating thereto,

whereupon any Option then remaining unexercised shall immediately lapse and become null and void.

provided always that if during such period the offeror becomes entitled or bound to exercise the rights of compulsory acquisition of the Shares under the provisions of the Act and, being entitled to do so, gives notice to the Participants that it intends to exercise such rights on a specified date, the Option shall remain exercisable by the Participants until such specified date or the expiry of the Option Period relating thereto, whichever is earlier. Any Option not so exercised by the said specified date shall lapse and become null and void provided that the rights of acquisition or obligation to acquire stated in the notice shall have been exercised or performed, as the case may be. If such rights of acquisition or obligations have not been exercised or performed, all Options shall, subject to Rule 11, remain exercisable until the expiry of the Option Period.

- 15.2 If, under the Act, the court sanctions a compromise or arrangement proposed for the purposes of, or in connection with, a scheme for the reconstruction of the Company or its amalgamation with another company or companies, Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall notwithstanding Rule 11 and Rule 12 but subject to Rule 15.5, be entitled to exercise any Option then held by them during the period commencing on the date upon which the compromise or arrangement is sanctioned by the court and ending either on the expiry of sixty (60) days thereafter or the date upon which the compromise or arrangement becomes effective, whichever is later (but not after the expiry of the Option Period relating thereto), whereupon any unexercised Option shall lapse and become null and void, provided always that the date of exercise of any Option (other than an Option granted to a Non-executive Director or an Associated Company Employee) shall be before the tenth anniversary of the Offer Date.
- 15.3 If an order or an effective resolution is passed for the winding-up of the Company on the basis of its insolvency, all Options, to the extent unexercised, shall lapse and become null and void.
- 15.4 In the event of a members' solvent voluntary winding-up (other than for amalgamation or reconstruction), Participants (including Participants holding Options which are then not exercisable pursuant to the provisions of Rule 11.1 and Rule 11.2) shall, subject to Rule 15.5, be entitled within thirty (30) days of the passing of the resolution of such winding-up (but not after the expiry of the Option Period relating thereto) to exercise in full any unexercised Option, after which such unexercised Option shall lapse and become null and void.
- 15.5 If in connection with the making of a general offer referred to in Rule 15.1 above or the scheme referred to in Rule 15.2 above or the winding-up referred to in Rule 15.4 above, arrangements are made (which are confirmed in writing by the Auditors, acting only as experts and not as arbitrators, to be fair and reasonable) for the compensation of Participants, whether by the continuation of their Options or the payment of cash or the grant of other options or otherwise, a Participant holding an Option, which is not then exercisable, may not, at the discretion of the Committee, be permitted to exercise that Option as provided for in this Rule 15.

APPENDIX E – RULES OF THE PROPnex ESOS

- 15.6 To the extent that an Option is not exercised within the periods referred to in this Rule 15, it shall lapse and become null and void.

16. ADMINISTRATION OF THE SCHEME

- 16.1 The Scheme shall be administered by the Committee in its absolute discretion with such powers and duties as are conferred on it by the Board.
- 16.2 The Committee shall have the power, from time to time, to make or vary such regulations (not being inconsistent with the Scheme) for the implementation and administration of the Scheme as it thinks fit.
- 16.3 Any decision of the Committee, made pursuant to any provision of the Scheme (other than a matter to be certified by the Auditors), shall be final and binding (including any decisions pertaining to disputes as to the interpretation of the Scheme or any rule, regulation, or procedure thereunder or as to any rights under the Scheme).
- 16.4 A Director who is a member of the Committee shall not be involved in its deliberation in respect of Options to be granted to him.
- 16.5 As a safeguard against abuse, pursuant to the Listing Manual, a Participant who is a member of the Committee shall not be involved in its deliberation in respect of Options (if any) to be granted to him. Further, where Options are proposed to be granted to or held by Group Executive Directors, all members of the Board (and not just members of the Committee) who are not Group Executive Directors will be involved in deliberation on the same.

17. NOTICES

- 17.1 Any notice given by a Participant to the Company shall be sent by post or delivered to the registered office of the Company or such other address as may be notified by the Company to the Participant in writing.
- 17.2 Any notice or documents given by the Company to a Participant shall be sent to the Participant by hand or sent to him at his home address stated in the records of the Company or the last known address of the Participant, and if sent by post shall be deemed to have been given on the day immediately following the date of posting.

18. TERMS OF EMPLOYMENT UNAFFECTED

- 18.1 The Scheme or any Option shall not form part of any contract of employment between the Company, any Subsidiary or Associated Company (as the case may be) and any Participant and the rights and obligations of any individual under the terms of the office or employment with such company within the Group shall not be affected by his participation in the Scheme or any right which he may have to participate in it or any Option which he may hold and the Scheme or any Option shall afford such an individual no additional rights to compensation or damages in consequence of the termination of such office or employment for any reason whatsoever.

APPENDIX E – RULES OF THE PROPnex ESOS

- 18.2 The Scheme shall not confer on any person any legal or equitable rights (other than those constituting the Options themselves) against the Company, any Subsidiary and/or Associated Company directly or indirectly or give rise to any cause of action at law or in equity against the Company, any Subsidiary or Associated Company.

19. TAXES

All taxes (including income tax) arising from the exercise of any Option granted to any Participant under the Scheme shall be borne by the Participant.

20. COSTS AND EXPENSES OF THE SCHEME

- 20.1 Each Participant shall be responsible for all fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares pursuant to the exercise of any Option in CDP's name, the deposit of share certificate(s) with CDP, the Participant's security account with CDP or the Participant's securities sub-account with his Depository Agent and all taxes referred to in Rule 19 which shall be payable by the relevant Participant.
- 20.2 Save for such costs and expenses expressly provided in the Scheme to be payable by the Participants, all fees, costs, and expenses incurred by the Company in relation to the Scheme including but not limited to the fees, costs and expenses relating to the issue and allotment or transfer of the Shares pursuant to the exercise of any Option shall be borne by the Company.

21. DISCLAIMER OF LIABILITY

Notwithstanding any provisions herein contained and subject to the Act, the Board, the Committee and the Company shall not under any circumstances be held liable for any costs, losses, expenses and damages whatsoever and howsoever arising in respect of any matter under or in connection with the Scheme including but not limited to the Company's delay or failure in issuing and allotting, or procuring the transfer of, the Shares or in applying for or procuring the listing of and quotation for the Shares on the SGX-ST or any other stock exchanges on which the Shares are quoted or listed.

22. DISCLOSURE IN ANNUAL REPORT

The Company shall make the following disclosure in its annual report:

- (a) The names of the members of the Committee;
- (b) The information required in the table below for the following Participants (which for the avoidance of doubt, shall include Participants who have exercised all their Options in any particular Financial Year):
 - (i) Participants who are Directors of the Company; and
 - (ii) Participants, other than those above, who receive 5% or more of the total number of Options available under the Scheme; and

APPENDIX E – RULES OF THE PROP Nex ESOS

Name of Participant	Options Granted during Financial Year under Review (including terms)	Aggregate Options Granted since Commencement of the Scheme to End of Financial Year under Review	Aggregate Options Exercised since Commencement of the Scheme to End of Financial Year under Review	Aggregate Options Outstanding as at End of Financial Year under Review
---------------------	--	--	--	--

- (c) The names of and number and terms of options granted to each director or employee of the parent company and its subsidiaries who receives 5% or more of the total number of options available to all directors and employees of the parent company and its subsidiaries under the scheme, during the financial year under review; and the aggregate number of options granted to the directors and employees of the parent company and its subsidiaries for the financial year under review, and since the commencement of the scheme to the end of the financial year under review.
- (d) The number and proportion of Options granted at the following discounts to the Market Price in the financial year under review:
- (i) options granted at up to 10% discount; and
 - (ii) options granted at between 10% but not more than 20% discount.

If any of the above requirements in this clause 25 is not applicable, an appropriate negative statement must be included.

23. ABSTENTION FROM VOTING

Shareholders who are eligible to participate in the PropNex ESOS must abstain from voting on any resolution relating to the ESOS, including resolutions pertaining to (a) the implementation of the PropNex ESOS; and (b) discount quantum of the PropNex ESOS; and (c) participation by and option grant to controlling shareholders and their associates, and should not accept nominations as proxy or otherwise for voting in relation to any of the resolutions above unless specific instructions have been given in the proxy form on how the votes is to be cast.

24. DISPUTES

Any disputes or differences of any nature in connection with the Scheme shall be referred to the Committee and its decision shall be final and binding in all respects.

25. CONDITION OF OPTION

Every Option shall be subject to the condition that no Shares shall be issued or transferred pursuant to the exercise of an Option if such issue or transfer would be contrary to any law or enactment, or any rules or regulations of any legislative or non-legislative governing body for the time being in force in Singapore or any other relevant country.

26. GOVERNING LAW

The Scheme shall be governed by and construed in accordance with the laws of the Republic of Singapore. The Company and the Participants, by accepting the offer of the grant of Options in accordance with the Scheme, shall submit to the exclusive jurisdiction of the courts of the Republic of Singapore.

APPENDIX E – RULES OF THE PROP Nex ESOS

ANNEX 1

PROP Nex ESOS

LETTER OF OFFER

Serial No: _____

PRIVATE AND CONFIDENTIAL

Date:

To: [Name]
[Designation]
[Address]

Dear Sir/Madam

We are pleased to inform you that you have been nominated by the Remuneration Committee of the Board of Directors of PropNex Limited (the “Company”) to participate in the PropNex ESOS (the “Scheme”). Terms as defined in the Scheme shall have the same meaning when used in this letter.

Accordingly, an offer is hereby made to grant you an Option, in consideration of the payment of a sum of S\$1.00, to acquire _____ ordinary shares in the capital of the Company at the price of S\$ _____ per ordinary share. The Option shall be subject to the terms of this Letter of Offer and the Scheme (as the same may be amended from time to time pursuant to the terms and conditions of the Scheme), a copy of which is enclosed herewith.

The Option is personal to you and may not be sold, mortgaged, transferred, charged, assigned, pledged or otherwise disposed of or encumbered in whole or in part or in any way whatsoever.

If you wish to accept the offer, please sign and return the enclosed Acceptance Form with a sum of S\$1.00 not later than _____ a.m./p.m. on the _____ day of _____ failing which this offer will forthwith lapse.

Yours faithfully
For and on behalf of
PropNex Limited

Name:
Designation:

APPENDIX E – RULES OF THE PROP Nex ESOS

ANNEX 2

PROP Nex ESOS

ACCEPTANCE FORM

Serial No: _____

To: The Remuneration Committee
PropNex ESOS
c/o The Company Secretary
PropNex Limited
[Address]

Closing Time and Date for Acceptance of Option : _____

No. of Shares in respect of which Option is offered : _____

Exercise Price per Share : S\$ _____

Total Amount Payable on Acceptance of Option
(exclusive of the relevant CDP charges) : S\$ _____

I have read your Letter of Offer dated _____ (the “Offer Date”) and agree to be bound by the terms thereof and of the PropNex ESOS stated therein. I confirm that my acceptance of the Option will not result in the contravention of any applicable law or regulation in relation to the ownership of shares in the Company or options to acquire such shares.

I hereby accept the Option to acquire _____ ordinary shares in the capital of PropNex Limited (the “Shares”) at S\$ _____ per Share and enclose cash/banker’s draft/cashier’s order/postal order no. _____ for S\$1.00 being payment for the purchase of the Option.

I understand that I am not obliged to exercise the Option.

I also understand that I shall be responsible for all the fees of CDP relating to or in connection with the issue and allotment or transfer of any Shares in CDP’s name, the deposit of share certificates with CDP, my securities account with CDP or my securities sub-account with a Depository Agent (as the case may be) (collectively, the “CDP charges”).

I confirm that as at the date hereof:

- (a) I am not less than twenty-one (21) years old nor an undischarged bankrupt nor have I entered into a composition with any of my creditors;
- (b) I satisfy the eligibility requirements to participate in the Scheme as defined in Rule 4 of the Scheme; and
- (c) I satisfy the other requirements to participate in the Scheme as set out in the Rules of the Scheme.

APPENDIX E – RULES OF THE PROP Nex ESOS

I hereby acknowledge that you have not made any representation or warranty or given me any expectation of employment or continued employment to induce me to accept the offer and that the terms of the Letter of Offer and this Acceptance Form constitute the entire agreement between us relating to the offer.

I agree to keep all information pertaining to the grant of the Option to me confidential.

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

- (1) Option must be accepted in full or in multiples of 100 Shares.
- (2) The Acceptance Form must be forwarded to the Company Secretary in an envelope marked "Private and Confidential".
- (3) The Participant shall be informed by the Company of the relevant CDP charges payable at the time of the exercise of an Option.

APPENDIX E – RULES OF THE PROP Nex ESOS

ANNEX 3

PROP Nex ESOS

EXERCISE NOTICE

To: The Remuneration Committee
PropNex ESOS
c/o The Company Secretary
PropNex Limited
[Address]

Total Number of ordinary shares (the “Share”) at
S\$_____ per Share under an Option
granted on _____ (the “Offer Date”) : _____

Number of Shares previously allotted and issued or
transferred thereunder : _____

Outstanding balance of Shares which may be
allotted and issued or transferred thereunder : _____

Number of Shares now to be acquired
(in multiples of 100) : _____

1. Pursuant to your Letter of Offer dated _____ (the “Offer Date”) and my acceptance thereof, I hereby exercise the Option to acquire Shares in PropNex Limited (the “Company”) at S\$_____ per Share.
2. I hereby request the Company to allot and issue or transfer to me the number of Shares specified in paragraph 1 in the name of The Central Depository (Pte) Limited (“CDP”) to the credit of my Securities Account with the CDP/Securities Sub-Account with a Depository Agent specified below and to deliver the share certificates relating thereto to CDP at my own risk. I further agree to bear such fees or other charges as may be imposed by CDP (the “CDP charges”) and any stamp duties in respect thereof:

 *(a) Direct Securities Account Number : _____

 *(b) Securities Sub-Account Number : _____

 Name of Depository Agent : _____
3. I enclose a cheque/cashier’s order/bank draft/postal order no. _____ for S\$_____ in payment for the Exercise Price of S\$_____ for the total number of the said Shares and the CDP charges of S\$_____.
4. I agree to acquire the Shares subject to the terms of the Letter of Offer, the PropNex ESOS (as the same may be amended pursuant to the terms thereof from time to time) and the Constitution of the Company.
5. I declare that I am acquiring the Shares for myself and not as a nominee for any other person.

APPENDIX E – RULES OF THE PROPNEX ESOS

PLEASE PRINT IN BLOCK LETTERS

Name in full : _____

Designation : _____

Address : _____

Nationality : _____

*NRIC/Passport No. : _____

Signature : _____

Date : _____

* Delete as appropriate

Notes:

- (1) An Option may be exercised in whole or in part provided that an Option may be exercised in part only in respect of 100 Shares or any multiple thereof.
- (2) The form entitled "*Exercise Notice*" must be forwarded to the Company Secretary in an envelope marked "*Private and Confidential*".

This page has been intentionally left blank.

F R O S T  S U L L I V A N

**Independent Market Research
on the Real Estate Market in Singapore, Malaysia and
Indonesia**

20th June 2018

F R O S T  S U L L I V A N

© 2018

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T  S U L L I V A N

F R O S T  S U L L I V A N

Suite C-11-02, Block C, Plaza
Mont' Kiara, 2 Jalan Kiara, Mont'
Kiara, 50480 Kuala Lumpur

Ph: +603 6204 5800
Fax: +603 6201 7402

www.frost.com

Date: 20th June 2018

The Board of Directors
P&N Holdings Pte Ltd
480 Lorong 6 Toa Payoh
#10-01 HDB Hub East Wing
Singapore 310480

Dear Sirs,

**Independent Market Research on the Real Estate Market in Singapore, Malaysia and Indonesia
for Propnex Realty Pte. Ltd. ("PropNex" or the "Company")**

We, Frost & Sullivan GIC Malaysia Sdn Bhd ("**Frost & Sullivan**"), have prepared this Independent Market Report on the Real Estate Market in Singapore, and overview on Malaysia and Indonesia, ("**the Report**") for inclusion in PropNex's Prospectus in connection with the initial public offering of the ordinary shares of PropNex on the Main Board of the Singapore Exchange Securities Trading Limited.

We acknowledge that if we are aware of any significant changes affecting the content of this Report between the date hereof and the issue date of the Prospectus, we have an on-going obligation to either cause this Report to be updated for the changes and, where applicable, cause PropNex to issue a supplementary prospectus, or withdraw our consent to the inclusion of this Report in the Prospectus.

Frost & Sullivan has prepared this Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of this Report. We believe that this Report presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an "overall industry" perspective and may not necessarily reflect the performance of individual companies in the industry. Frost & Sullivan shall not be held responsible for the decisions and/or actions of the readers of this Report. This Report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in this Report or otherwise.

For and on behalf of Frost & Sullivan GIC Malaysia Sdn Bhd:

Keith Lee
Director
Business and Financial Services

Abbreviations

General Definitions

ABSD	Additional buyer stamp duty
BE	Business Excellence
BTO	Build-to-order
CAGR	Compound annual growth rate
CCR	Core Central Region
CPI	Consumer price index
EC	Executive condominium
GDP	Gross domestic product
GLS	Government land sale
IDR	Indonesian Rupiah
MNC	Multi-national corporation
MOP	Minimum occupation period
MRT	Mass Rapid Transit
MSR	Mortgage servicing ratio
OBOR	One Belt One Road
OCR	Outside Central Region
PPP	Purchasing power parity
PRs	Permanent residents
RCR	Rest of Central Region
RM	Ringgit Malaysia
S-class	Singapore Service Class
SEA	Southeast Asia
SERS	Selective En-Bloc Redevelopment Scheme
SGD	Singapore Dollar
SQC	Singapore Quality Class
sqm	Square metre
SSD	Seller's stamp duty
TDSR	Total debt servicing ratio
TRX	Tun Razak Exchange
UHNWI	Ultra-high-net-worth-individuals
UK	United Kingdom
US	United States
USD	United States Dollar
VR	Virtual reality

Definition of Companies, Authorities, and Organisations

APSIL	Asia-Pacific Strategic Investments Ltd
ASEAN	Association of Southeast Asian Nations
CEA	Council for Estate Agencies
CPF	Central Provident Fund
DWG	Dennis Wee Group
HDB	Housing & Development Board
HUDC	Housing and Urban Development Corporation
IMF	International Monetary Fund
IRAS	Inland Revenue Authority of Singapore
JLL	Jones Lang LaSalle
MAS	Monetary Authority of Singapore
MND	Ministry of National Development Singapore
MTI	Ministry of Trade and Industry Singapore
SingStat	Singapore Department of Statistics
SLA	Singapore Land Authority
URA	Urban Redevelopment Authority
WDA	Workforce Development Agency

TABLE OF CONTENTS

1	ANALYSIS ON THE REAL ESTATE INDUSTRY IN SINGAPORE.....	5
1.1	DEFINITIONS AND INDUSTRY SEGMENTATION	5
1.1.1	Geographical segments of residential property in Singapore	5
1.1.2	Types of Dwellings in Singapore	5
1.1.3	The Real Estate Agency Industry	8
1.2	RESIDENTIAL PROPERTY MARKET SIZE AND GROWTH.....	8
1.2.1	HDB Resale	8
1.2.2	Private Properties	10
1.2.3	Leasing and Others	13
1.3	DEMAND CONDITIONS	15
1.3.1	Drivers	15
1.3.2	Restraints.....	18
1.4	SEASONALITY OF PROPERTY TRANSACTIONS	19
1.5	COMPETITIVE LANDSCAPE OF AGENCIES IN SINGAPORE.....	20
1.5.1	Key industry players and profiles	20
1.5.2	Market share.....	22
1.5.3	Real Estate Agency Work Force assessment	27
1.6	INDUSTRY OUTLOOK AND PROSPECTS	30
2	MACROECONOMIC OVERVIEW OF SINGAPORE	31
3	BRIEF OVERVIEW OF THE REAL ESTATE AND REAL ESTATE AGENCY INDUSTRY IN INDONESIA AND MALAYSIA	38
3.1	MALAYSIA.....	38
3.1.1	Macroeconomic Overview	38
3.1.2	Key growth drivers and restraints	40
3.1.3	Supply Conditions.....	42
3.1.4	Industry outlook and prospects.....	43
3.2	INDONESIA.....	43
3.2.1	Macroeconomic Overview	43
3.2.2	Key growth drivers and restraints	45
3.2.3	Supply Conditions.....	46
3.2.4	Industry outlook and prospects.....	47
4	SUMMARY PROSPECTS AND OUTLOOK FOR PROP Nex.....	48

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

1 ANALYSIS ON THE REAL ESTATE INDUSTRY IN SINGAPORE

1.1 DEFINITIONS AND INDUSTRY SEGMENTATION

1.1.1 Geographical segments of residential property in Singapore

Private residential property in Singapore is divided into 3 geographical market segments. High-end or luxury properties are commonly located in the Core Central Region (“CCR”), while mid-tier properties are located outside the CCR but within the Rest of Central Region (“RCR”). Mass-market properties are located in Outside Central Region (“OCR”).

Table 1-1: Description of Geographical Segments in Singapore

Market Segment	Descriptions
CCR	Known as Luxury market. This comprises of areas in District 9, 10, 11, Downtown Core Planning Area and Sentosa.
RCR	Known as the Mid-Tier market. This comprises of areas outside of CCR but still within the central region boundaries.
OCR	Known as the Mass Market segment. This comprises of areas outside the central region boundaries namely East Planning Region, North East Planning Region, North Planning Region and West Planning Region.

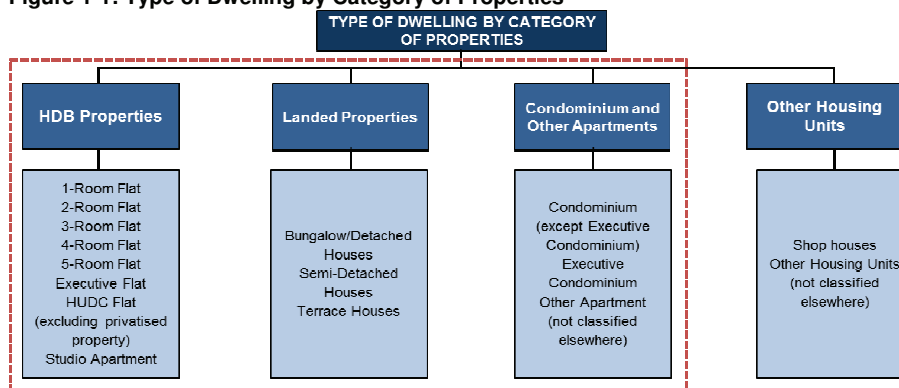
Source: Urban Redevelopment Authority (“URA”)

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

1.1.2 Types of Dwellings in Singapore

In Singapore, there are four main categories of dwellings namely Housing & Development Board (“HDB”) properties, landed properties, non-landed properties, Condominium and Other Apartments as well as Other Housing Units. This report will discuss the first three dwellings where PropNex is mainly involved as indicated in the figure below.

Figure 1-1: Type of Dwelling by Category of Properties



Source: Singapore Standard Classification of Type of Dwelling, Singstat

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

HDB Properties

HDB flats are developed by the HDB, which is a statutory board and public housing authority under the Ministry of National Development. HDB is responsible for developing subsidised public homes to ensure there are sufficient affordable and quality homes. HDB public flats refer to dwellings or properties under the management of HDB and may come in the form of 1-room to 5-room flat type, executive flat, multi-generation or 3-Generation flat. HDB commercial premises with living quarters are excluded.

Table 1-2: Types of HDB Public Flats

HDB Flat Types	2-Room Flexi	3-Room	4-Room	5-Room	3Generation/Multi-Generation	Executive Flat
Overview	Affordable option for lower-income households, senior citizens, first-timer singles, etc.	Compact living space suitable for singles	Flats for young couples or young parents	Flats for larger households (4-5 members) or extended families	Flats for married/engaged couples with parents; or widowed/divorced with child and parents	Flat with additional space for study room/living room and balcony
Approx. floor area (square metre ("sqm"))	36 (Type 1) 45 (Type 2)	60 to 65	90	110	115	130
Maximum Subtenants*	4	6	6	6	6	6

Note: Effective 1st May 2018, the maximum subtenants allowed for HDB flats of four rooms or larger will be reduced from 9 person to 6 persons.

Source: HDB, Council for Estate Agencies ("CEA")

Note: HDB and CEA have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore are not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Landed Properties

Landed properties in Singapore comprise bungalow/detached, semi-detached and terrace houses. These properties are commonly more expensive than non-landed or HDB flats due to the scarcity of land in Singapore. All landed properties in Singapore are exclusive to Singaporeans¹, with the exception of foreigners or PRs who have obtained approval from Controller of Residential Property under Land Dealings Approval Unit, Singapore Land Authority ("SLA")². The details are as follows:

¹ Based on the Private Residential Act.

² Each applicant are assessed based on case-to-case basis, taking into consideration, including but not limited to the following factors such as the applicants must be a Singaporean PR for at least 5 years, and have made exceptional economic contribution to Singapore (e.g. employment income assessable for tax in Singapore). Source: SLA.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

- PRs: Allowed to purchase landed property in the whole of Singapore (excluding Sentosa Cove), with exception of Good Class Bungalow.
- Foreigners: Allowed to purchase a landed property in only Sentosa Cove with no MOP required.

Condominiums and Other Apartments

Condominium (which excludes executive condominium ("EC")), EC and other apartments (not classified elsewhere) are categorised under this category. ECs are subsidised by the Government of Singapore, while condominiums are privately developed and subject to free market pricing. ECs are targeted to citizens who can afford to purchase house priced between HDB and private condominium. Eligibility conditions and restrictions are imposed by HDB on ECs, of which the buyers must meet the conditions as shown below:

Table 1-3: Eligibility on Purchasing an EC

Criteria	Conditions
Applicant/Family Nucleus	Must be eligible under public scheme, fiancé/fiancée scheme, orphans scheme or joint singles scheme
Citizenship	At least 1 Singaporean citizen and/or at least 1 other Singaporean citizen or PR. All singles must be Singaporean if applying under Joint Singles Scheme
Age	At least 21 years old; at least 35 years old (for Joint Single Scheme)
Income Ceiling	Household income not exceeding SGD14,000
Property Ownership	a. Does not own other property locally or overseas, and have not disposed of any within the last 30 months b. Have not purchased a new HDB, Build and Sell Scheme flats or EC, or received a CPF Housing Grant before; or, have only bought 1 of those properties/received 1 CPF Housing Grant

Source: HDB

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

All executive condominiums are classified under this category regardless whether the HDB restrictions are in force. Owner of EC are allowed to sell their unit to citizens or PRs after completing the 5 years MOP and foreigners after 10 years.

Other types of apartments are classified under developments that are not managed by HDB. It is owned by unit owners who share common areas and facilities with other unit owners within the development areas. This includes privatised Housing and Urban Development Corporation³ ("HUDC") flats as well as flats that were previously built by government bodies⁴.

³ HUDC flats have ceased development since 1987. With subject to residents' voting, HUDC estates may be privatised and no longer under the management of HDB. Those not privatised are classified as part of HDB property.

⁴ This refers to flats that were built by government agencies to provide accommodation for their staffs. These developments had mostly been sold to private entities, HDB or returned to the States. Those managed by private entities or the States are classified under this category.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

1.1.3 The Real Estate Agency Industry

Real estate agent is the middle person in a property transaction. In Singapore, the property transactions can be categorized as below:

- Primary private market: Property developers appoint real estate agency to market the project on their behalf, also known as 'project marketing'
- Private resale market: Buying or selling of private property
- HDB resale market: Buying or selling of HDB resale flats
- Private leasing market: Leasing of private property
- HDB leasing market: Leasing of HDB flats

The real estate agency industry is regulated by the CEA. CEA prohibited the practice of dual representation since November 2010, of which a real estate agent cannot represent or collect commissions from both the sellers and the buyers for the same property transaction. This leads to the practice of co-broke, where property transactions involve two or more agents representing each side of the party, and the commission fee is split between the two agents. Agents involve in a co-broke property transaction can be from the same real estate agency. Co-brokerage property transactions are common in project marketing, resale private market and HDB resale markets.

Table 1-4 Commission Structure for Project Marketing, Private Resale and HDB Resale Market

Party	Commission
Project Marketing	
Developer	Pay minimum of 1% of the transaction price. In some cases, developers pay up to 6% when they want to clear off completed or nearing completion units
Private Resale	
Seller	Generally pay 2% of the transaction price, with a minimum of 1%. If buyer has his own agent (co-broke), the commission is shared between the two agents
HDB Resale	
Seller	Pay 2% of the transaction price
Buyer	Pay 1% of the transaction price

Source: Frost & Sullivan

1.2 RESIDENTIAL PROPERTY MARKET SIZE AND GROWTH

The business of real estate agents covers HDB resale, primary and resale private market and HDB and private leasing market. It does not cover HDB primary market as the new HDB sales must be applied and purchased directly from HDB.

1.2.1 HDB Resale

HDB resale properties are commonly located in matured estates, more expensive than build-to-order ("BTO") and targeted to buyers who are not willing to wait 2-3 years completion time for BTO flats. The Government of Singapore have been trying to provide first-time home buyers with more affordable options by also promoting HDB resale market. This is implemented via the initiative to increase the Housing Grants for first time HDB resale buyers and families (which comprises CPF Housing Grant) from SGD90,000 to a maximum of SGD110,000 in February 2017⁵. This is anticipated to also assist young couples with strong personal preferences for specific locations such as living closer to their workplace, parents or those looking for immediate residence to start a family.

⁵ HDB, "Joint Press Release by MND & HDB: Enhanced CPF Housing Grant Offers More Affordable Housing Options to First-Time Homebuyers". February 2017

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Table 1-5: Eligibility Criteria in Purchasing HDB Resale Property

Criteria	Conditions
Applicant/Family Nucleus	Must be eligible under public scheme, fiancé/fiancée scheme or orphans scheme
Citizenship	At least 1 Singaporean citizen and/or at least 1 other Singaporean citizen or PR
Age	At least 21 years old
Income Ceiling	a. 3-room flat: SGD6,000 or SGD12,000 for non-matured estates, depending on project; SGD12,000 for matured estates b. 4-room flat or bigger: SGD 12,000; SGD18,000 if purchasing with extended or multi-generation family
Property Ownership	a. Does not own other property locally or overseas, and have not disposed of any within the last 30 months b. Have not purchased a new HDB/Design, Build and Sell Scheme flats or EC, or received a CPF Housing Grant before; or, have only bought 1 of those properties/received 1 CPF Housing Grant thus far

Source: HDB

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

As reported by Singstat, 79% of population are currently living in HDB public flats in 2017⁶. The demand for HDB resale transactions were impacted in 2013 due to increase of Government Land Sale (“GLS”) in 2011/2012 which resulted in high BTO flat projects in 2013 to ensure adequate supply to meet market demand. As a result, HDB resale transaction volume decreased from 23,579 units in 2012 to 17,673 units in 2014, before gradually showing recovery to 20,894 units in 2016. The launch of BTO flats by the Government of Singapore reduces to 18,000, 17,584, and 17,000 units in 2016, 2017 and 2018 respectively. This is also mainly to maintain the demand and stability of the HDB resale market. The 25,000 BTO units launched annually between 2012 and 2013 would also attribute to a significant number of units potentially entering the HDB resale market after the end of MOP. By reducing the supply of BTO flats, the Government is able to support HDB resale to provide more housing options for 1st time home buyers.

Simultaneously, the value of HDB resale transaction decreased from SGD10,705.7 million in 2012 to SGD7,126.0 million in 2014 before recovering to SGD8,502.0 million in 2016. As of Q4 2017, HDB resale flats median price valued between SGD259,000 and SGD855,000 depending on type of flats and locations as shown below:

Table 1-6: Median Price by Type of HDB Flats, Q4 2017

Median Price	3-Room	4-Room	5-Room	Executive
Lowest Median Price	SGD259,000 (Woodlands)	SGD340,000 (Queenstown)	SGD405,000 (Sembawang)	SGD535,000 (Choa Chu Kang)
Highest Median Price	SGD412,500 (Central)	SGD690,000 (Bukit Merah)	SGD855,000 (Tao Payoh)	SGD696,000 (Bedok)

Note: Median price for 1-Room and 2-Room flats are not publicly available.

Source: HDB

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of

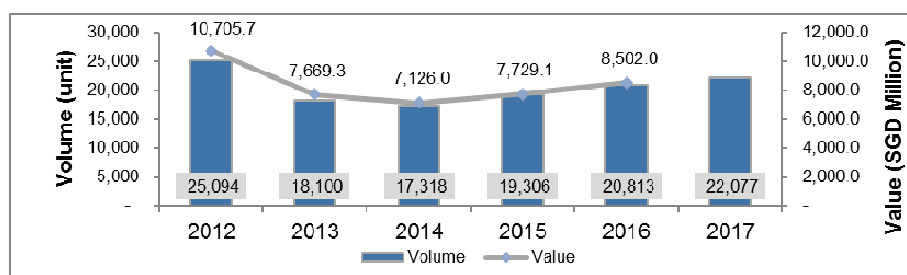
⁶ Singstat: Resident Household by Type of Dwelling, Annual

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Chart 1-1: HDB Resale Transaction Volume and Value, 2012 – 2017



Note: Information on transaction value for 2017 is not publicly available as at the publication of this report.

Source: HDB

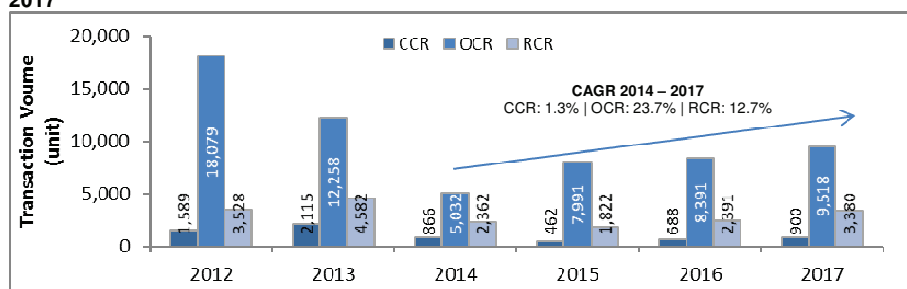
Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

1.2.2 Private Properties

Primary private residential transactions

The private residential market consists of landed properties, non-landed properties and EC in Singapore. The private residential market was significantly impacted in 2014 as a result of the cooling measures implemented by the government such as the introduction of total debt servicing ratio ("TDSR"). For EC, the mortgage servicing ratio ("MSR") was introduced at 30% of the gross monthly income in 2013.

Chart 1-2: Primary Private Residential Transaction Volume by Market Segment, 2012 – 2017

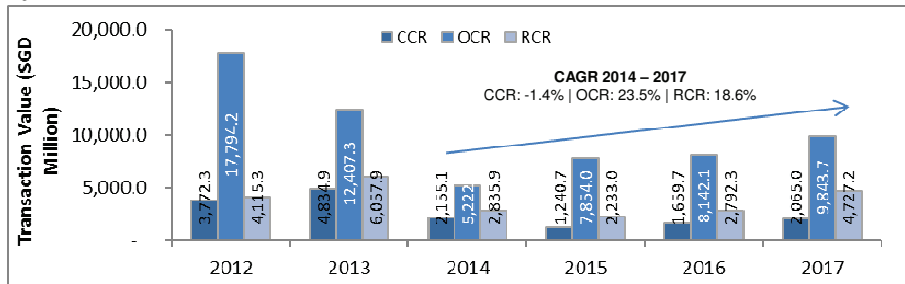


Source: URA Realis

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 1-3: Primary Private Residential Transaction Value by Market Segment, 2012 – 2017



Source: URA Realis

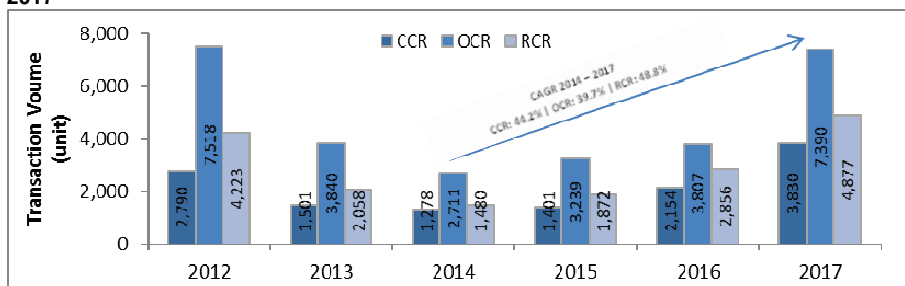
Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

The primary private residential market transaction volume showed declining trend from 23,196 units in 2012 to 8,260 units in 2014 mainly caused by the effective implementations of TDSR and MSR in 2013. Buyers are also switching into purchases of small private apartments or condominium as they could not afford purchasing HDB and EC units due to the 30% MSR for loans from financial institutions in January 2013. The TDSR measure has also resulted in the shift of buyer's preferences to small living spaces to cater for immediate housing needs as well as developers aims to keep properties affordable during challenging financial situations.

Meanwhile, foreign property developers⁷ are also in need to offload their unsold units in order to avoid from being imposed with the Qualifying Certificate extension fee, which helps to boost property transactions. Various initiatives, such as discounts, deferred payment schemes to prospective buyers, bulk sales of unsold units as well as offering of higher commission fees to agents have been introduced by real estate agencies.

Private residential resale transactions

Chart 1-4: Resale of Private Residential Transaction Volume by Market Segment, 2012 – 2017



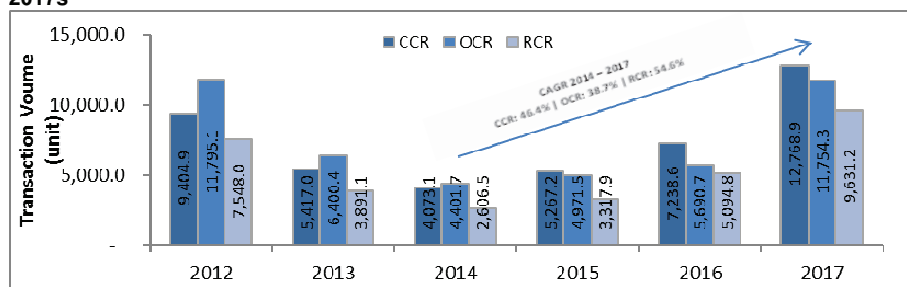
Source: URA Realis

⁷ This includes listed Singaporean developers with foreign shareholders.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 1-5: Resale of Private Residential Transaction Value by Market Segment, 2012 – 2017s



Source: URA Realis

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

The overall private residential resale market declined from 14,531 units sold in 2012 to 5,469 units sold in 2014, with total market value of SGD55.5 billion over the three years. The market showed recovering signs when the demand gradually increased from 6,512 units sold in 2015 to 16,097 units sold in 2017, with total market value of SGD65.7 billion over the same period. The hike in market value of resale property in 2017 is mainly due to the improved number of units sold and buyers increasing their asking price above the perceived market rates⁸. The increasing en-bloc sales are likely to be the cause of increased in prices of private residential properties as there is high demand for replacement homes from cash-rich en-bloc sellers⁹.

Private residential transactions trends by regions

All locations showed recovery trends from 2014 and 2017, with OCR leading the growth in terms of CAGR in the private primary market transactions. In 2017, there were 24,590 transactions sold in OCR, while RCR and CCR completed 13,188 and 8,580 transactions in 2017.

OCR market: The demand for private residential units has been more resilient as it comprises higher proportion of local owners, which is less likely to be affected by cooling measures. There is also sustained demand in OCR as some of the demand arises from HDB upgraders and properties in OCR are typically the most affordable. Meanwhile, lower prices of property in OCR have also led to affordable investment opportunity and thus increasing the demand for the units within this region.

CCR and RCR markets: The CCR region has the highest proportion of investors and foreign buyers. The luxury property market are gradually recovering in 2018, with prices expected to increase as foreign investors are returning to the Singapore luxury market especially from Hong Kong, China and Indonesia.

⁸ The Strait Times, "Private home resale prices rise for 5th straight month to 2 ½-year high in March:SRX Property", April 2017

⁹ The Edge Singapore, "Singapore home property prices to rise faster over the next 2 years, says Goldman Sachs", December 2017

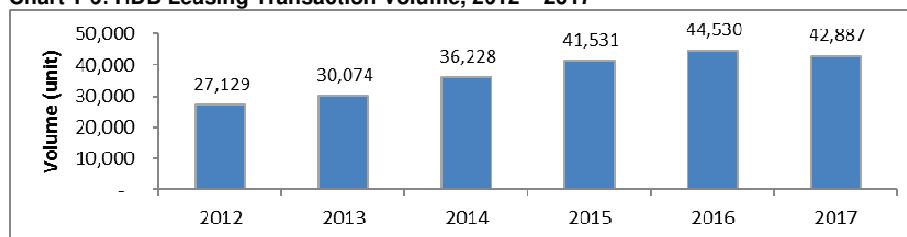
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

1.2.3 Leasing and Others

HDB Leasing

Chart 1-6: HDB Leasing Transaction Volume, 2012 – 2017



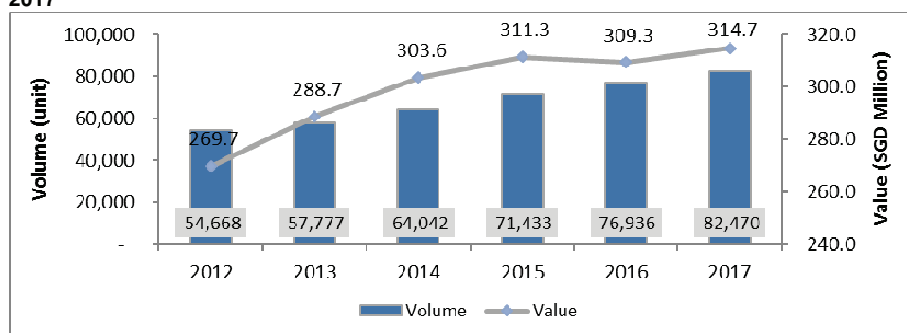
Source: HDB

Note: HDB has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

While the primary and resale markets declined from 2012 to 2014, the HDB leasing market has been relatively positive over the years. The number of subletting approved applications grew at a CAGR of 13.2% from 27,129 applications in 2012 to 44,530 applications in 2016. The leasing market weakened with 42,887 applications approved by in 2017, as compared to previous years. Although the transaction volume is increasing, HDB rental recorded moderate decline of 3.5% in 2017, as compared 3.9% decline in 2016. One of the reason for slowdown in HDB rental market is due to the enforcements of the non-citizens subletting quota by HDB. The quotas for non-Malaysian foreigners renting an entire HDB flat are set at 8% at neighbourhood level and 11% at block level. Also, effective 1st January 2017, non-Malaysian work permit holders in the manufacturing industry are only allowed to rent rooms in HDB flats.

Private Leasing

Chart 1-7: Private Residential Property Leasing Transaction Volume and Value, 2012 – 2017



Note: Latest publicly available information is as of November 2017.

Source: URA Realis

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



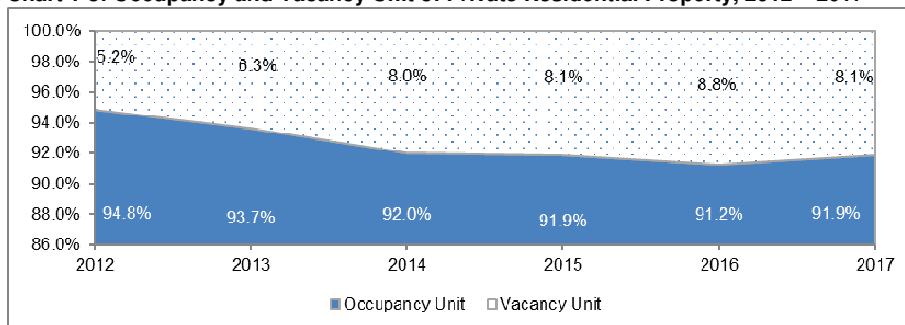
Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

The private residential leasing market is defined as the transaction of Inland Revenue Authority of Singapore (“IRAS”) based on tenancy agreements submitted to IRAS for stamping which consist of landed and non-landed properties as well as EC. The market has been steadily growing at a CAGR of 8.6% from 54,668 units in 2012 to 82,470 units in 2017. The leasing market value grew between SGD269.7 million in 2012 to SGD311.3 million in 2015. The market value, however, declined to SGD309.3 million in 2016 despite increased transaction volume units in the same year. This is due to the declining rental value in prime districts due to increase of property supply available for rent in these areas¹⁰. On 11 May 2017, URA announced private residential properties are allowed to be rented out to no more than six unrelated persons starting from 15 May 2017. Existing tenancy agreements with more than 6 persons are only allowed until 15 May 2019, regardless whether the agreement expires after the implementation date in 2019¹¹. This restriction is likely to boost the real estate business as the market would require more property units for rental to meet the demand from market.

Within the overall private leasing market (excluding EC), OCR leads the growth of transactions with a CAGR of 14.2% from 2014 to 2017, followed by RCR and CCR with 6.3% and 6.0% respectively. Leasing transactions commonly peaked at the third quarter annually as it is driven by the renewal leases of families and students as it is the start of the academic year for most international schools. As for the leasing transactions for ECs, it is noted that all ECs are located in OCR with the exception of one project in Bishan, which falls under the RCR.

Vacancy Rate

Chart 1-8: Occupancy and Vacancy Unit of Private Residential Property, 2012 – 2017



Source: URA

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

¹⁰ Prime districts include Orchard, Bukit Timah, River Valley, amongst others.

¹¹ The Strait Times, “No more than 6 unrelated tenants in private properties from May 15, URA informs agents”, May 2017

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

The vacancy for private residential property reached 8.1% in 2017 as compared to 5.2% in 2012. The rental market has been weak since 2013 due to oversupply of properties in the market, with approximately 50,000 housing units introduced annually from 2014 to 2016. Singapore construction industry is like to remain affected as there is surplus of stocks in the residential market.

As of 4Q 2017, CCR reported a vacancy rate of 11.2%, an increase from 9.6% in 4Q 2016. RCR and OCR showed declining rates with vacancy rates from 9.6% to 8.5% and 7.1% to 5.9% respectively within the same period.

1.3 DEMAND CONDITIONS

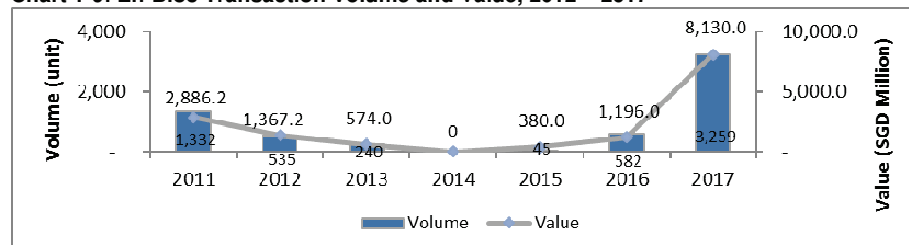
1.3.1 Drivers

Increasing Demand for En-Bloc Sales Driving the Real Estate Business

En-bloc, also known as collective sales refers to sales of two or more property units to a common developer. It commonly occurs when all the strata-titled property units are sold to a developer as the en-bloc property would potentially offer high profit value. This process would allow developers to demolish and rebuild the property in an area where new residential sales are controlled by the government.

The demand for en-bloc slowed down from 1,332 units in 2011 before registering no transaction in 2014. The en-bloc market showed gradual positive signs of recovering from 2015 until 2017, with total of 3,886 units sold at a transaction value of SGD10.3 billion over the three years. In 2017, 27 residential en-bloc deals were completed with total value of SGD8.1 billion, making it the second highest total transaction value since 2007 (164 deals with total value of SGD11.4 billion)¹².

Chart 1-9: En-Bloc Transaction Volume and Value, 2012 – 2017



Source: URA Realis

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

En-bloc transaction is cyclical and typically last for 3 years, as observed in the 2005-2007 and 2010-2012 cycles¹³. Frost & Sullivan opines that as at 2017, en-bloc transaction is poised for a 2-3-year sustainable upcycle due to the following:

¹² RBH Invest, "Real Estate – RHB Invest 2018-01-12: Brighter Outlook But Watch Out For Pitfalls".

¹³ The Edge Singapore, "Three-year en bloc cycle in the making, says JPMorgan", October 2017

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

- (i) **Depleting land bank by developers:** The renewed interest in en-bloc is mainly driven by pressure on developers to replenish their depleting land banks, which is at its lowest level since 2007. This, coupled with strong cash reserves by property developers and lack of investment opportunity abroad, result in the strong interest in en-bloc sales in Singapore.
- (ii) **Flat GLS in 2018:** The Government of Singapore planned a steady GLS supply for 1H 2018 to balance the potential future surplus and current demands from developers, in view of approximately 20,000 new units arising from en-bloc sales. In view of limited government land, developers resort to focus on en-bloc transactions to increase land bank and ensure healthy development pipeline.

Multiplier effect from en-bloc sales

Sellers in en-bloc sales transactions typically receive a premium up to 25%¹⁴. With increasing en-bloc transactions (collective total of 3,000 units were sold in 2017), there is an immediate displacement demand that real estate agents may attend to. Due to additional wealth, these households typically look for private residential property for immediate replacements. Nonetheless, there are older generations who may cash out and downgrade to HDB units, which in turn increases the demand in the HDB resale market.

In addition, when the redevelopment of en-bloc is completed, more units will be available for the market and this will support the business of real estate agency from project marketing perspective. Overall, rising en-bloc sales have a multiplier effect and can boost property transactions in both primary and sub sales markets.

Reduction in completion of new private housing units to drive leasing demand and reduce vacancy rate

It is estimated that for 2018, about 10,000 private housing units are to be completed, which is lower than the 3-year average of around 17,000 per year¹⁵. The leasing market is also expected to witness an increase in demand from en-bloc sellers as well as from long term population growth. In addition, HDB announced that effective May 2018, the maximum tenants of its four rooms or larger units will be reduced from nine to six persons. This is expected to further increase the demand for leasing market as there are more units required to cater for current tenants. As such, Frost & Sullivan estimates that the vacancy rate will remain at 8% in 2018 before shrinking towards the range of 6%-7% between 2019 and 2020.

Affordable Housing Prices Compared to Other Developed Nations

Singapore is known as one of the markets to offer affordable housing prices as compared to other key cities in the globe. In the recent 14th Annual Demographia International Housing Affordability Survey 2018, Singapore's house price to income ratio of 4.8 is lower than other key developed cities such as New York (5.7), London (8.5) and Hong Kong (19.4) as of Q3 2017. Due to land scarcity in the country, the Government of Singapore has introduced various measures such as public housing schemes, land supply restrictions and restriction of foreign ownerships to protect from heightening market value. Being a highly regulated property market, Singapore monitors the movement of the market closely to ensure stability and affordability for its citizens.

Meanwhile, low interest rate over the past few years coupled with strong average household income have been one of the key factors for property demand in Singapore. It is estimated that a 1% increase in interest rate can be offset by approximately 5% of increase in salary on

¹⁴ The Straits Time. "En bloc frenzy: 3 questions you may have about the current hype over collective sales", Nov 2017

¹⁵ The Edge Property Singapore. "Housing rental market to stabilize in 2018", February 2018

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

average¹⁶. As Singapore's annualised monthly household income grew at the range of 4.1% to 4.6% between 2012 and 2017¹⁷, Frost & Sullivan opines that Singaporean households are well positioned to manage potential hikes in interest rates.

Increasing Transparency in Real Estate Business

Under the Real Estate Industry Transformation Map, the CEA is introducing several initiatives to increase transparency to consumers and strengthen the professionalism of the real estate players in Singapore. CEA plans to publish historical property transactions for each real estate players and allow individual performance reviews of each agent by end of 2018. The initiatives will be rolled out in two phases, starting with HDB transactions from end of 2018 and private property transactions the following end year. Real estate agencies will be granted access to property-related information to speed up the administrative process. Other than that, several other key initiatives planned in providing seamless transactions, boosting productivity and identifying new growth opportunities are as follows:

Table 1-7: Other Key Initiatives under the Real Estate Transformation Map, Singapore

Property Transactions Services	Facilities Management Sector
<ul style="list-style-type: none">• New working group formed in January 2018 to facilitate electronic contracts, payments and documents submissions.• HDB Resale Portal launched on 1st January 2018 to streamline application process.• Digital process courses for industry workforce from January 2018.	<ul style="list-style-type: none">• Implementing facilities management systems by districts in future precincts.• Facilitating adoptions of smart solutions and more research technology throughout the whole of Singapore.• Reviewing school curriculums, expanding training and development opportunities as well as research on industry accreditation schemes.

Source: MND, CEA

Note: MND and CEA have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore are not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Recovery of Economy to Drive the Real Estate Market

The MTI forecasted Singapore to achieve between 1.5% to 3.5% GDP growth in 2018 which is likely to drive the recovery of the real estate market demand in anticipation of being aligned with the healthy economic growth and positive business outlook for services and manufacturing sectors. Apart from that, the market is observing increase of foreign investment in Singapore real estate as they view properties in the country is affordable as compared to other key cities. Foreign investors are focusing on acquiring the prime property segments. Other than that, employers are positive that the job market in finance, insurance and real estate¹⁸, manufacturing, healthcare as well as engineering sector will improve in 2018 despite decline in total employment in 2017 due to high retrenchments in the marine and construction sectors. With positive economic prospects, real estate transaction activities are likely to witness positive outcome especially in the residential sector.

¹⁶ Based on Frost & Sullivan's estimates according to a loan amount of SGD700,000, prevailing interest rate and 35 years loan tenure.

¹⁷ SingStat, "Key Household Income Trends, 2017"; based on up to 90th percentile of households

¹⁸ ManpowerGroup Employment Outlook Survey Singapore, Q1 2018

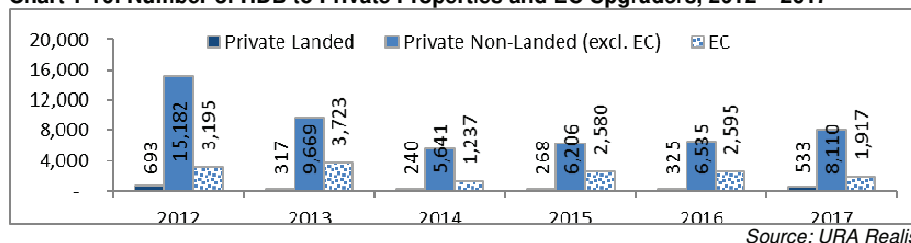
APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Upgrades from HDB to Private Residential Property or EC

The median household income for Singaporeans has risen 2.6% from 2015 to 2016 and nearly half of Singaporean employers were expected to award a salary increase of 3-6% by 2017. As such, the rise in income will allow Singaporeans to move from HDB flats to more exclusive ECs or onto private properties. Singaporeans will continue to enjoy and reap the benefits of ECs as they are allowed to enjoy the range of facilities of private condominiums while still relying on government financial aid. Although the total number of upgrades slowed down between 2012 to 2014, the market trend is showing recovering signs from 2015 to 2017. Upgraders commonly chose to upgrade to either private non-landed properties namely apartments and condominiums or ECs. On 5th February 2018, the MND announced that 15% of private residential property owners also owns a HDB flat¹⁹. They often purchase private property to accommodate their children's education, work-related matters, upgrade to a better location or for personal investment purposes.

Chart 1-10: Number of HDB to Private Properties and EC Upgraders, 2012 – 2017



Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

1.3.2 Restraints

Impact of Cooling Measures on Singapore Property Market

MAS believes cooling measures are vital to ensure stability and sustainability of the residential property market and encourage household financial precautionary. Additional buyer stamp duty ("ABSD") introduced in December 2011 and TDSR framework introduced in June 2013 are the main policies of cooling measures. ABSD is an additional tax on foreign buyers and PRs, as well as Singapore citizens purchasing their second or subsequent properties. TDSR capped the total monthly mortgage repayments of debt obligations to not exceed 60% of gross monthly income. This resulted in the overall total private residential transactions declined from 27,460 units in 2013 to 14,014 units in 2014 before recovered slightly to 17,259 units in the following year. Similarly, this affected the overall private residential transacted value where it fell from SGD40.6 billion to SGD 22.0 billion and SGD25.4 billion respectively.

Nonetheless, as the market stabilises there have been some relaxation and changes to the cooling measures. On 11 March 2017, the Government of Singapore introduced partial relaxation for property cooling measures namely the reduction for seller's stamp duty ("SSD")

¹⁹ Parliamentary Q&A, "Written Answer by Ministry of National Development on private residential property and HDB flat ownership", February 2018

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



and amendments to the TDSR. The SSD is lowered by 4% for each tier with holding period of 3 years (previously 4 years), whilst the TDSR will no longer apply to mortgage equity withdrawal loans with loan-to-value of 50% and below. The Government has also announced an increase of ABSD from 3% to 4% for all residential property value above SGD1.0 million in Singapore Budget 2018 aiming at discouraging investments and speculation of properties within this price range. Frost & Sullivan opines that these changes in policies are positive to the market and are likely to support the continuous increase of consumer's sentiment on the property market and strong buyer confidence.

Tightening of Foreign Workers Policy in Singapore impacting the rental market

The Government of Singapore tightened its immigration policy in 2009 which reduced the number of PRs status granted, from 79,000 in 2008 to about 30,000 in 2009 onwards²⁰. Meanwhile, the Ministry of Manpower increased the minimum salary for Employment Pass²¹ eligibility from SGD3,000 to SGD3,300 in 2014 and again to SGD3,600 in 2017²², which means lesser foreigners are able to qualify for it. This in turn impacts the real estate businesses in Singapore, as the volume and value of rental market face downward pressure as a result of lower demand.

Impact of Technological Advancements and Online Platforms for Project Marketing

Property technology, or known as proptech is emerging as an alternative option in the property market with innovative methods on offering prospect clients on house tours as well as performing more seamless and secure transactions. There are new upcoming platforms, such as DirectHome and SnappyHouse which encourage direct communications between home buyers and sellers and may prove to be a substitute to real estate agents²³. Additionally, HDB also officially launched an online HDB resale portal on 1st January 2018 to provide more seamless transaction process for both buyers and sellers. The new portal provides streamlined resale process by integrating all eligibility checks and procedures into one e-service platform. This will reduce the transaction processes from 16 weeks to 8 weeks with lesser appointments and administrative work required. Valuation reports are also no longer needed except for special or complex cases such as inheritances, bankruptcy, among others. The shortened and simplified process allows agents to sell the property unit in shorter period of time.

However, property purchases are high value purchases, whereby most prospective buyers would like to have full knowledge on the property before committing into a transaction. Thus, real estate agents, with their industry understanding and technical know-how are vital in providing the information and advice to support sound investment decision. Risks are higher in any do-it-yourself transactions due to lack of professional knowledge associated with services by real estate agents. Meanwhile, in the case of HDB, while the reduction in complexity of process reduces the need for buy-side agents, sell-side agents can shift their focus more on providing better value-added services to clients such as consultative services and client advisory to support the clients' property purchase decisions.

1.4 SEASONALITY OF PROPERTY TRANSACTIONS

Property transactions and rental markets, and thereby real estate agency businesses can also be affected by seasonality. The sales performance is expected to be slower in the months of December to February due to end-of-year holidays, festive celebrations and the general lack of the launch of major projects. Developers would typically slate launches for after the Chinese New Year celebrations.

²⁰ Strategy Group, Prime Minister's Office: Population White Paper – A Sustainable Population For A Dynamic Singapore

²¹ Employment Pass allows foreign professionals, managers and executives to work in Singapore.

²² Ministry of Communications and Information Singapore: Employment Pass salary criteria to increase in 2017.

²³ The Straits Times, "Tech transforming the world of property deals", January 2018

1.5 COMPETITIVE LANDSCAPE OF AGENCIES IN SINGAPORE

1.5.1 Key industry players and profiles

According to CEA, there were 1,269 licensed property agencies and 28,571 registered property agents as at 1 January 2018, a decrease of -1.3% and an increase of 0.6% from previous year respectively. After a drop of property agents since 2016, the increase in the number of property agents in 2018 is in line with the recovery of real estate market in Singapore. PropNex is the largest real estate agency with 6,684 agents as at 1 January 2018 in Singapore.

Table 1-8 Profiles of Top 10 Real Estate Agencies in Singapore based on Number of Property Agents²⁴

No.	Company Name	HQ and Year of Establishment	Property agents as at 1 January 2018	Description
1	PropNex Realty Pte Ltd (PropNex)	Singapore 2000	6,684	<ul style="list-style-type: none"> PropNex Realty entered into a takeover of Dennis Wee Realty ("DWR") salespersons from 10 July 2017 and became the largest real estate agency in Singapore in terms of number of agents with 6,684 agents as at 1 January 2018 The company entered into a partnership with leading US based property consultancy, Jones Lang LaSalle Property Consultants Pte Ltd ("JLL") in 2014 Also present in Indonesia and Malaysia through its master franchisee or master licensee programme agents as at 1 January 2018 ERA is the second largest real estate agency in Singapore in terms of number of agents with 5,882 agents as at 1 January 2018 Hold master franchise rights in Australia, Brunei, Cambodia, China (including Hong Kong and Macau), Indonesia, Japan, Laos, Malaysia, Myanmar, New Zealand, Korea, the Philippines, Papua New Guinea, Singapore, Taiwan, Thailand and Vietnam Orange Tee merged with Edmund Tie & Co in August 2017 and formed OrangeTee & Tie Pte Ltd OrangeTee's 'Property Agents Review' platform enables customers to rate and review its property agents. Huttons' commission structure starting from 80%/20%, compared to most agencies' of 70%/30% KF Property focuses on developers' projects in the prime districts or CCR and in the city fringe, or RCR SLP Scotia merged with Scotia Real Estate Group in August 2017 and formed SLP Scotia Savills focuses on properties in District 1, 4, 9 and 10 Asia-Pacific Strategic Investments Ltd ("APSIL") acquired Global Alliance Property in July 2015. APSIL acquired another real estate agency, Century 21 in February 2016 and merged it with Global Alliance Property
2	ERA Realty Network Pte Ltd (ERA)	Singapore 1982	5,882	
3	OrangeTee & Tie Pte Ltd (OrangeTee)	Singapore 2000	3,898	
4	Huttons Asia Pte Ltd (Huttons)	Singapore 2002	3,207	
5	KF Property Network Pte Ltd (KF Property)	UK 1896	689	
6	SLP Scotia Pte Ltd (SLP Scotia)	Singapore 2013	585	
7	Savills Residential Pte Ltd (Savills)	UK 1855	543	
8	Global Alliance Property Pte Ltd (Under the brand of 21 Century Singapore)	US 1971	457	

²⁴ CEA: 2018 Licensing and Registration Exercise for Property Agencies and Agents

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

No.	Company Name	HQ and Year of Establishment	Property agents as at 1 January 2018	Description
9	HSR International Realtors Pte Ltd (HSR International)	Singapore 1980	377	<ul style="list-style-type: none"> • HSR International had 377 agents as at 1 January 2018
10	C & H Properties Pte Ltd (C & H Properties)	Singapore 1980	328	<ul style="list-style-type: none"> • C & H Properties had 328 agents as at 1 January 2018

Source: CEA, Frost & Sullivan

Note: CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



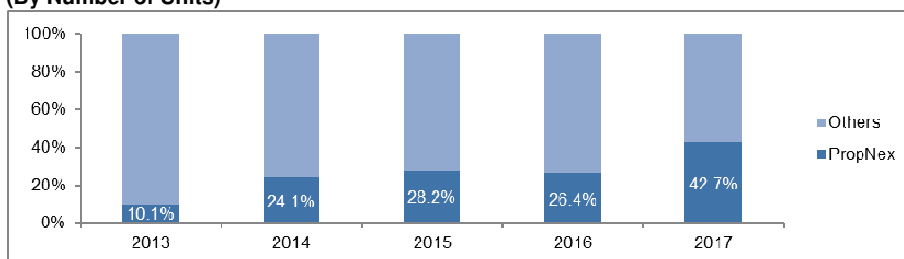
1.5.2 Market share

The market share computation in this report includes co-broke transactions between PropNex salespersons and other external agencies.

1.5.2.1 RESIDENTIAL PRIMARY PRIVATE MARKET

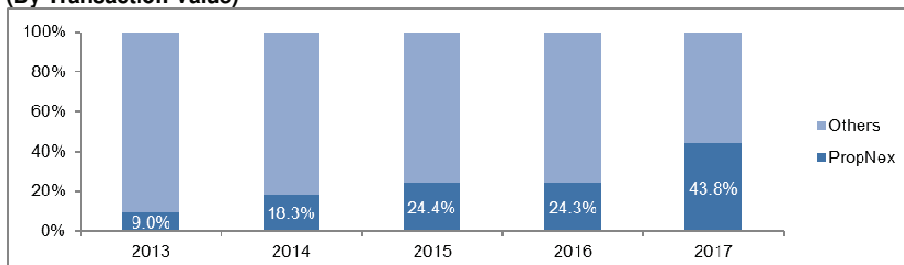
The new private home market has shown a positive uptrend between 2012 and 2017, with a spike in transactions in 2013 driven by government policies (for more details please refer to chapter 2.2.2). PropNex posted a strong double digit CAGR growth of 32.5% for volume and 36.7% for value transacted from 1,912 units at SGD2.1 billion to 5,898 units at SGD7.3 billion within the same time period. PropNex's strong volume and value gained in the residential primary private market is translated into the company's significant increase of market share. PropNex's market share grew from 10.1% in 2013 to 42.7% in 2017 in terms of number of units and from 9.0% to 43.8% in terms of transaction value within the same periods. The company's zonal focus strategy and extensive training such as zonal trainings and project launch trainings helped the company to gained market share as it enables the agents to become experts in their assigned geographical zones.

Chart 1-11 Market share in The Singapore Residential Primary Private Market, 2013-2017 (By Number of Units)



Source: URA Realis, PropNex, Frost & Sullivan

Chart 1-12 Market share in The Singapore Residential Primary Private Market, 2013-2017 (By Transaction Value)



Note: The abovementioned market share information also includes transactions where PropNex salespersons act on behalf of buyers or sellers in co-broking with external agencies.

Source: URA Realis, PropNex, Frost & Sullivan

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

PropNex has established itself as chosen key agency for project marketing services.

Table 1-9 Top 8 Projects of PropNex as the Appointed Marketing Agent as at 31 December 2017

No.	Project Name	Total Units Launched	Total Units Sold as at 31 December 2017	Number of Units Transacted by PropNex as Appointed Marketing Agent as at 31 December 2017	Percentage of Units Transacted by PropNex as Appointed Marketing Agent Out of the Total Units Sold
1	Lake Life	546	546	546	100.00%
2	The Amore	378	378	310	82.00%
3	Parc Riviera	752	752	504	67.00%
4	The Criterion	505	473	282	59.60%
5	Westwood Residences	480	480	275	57.20%
6	Sol Acres	1,327	1,327	720	54.30%
7	Northwave	358	289	152	52.60%
8	Le Quest	516	289	131	45.30%

Source: PropNex, Frost & Sullivan

PropNex is the leading project marketing agency in Singapore with market share of 42.7% in 2017 based on the number of units sold. PropNex is also one of the leading project marketing agencies in the luxury private property of Singapore when the company established the Luxury Real Estate team in 2016. PropNex was appointed the marketing agent for 14 luxury private projects and sold 45.0% or 715 units out of the total 1,588 property units sold at CCR between 2016 and 2017.

Table 1-10 Top 8 Luxury Projects of PropNex as the Appointed Marketing Agent in 2016/2017

No.	Project Name	Location	Total Units Launched	No of Units Transacted in 2016/2017	Number of Units Transacted by PropNex as at 31 December 2017	Percentage of Units Transacted by PropNex Out of the Total Units Transacted in 2016/17
1	The Peak @ Cairnhill II	District 9	60	58	46	79.3%
2	26 Newton	District 11	180	74	51	68.9%
3	Oue Twin Peaks	District 9	462	378	229	60.6%
4	6 Derbyshire	District 11	168	138	73	52.9%
5	Marina Collection	Sentosa	124	17	9	52.9%
6	Martin Modern	District 9	450	222	102	45.9%
7	Sophia Hills	District 9	493	168	72	42.9%
8	Gramercy Park	District 10	174	144	50	34.7%

Source: PropNex, Frost & Sullivan

1.5.2.2 RESIDENTIAL RESALE PRIVATE MARKET

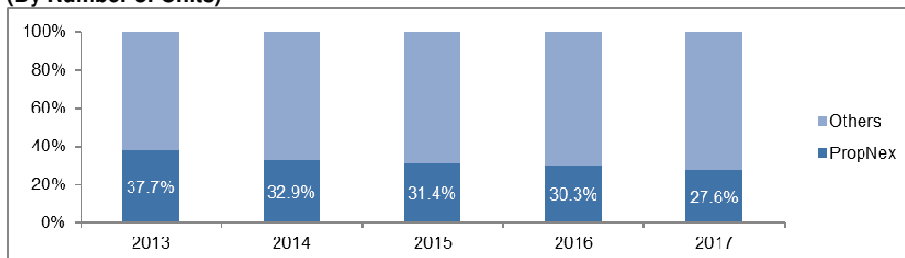
In terms of numbers of transactions, PropNex's transacted 2,787 units at SGD4.4 billion in 2013 and the figures increased to 4,441 units at SGD7.2 billion in 2017.

PropNex's market share for the residential resale private market stood at 27.6% in 2017 from 37.7% in 2013 for volume and 21.0% in 2017 from 28.1% in 2013 for value. There was a decline in market share in 2017 largely due to PropNex's business strategy in allocating more resources towards the primary market segment after the company clinched more project marketing appointments in 2016.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

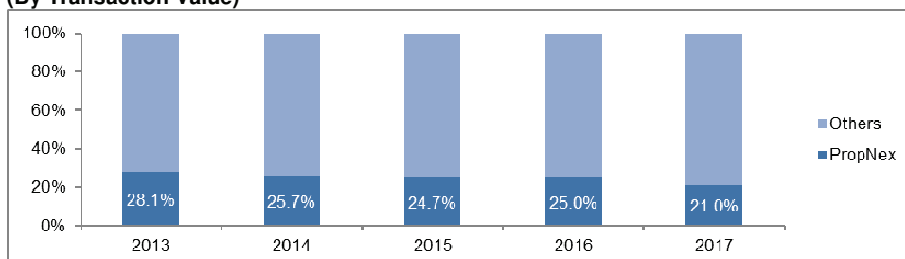


**Chart 1-13 Market share in The Singapore Residential Resale Private Market, 2013-2017
(By Number of Units)**



Source: URA Realis, PropNex, Frost & Sullivan

**Chart 1-14 Market share in The Singapore Residential Resale Private Market, 2012-2017
(By Transaction Value)**



Source: URA Realis, PropNex, Frost & Sullivan

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Note: The abovementioned market share information also includes transactions where PropNex salespersons act on behalf of buyers or sellers in co-broking with external agencies.

1.5.2.3 RESIDENTIAL HDB RESALE MARKET

PropNex has been gaining market share in the HDB resale market since 2014 as the company recorded relatively high CAGR growth rate. The residential HDB resale market registered a CAGR of 5.9% for volume from 17,552 units in 2013 to 22,077 units in 2017. Between 2013 and 2016²⁵, value of transactions grew at a CAGR of 3.5% from SGD7.7 billion to SGD8.5 billion. PropNex posted CAGR of 22.1% for volume from 4,490 units to 9,993 units between 2013 and 2017, while its growth in value stood at a CAGR of 22.7% from SGD2.1 billion to SGD3.9 billion between 2013 and 2016.

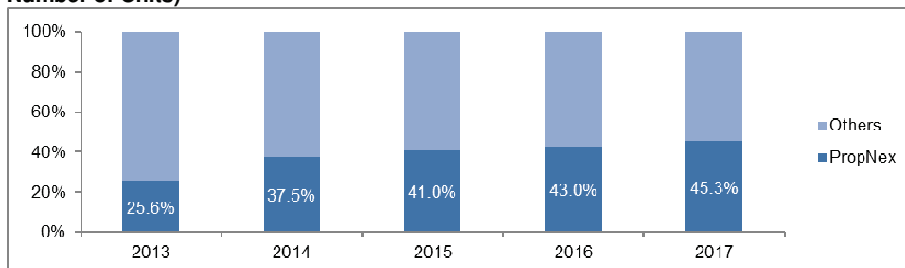
PropNex's market share grew significantly from 25.6% in 2013 to 45.3% in 2017 in terms of number of units and from 27.5% to 45.8% in terms of transaction value (between 2013 and 2016), making the company the leading residential HDB resale agency in Singapore.

²⁵ Data for 2017 is not publicly available as at the publication of this report.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

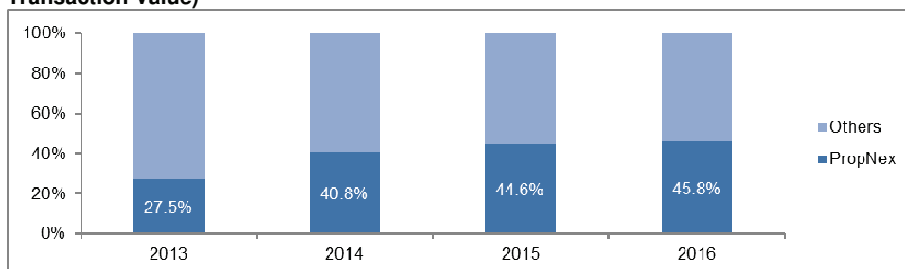
F R O S T & S U L L I V A N

Chart 1-15 Market share in The Singapore Residential HDB Resale Market, 2013-2016 (By Number of Units)



Source: URA Realis, PropNex, Frost & Sullivan

Chart 1-16 Market share in The Singapore Residential HDB Resale Market, 2013-2016 (By Transaction Value)



Note: 2017 data is not available as at the publication of this report.

Source: URA Realis, PropNex, Frost & Sullivan

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Note: The abovementioned market share information also includes transactions where PropNex salespersons act on behalf of buyers or sellers in co-broking with external agencies.

PropNex is the leading residential HDB resale agency in Singapore with market share of 45.3% in 2017 in terms of number of units.

1.5.2.4 RESIDENTIAL PRIVATE LEASING MARKET

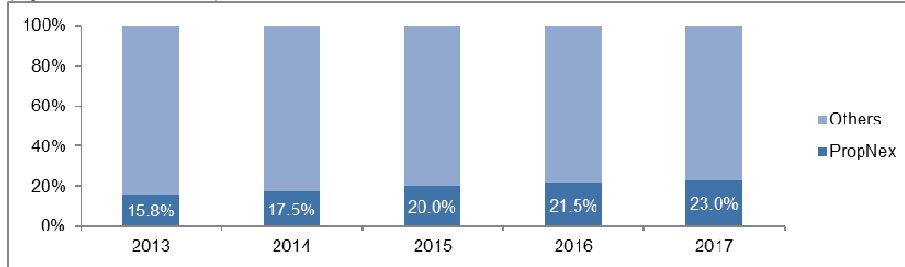
The private leasing registered a CAGR of 9.3% for volume and 2.2% for value from 57,777 units at SGD288.7 million in 2013 to 82,470 units at SGD314.7 million in 2017. PropNex posted higher CAGR of 20.0% for volume and 12.8% for value from 9,126 units at SGD27.9 million to 18,928 units at SGD45.2 million within the same time period.

PropNex gained market share from 15.8% in 2013 to 23.0% in 2017 in terms of number of units and from 9.7% to 14.4% in terms of transaction value during the same time periods.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

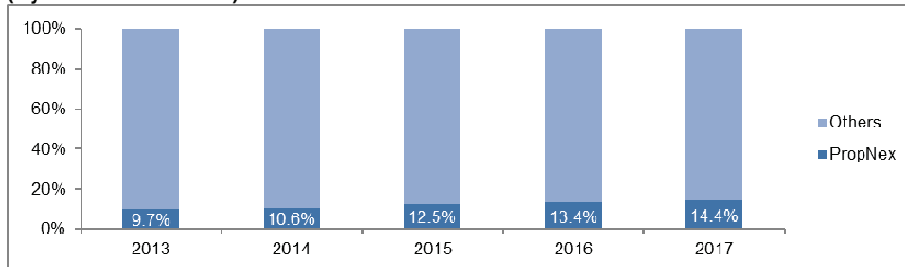
F R O S T & S U L L I V A N

**Chart 1-17 Market share in The Singapore Residential Private Leasing Market, 2013-2017
(By Number of Units)**



Source: URA Realis, PropNex, Frost & Sullivan

**Chart 1-18 Market share in The Singapore Residential Private Leasing Market, 2013-2017
(By Transaction Value)**



Source: URA Realis, PropNex, Frost & Sullivan

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Note: The abovementioned market share information also includes transactions where PropNex salespersons act on behalf of landlords or tenants in co-broking with external agencies.

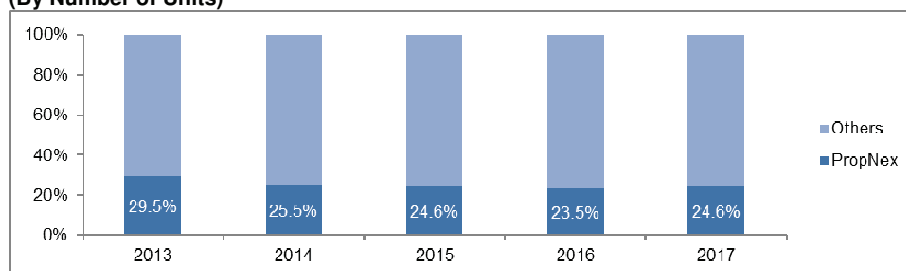
1.5.2.5 RESIDENTIAL HDB LEASING MARKET

A total of 42,887 of applicants have been approved for subletting in 2017, an increase from 30,074 in 2013. PropNex's market share for the HDB leasing market stood at 24.6% in 2017 from 29.5% in 2013 in terms of volume. In terms of numbers of transactions, PropNex transacted 8,881 units in 2013 and the figures increased to 10,529 units in 2017.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

**Chart 1-19 Market share in The Singapore Residential HDB Leasing Market, 2013-2017
(By Number of Units)**



Source: URA Realis, PropNex, Frost & Sullivan

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Note: The abovementioned market share information also includes transactions where PropNex salespersons act on behalf of landlords or tenants in co-broking with external agencies.

1.5.3 Real Estate Agency Work Force assessment

There is no fixed commission split between the agency and the agent. The commission scheme of most agencies for new agent is 70%-30% (70% goes to the agent and 30% to the agency). The commission split for agent increases to up to 90%-10% depending on the experience and performance of the agent. There is also a practice by real estate companies to give 100% commission to the agent and the agent pay annual subscription fee only. For PropNex, its commission scheme is as per below table:

Table 1-11 PropNex's Commission Scheme for Agents

Cumulative Commission	Commission Payout to Agent
SGD20,000 and below	70%
SGD20,001 to SGD50,000	80%
SGD50,001 to SGD80,000	85%
SGD80,001 and above	90%

Source: PropertyGuru

Note: PropertyGuru has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

PropNex is the largest real estate agency in Singapore in terms of number of agents after it entered into a business takeover with DWR from 10 July 2017. By the end of 2017, the company crossed the 7,000 headcount. PropNex's high number of agents has positioned the company favourably in the project marketing segment. This is because property developers typically look for real estate agencies with a large pool of agents as one of their key criteria of appointment for their project marketing. A larger workforce means the agency has more

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

dedicated manpower for the execution of marketing strategies, thus allowing the agency to be able to commit to a higher transaction volume to the developers.

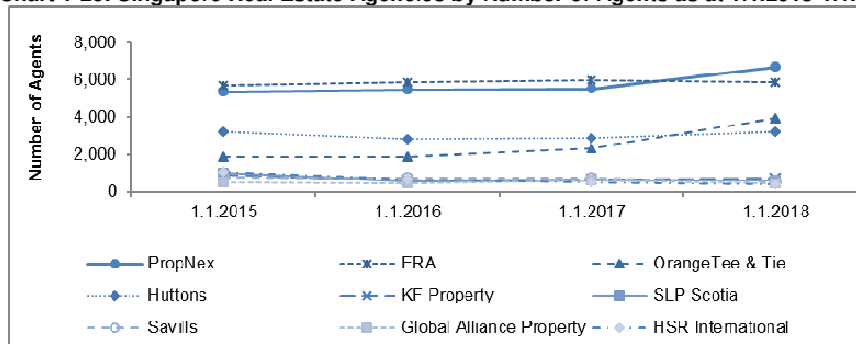
Table 1-12 Top 10 Real Estate Agencies' Number of Property Agents, 2015 – 2018

No	Company Name	Number of Property Agents				As at 1.1.2017	As at 31.12.2017	As at 1.1.2018	As at 6 June 2018
		As at 1.1.2015	As at 31.12.2015	As at 1.1.2016	As at 31.12.2016				
1	PropNex	5,357	6,049	5,464	5,849	5,510	7053	6,684	7,248
2	ERA	5,707	6,372	5,880	6,489	5,957	6251	5,882	6,090
3	OrangeTee & Tie	1,850	2,208	1,860	2,465	2,290	3105	3,898	4,103
4	Huttons	3,182	3,191	2,835	3,076	2,875	3327	3,207	3,430
5	KF Property	875	713	620	708	671	NA	689	710
6	SLP Scotia	1,006	518	570	313	605	NA	585	613
7	Savills	784	838	718	826	715	NA	543	594
8	Global Alliance Property	466	477	433	NA	572	NA	457	485
9	HSR International	1,056	767	638	590	475	NA	377	388
10	C & H Properties	NA	NA	NA	426	NA	NA	328	337

Note: NA= Not Available

Source: CEA, PropNex

Chart 1-20: Singapore Real Estate Agencies by Number of Agents as at 1.1.2015-1.1.2018



Source: CEA, PropNex

Note: CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Training and development scheme

To compete and remain relevant in the saturated market, real estate agencies are required to invest in its sales agents via various types of training schemes. This is done to sharpen the agents' market knowledge, marketing and sales techniques. Aside from the 4 conventions held

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

annually, PropNex also increased the training subsidy for its agents from SGD1.5 million in 2015²⁶ to SGD 2.0 million in 2016²⁷ so that their workforce is constantly equipped with the industry updates. For PropNex's luxury segment, selected agents have to take-up compulsory trainings in "Understanding Investor Mind Set" and a grooming and communications skills workshop which is a Workforce Development Agency ("WDA") certified programme. The WDA certified programme enables agents to learn new skills and apply them in a more effective and efficient manner. PropNex's good practices in its business management have earned the company the Singapore Service Class ("S-Class") and Singapore Quality Class ("SQC") certifications in 2015²⁸. The S-Class and SQC certifications are part of the Business Excellence ("BE") framework by SPRING Singapore that provides a comprehensive set of management standards for business excellence. As of January 2018, PropNex is the only real estate company that has been awarded with the S-Class and SQC certifications in Singapore.

Salesperson retention strategies

The top 10 real estate agencies accounted for 79.3% from total of 28,571 agents as at 1 January 2018, while 20.7% is accounted by the remaining 1,259 real estate agencies. Companies need to retain their staff to achieve economies of scale due to the high competition and small profit margin as commission split can go as high to 90% for the agent. PropNex introduced a 'dual career path' for its agents in 2000. Previously, real estate agents earn income on commission basis. With dual career path, an agent can choose to remain as real estate agent and earn income on commission basis and/or manage a team and enjoy over-riding on a monthly basis, aside from the commission from successful transaction.

Typically, there will be a dip in agent number on 1 January annually for every agency due to licensing renewal. PropNex's retention strategy is evident as the company has lower drop of property agents on 1 January 2017 and 1 January 2018 of -5.8% and -5.2% respectively, compared to its closest competitor, ERA.

Table 1-13 Top 10 Real Estate Agencies Growth Rate in Terms of Agents, 2016 - 2018

No	Company Name	Growth Rate of Property Agents		
		31.12.2015 vs 1.1.2016	31.12.2016 vs 1.1.2017	31.12.2017 vs 1.1.2018
1	PropNex	-9.7%	-5.8%	-5.2%
2	ERA	-7.7%	-8.2%	-5.9%
3	OrangeTee & Tie	-15.8%	-7.1%	25.5%
4	Huttons	-11.2%	-6.5%	-3.6%
5	KF Property	-13.0%	-5.2%	NA
6	SLP Scotia	10.0%	93.3%	NA
7	Savills	-14.3%	-13.4%	NA
8	Global Alliance Property	-9.2%	NA	NA
9	HSR International	-16.8%	-19.5%	NA
10	C & H Properties	NA	NA	NA

Note: NA= Not Available

Source: CEA, PropNex, Frost & Sullivan

Note: CEA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager,

²⁶ PropNex: PropNex Announces Record Performance in 2015, and Put-up Recommendations for Cooling Measures Calibration

²⁷ The Straits Times: Property agencies gear up in down time

²⁸ PropNex: Achieving Excellence In Every Venture

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

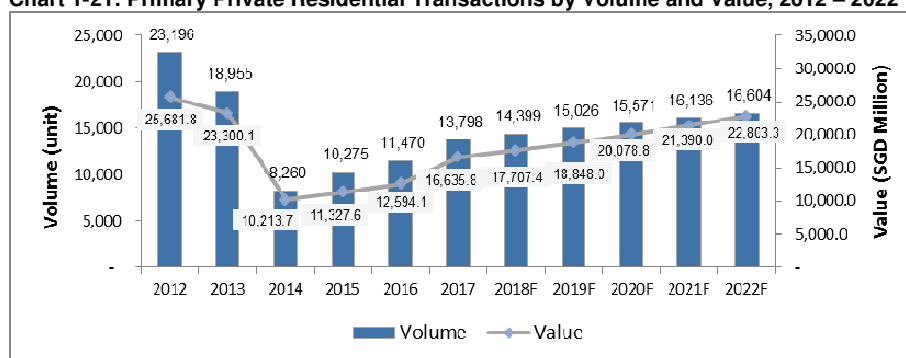


Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

1.6 INDUSTRY OUTLOOK AND PROSPECTS

Frost & Sullivan forecasts the transaction in the primary private residential to grow at a CAGR of 3.8% for volume and 6.5% for value between 2017 and 2022. Increasing interest in the bidding on GLS implied that there is a rising interest by developers to accumulate land bank in view of increasing transactions. En-bloc sales are on the rise with a 7-year high of SGD 8.1 billion recorded 2017, which is expected to translate to high amount of new units launched in the next 1-2 years. In addition, the prices of private residential units are expected to bottom out in 2018 to be on a path of steady recovery, in line with Singapore's overall macroeconomic growth outlook.

Chart 1-21: Primary Private Residential Transactions by Volume and Value, 2012 – 2022



Source: URA Realis

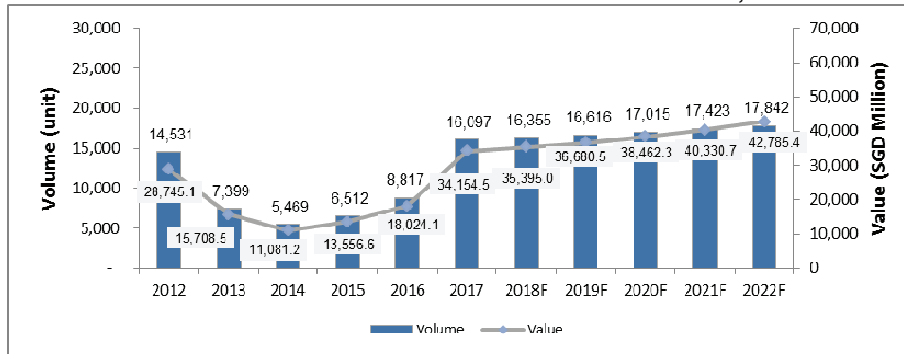
Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Simultaneously, the outlook for the resale market is also positive, with a growth of CAGR of 2.1% in volume and CAGR of 4.6% in value over the forecast period. Transaction in the resale market is expected to be strong driven by rising interest from upgraders/ investors as economic conditions continue to improve, as well as the developers continue to increase promotions to offload unsold units.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Chart 1-22: Resale of Private Residential Transaction Volume and Value, 2012 – 2022



Source: URA Realis

Note: URA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

2 MACROECONOMIC OVERVIEW OF SINGAPORE

We believe that the outlook for the real estate industry in Singapore is also underpinned by strong macroeconomic conditions as discussed in the following.

High GDP per Capita

Singapore is the most developed nation in the Southeast Asia ("SEA") region driven by its successful free-market economy and corruption-free environment²⁹. To overcome challenges faced by limited land size and lack of natural resources, the Government of Singapore established a substantial industrial base since 1975³⁰, pushing Singapore to be the hub in the

²⁹ Central Intelligence Agency: The World Factbook

Note: CIA has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

³⁰ Monetary Authority of Singapore ("MAS"): An Economic History of Singapore: 1965-2065

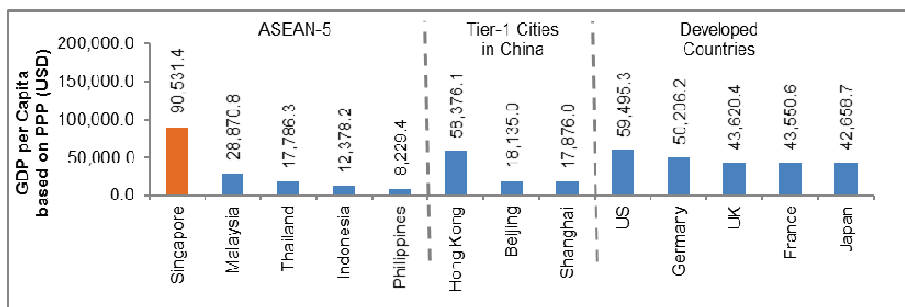
Note: MAS has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

SEA region for the mid- and high-tech manufacturing industries³¹. This propelled Singapore to be the wealthiest country in the SEA region in terms of gross domestic product (“GDP”) per capita based on purchasing power parity (“PPP”) despite having the second smallest population. Comparing Singapore to Hong Kong, both of which have similar characteristics of island economy, Singapore has higher GDP per capita based on PPP of USD90,531.4 compared to Hong Kong’s USD58,376.1 in 2016. Singapore’s GDP per capita is also relatively higher than tier-1 cities in China such as Beijing and Shanghai, as well as other developed nations such as the United States (“US”), Germany, the United Kingdom (“UK”), France and Japan. International Monetary Fund (“IMF”) forecasted that Singapore’s GDP per capita based on PPP to reach USD109,034.7 by 2022.

Chart 2-1 Selected Countries GDP per Capita based on PPP, 2017



Note: Data for Beijing and Shanghai is based on latest available GDP per capita as of 2016

Source: IMF World Economic Outlook Database October 2017, National Bureau of Statistics of China, Frost & Sullivan

Note: IMF and National Bureau of Statistics of China have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Economic recovery since 2016 after being impeded by slowed growth during the 2014 global economy slowdown

Singapore faced challenging economic growth between 2013 and 2015, as GDP growth slowed to 1.9% in 2015 from a high of 5.0% in 2013. The slowdown is mainly caused by slower demand from China, as China is the largest trading partner for Singapore, contributing to 13.5% of merchandise trades in 2016³². Singapore’s economy has recovered in 2016 driven by improvement in the global demand for electronics and precision engineering that helped Singapore to an improvement in GDP growth since 2013. Based on the advance estimate by the Ministry of Trade and Industry Singapore (“MTI”), the manufacturing industry is forecasted to grow by 10.5%³³ and is expected to cushion the overall GDP growth in 2017. MTI also forecasted 1.5-3.5% economy growth in 2018 on the back of stronger growth in the US, emerging markets and developing countries³⁴.

³¹ Association of Southeast Asian Nations (“ASEAN”) Briefing: Manufacturing Hubs Across Southeast Asia

³² MTI: Main Indicators of Singapore Economy 2016

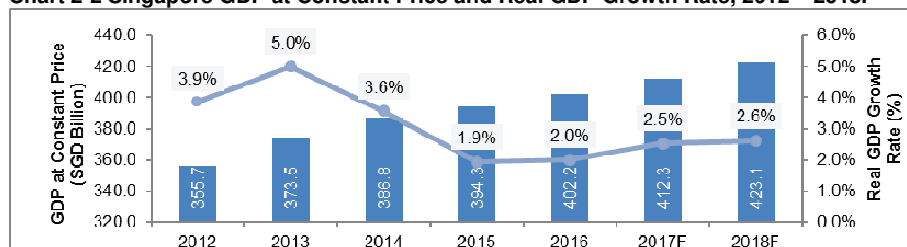
³³ MTI: Singapore’s GDP Grew by 3.1 Per Cent in the Fourth Quarter of 2017

³⁴ MTI: MTI Forecasts GDP to Grow by “3.0 to 3.5 Per Cent” in 2017 and “1.5 to 3.5 Per Cent” in 2018

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 2-2 Singapore GDP at Constant Price and Real GDP Growth Rate, 2012 – 2018F



Source: IMF World Economic Outlook Database October 2017

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Oil price slump and real estate market cooling measures leading to deflation in 2015 and 2016

Singapore total consumer price index (“CPI”) fell in consecutive years in 2015 and 2016, dragged down by accommodation and transport which cumulatively account for more than one third of the index. While the decline in transport is predominantly driven by the slump in global crude oil prices, the drop in accommodation is mainly due to a series of cooling measures implemented on the real estate market and a weaker performance in the housing rental market³⁵. Nonetheless, total CPI rose in 2017 reflecting the rise in energy related items as a result of recovery in crude oil prices and some administrative price increases³⁶. Despite expected stronger economic growth, MAS expects the total CPI in Singapore to be at zero to 1 percent for 2018 as job market as well as commercial and retail rental take time to absorb previous slowdown.

Note: MTI has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

³⁵ MAS: Consumer Price Developments in September 2017

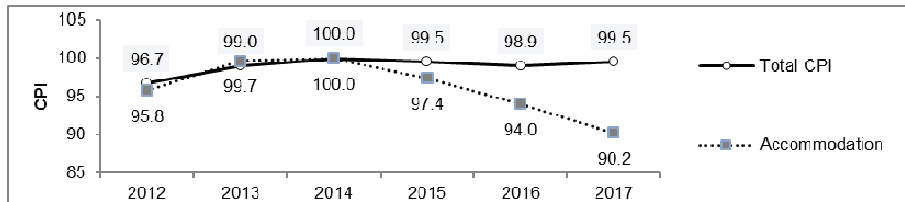
³⁶ MAS

Note: MAS has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 2-3 Singapore CPI, 2012 – 2017



Note: Base Year 2014 = 100

Source: Singapore Department of Statistics ("SingStat")

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Continued population growth to 6.9 million people by 2030 to support sustainable economic growth

As at 2017 Singapore's total population stood at 5.6million and is expected to grow at a compound annual growth rate ("CAGR") of 1.1% to 5.9million in 2022. This is in line with the target set by the Government of Singapore to grow its population to 6.9 million by 2030³⁷. Against the backdrop of low fertility rate by Singapore residents, the number of citizens in the working age group of 20 to 64 years is expected to decline starting from 2020. In order to maintain its size of workforce and to achieve its targeted population growth, the Government of Singapore is expected to absorb between 15,000 to 25,000 new citizens and about 30,000 permanent residents ("PRs") annually. In addition, the Government of Singapore also encourage marriage and parenthood among residents by enhancing the 'Marriage & Parenthood Package' such as introducing the SGD3,000 Medisave grant for newborns and one week of paternity leave. To cater for the future population growth, the government has set aside sufficient land for the development of additional 700,000 homes by 2030³⁸.

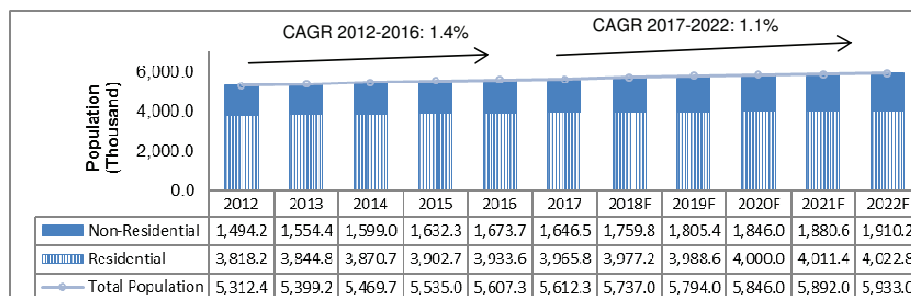
³⁷ Strategy Group, Prime Minister's Office: Population White Paper – A Sustainable Population For A Dynamic Singapore

³⁸ MND: Land Use Plan to Support Singapore's Future Population

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 2-4 Singapore Population and Growth Trend, 2012-2022F



Source: SingStat, IMF World Economic Outlook Database October 2017 and Frost & Sullivan

Note: Singstat and IMF have not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore are not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Declining household size

The average household size among residents in Singapore has been on a downtrend from 4.87 in 1980 to 3.25 in 2016. Between 2012 and 2016, the number of resident households grew at a CAGR of 2.3%, much faster than residential population growth of 0.7% over the same period. This is driven by falling fertility rate and increasing desire for living independently from parents and/or children. In addition, Singapore is also having rising divorce³⁹ and singlehood rate⁴⁰, which speeds up the formation of households and increases the demand for properties. The percentage of households with 1 or 2-person has risen significantly from 15.3% in 1980 to 34.2% in 2016. It is estimated that one in five households will be occupied by just one person, up from 12.4% in 2016⁴¹.

Table 2-1: Number of Households among Residents and Average Household Size in Singapore, 1980, 1990, 2000, 2010, 2011-2016

Number of person in household	1980	1990	2000	2010	2011	2012	2013	2014	2015	2016
1-person	27,100	34,600	75,400	139,900	114,000	109,500	124,400	134,800	146,000	156,200
2-person	45,400	80,500	157,200	215,000	227,900	230,900	234,100	252,200	259,200	276,100
3-person	66,800	108,100	175,100	231,400	237,100	238,300	243,700	251,500	256,200	266,200
4-person	92,300	165,500	233,400	263,900	279,600	281,100	290,900	280,100	282,200	286,200
5-person	81,300	136,100	163,700	168,000	169,700	170,500	165,500	162,900	164,000	161,200
6-person Or Larger	159,900	137,000	110,200	127,800	117,900	121,800	116,000	118,400	117,600	117,600
Average Household Size	4.87	4.25	3.70	3.50	3.51	3.53	3.47	3.43	3.39	3.35

Source: SingStat, Frost & Sullivan

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of

³⁹ Straight Times: Marriages in Singapore see slight dip, while divorces edge up

⁴⁰ Straight Times: More singles than ever looking for love

⁴¹ Ku Swee Yong and Shannon Aw. "The Big Singapore Market Upgrade of 2017: Rise of the Single-Person Household" Hug Property, 26 September 2017

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

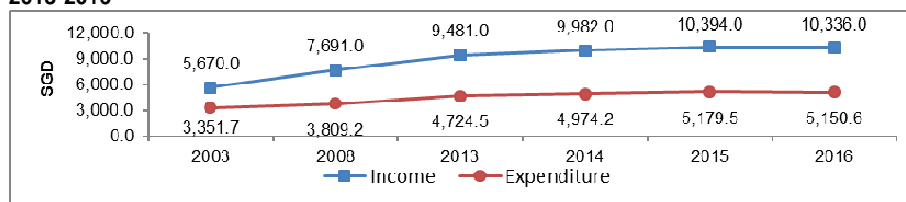


the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Rising income, relatively low household expenditure and effective government housing scheme increases the housing affordability in Singapore

Between 2003 and 2013, average monthly household income in Singapore grew from SGD5,670.0 to SGD9,481.0 at a CAGR of 4.7%. Simultaneously, average monthly household expenditure grew from SGD3,351.7 to SGD4,724.5 at a CAGR of 3.4% over the same period. According to the latest 'Household Expenditure Survey, 2012/13' by SingStat, the top three biggest Singaporeans average monthly household expenditure were for food, transport and accommodation with 25.1%, 17.2% and 14.5% respectively. Despite the growth in household income and expenditure, Singapore has a relatively low average monthly household expenditure compared to Hong Kong's 34.3%⁴².

Chart 2-5 Singapore Average Monthly Household Income and Expenditure, 2003, 2008, 2013-2016



Note: Average monthly household expenditure for 2014 to 2016 is estimation by Frost & Sullivan

Source: SingStat, Frost & Sullivan

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

High House Ownership Rate

Singapore's home ownership rate of 90.9% in 2016 is the second highest in the world⁴³ after Romania. The Government of Singapore has implemented various government initiatives encouraging home ownership such as the ability to use CPF savings for the down payment and to service the monthly mortgage loan installments. There are also schemes and grants introduced over the years to help Singaporeans own their own home such as the 'Staggered

⁴² Census and Statistics Department The Government of Hong Kong Special Administrative Region: 2014/15 Household Expenditure Survey and the Rebasing of the Consumer Price Indices

Note: The Census and Statistic Department has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

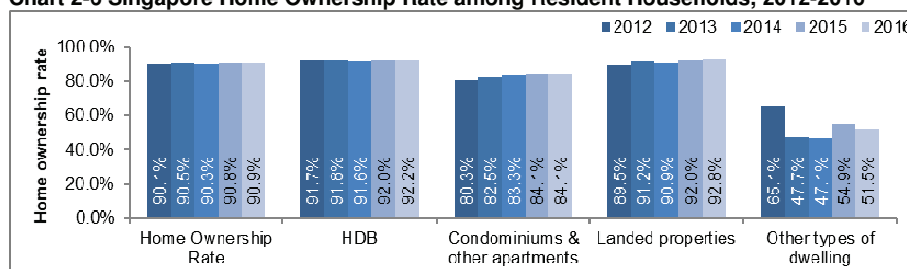
⁴³ HDB: <http://www20.hdb.gov.sg/fi10/fi10320p.nsf/ar2014/home-ownership.html>

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Downpayment Scheme', 'Deferred Downpayment Scheme', among others. The 'Fresh Start Housing Scheme' is the latest scheme, introduced in December 2016.

Chart 2-6 Singapore Home Ownership Rate among Resident Households, 2012-2016



Note: Other types of dwelling consist of shophouse and other housing units not elsewhere classified

Source: SingStat

Note: Singstat has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Steady path of recovery in 2018 and beyond

Based on IMF forecast, Singapore's economy is expected to stabilise at 2.6% from 2019 to 2022 due to the slowdown of workforce growth⁴⁴ and risks in the global economy⁴⁵. Hence, Singapore's priorities towards 2020 and beyond are to focus on its workforce, namely to raise labour productivity amid the backdrop of an aging society. As such, the Report of the Committee on the Future Economy has identified seven strategies for Singapore's future economy. The seven strategies are;

- To deepen and diversify Singapore's international connections;
- To acquire and utilise deep skills;
- To strengthen enterprise capabilities to innovate and scale up;
- To build strong digital capabilities;
- To develop a vibrant and connected city of opportunity;
- To develop and implement industry transformation maps; and
- To partner each other to enable innovation and growth.

It is clear that majority of Singapore's strategy for future growth is to ensure the country to have a workforce that is highly skilled, innovative and nimble. Apart from relying of local talent, this is also supported by an average of 15,000 – 20,000 new citizens and 30,000 new PRs targeted

⁴⁴ MTI: Singapore's Economic Growth Potential Up To 2020

⁴⁵ MTI: MTI Forecasts GDP to Grow by "3.0 to 3.5 Per Cent" in 2017 and "1.5 to 3.5 Per Cent" in 2018

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

each year⁴⁶. As such, the Government of Singapore expects GDP to grow by 2-3% per year on average, exceeding the performance of most advanced economies⁴⁷.

Chart 2-7 Singapore GDP at Constant Price and Real GDP Growth Rate, 2017F – 2022F



Source: IMF World Economic Outlook Database October 2017

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

3 BRIEF OVERVIEW OF THE REAL ESTATE AND REAL ESTATE AGENCY INDUSTRY IN INDONESIA AND MALAYSIA

3.1 MALAYSIA

3.1.1 Macroeconomic Overview

The growth rate of Malaysia's economy fluctuated from 2012 to 2017, especially impacted by the fluctuating oil prices between 2014 and 2015. Even though the GDP growth rate was lower at 4.2% in 2016, Malaysia achieved an overall solid CAGR growth in GDP of 5.1% between 2012 and 2017. Since 2017, Malaysia's economy is picking up again. Between 2018 and 2022, the GDP growth of Malaysia is forecast to keep growing at an average of 4.9%, driven by key factors such as rising oil prices and a strengthening of ringgit⁴⁸.

⁴⁶ Strategy Group, Prime Minister's Office: Population White Paper – A Sustainable Population For A Dynamic Singapore

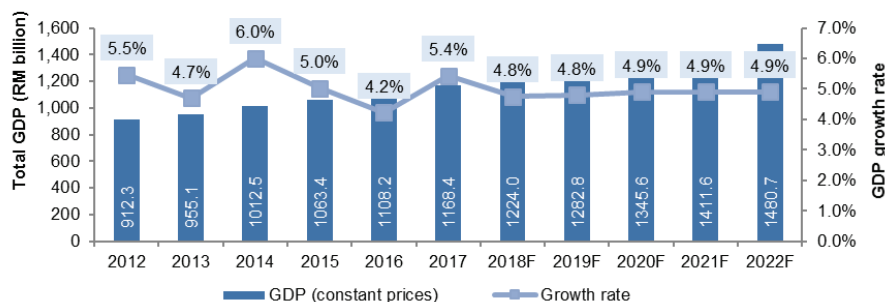
⁴⁷ Ministry of Communications and Information Singapore: Report of the Committee on the Future Economy

⁴⁸ Stage is set for a stronger ringgit in 2018. The Edge Markets, December 2017.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 3-1: Total GDP and GDP growth rate in Malaysia, 2012 – 2022F



Source: IMF World Economic Outlook, October 2017

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Malaysia's total household monthly median income for the T20⁴⁹ category jumped from RM11,610 in 2014 to RM13,148 in 2016 at a CAGR of 6.2%. The World Bank has projected Malaysia to be on its way to be a high-income nation from 2020 to 2024. The projection started from 2017 when Malaysia's gross national income per capita was estimated to be at USD9,660. Since then, Malaysia's economic performance has been steadily improving and the World Bank has conducted simulations to suggest that the country will rise above the high-income threshold (USD12,336) by 2020⁵⁰.

The average monthly household expenditure for households in the T20 category rose from RM6,899 in 2014 to RM7,843 in 2016 at a CAGR of 6.6%. In August 2017, the Khazanah Research Institute (KRI) reported that government housing aid have reached T20 households. Housing schemes like the 1Malaysia People's Housing Programme are available to households earning up to RM15,000 per month. Khazanah Research Institute has reported that this is so because of private developers setting too-high prices for residential property and not providing an adequate supply of affordable housing.

In 2016, Malaysia recorded 88.1% of T20 households to own their homes – a percentage which was exceeded by the key economic areas of Klang Valley, Johor and Pulau Pinang.

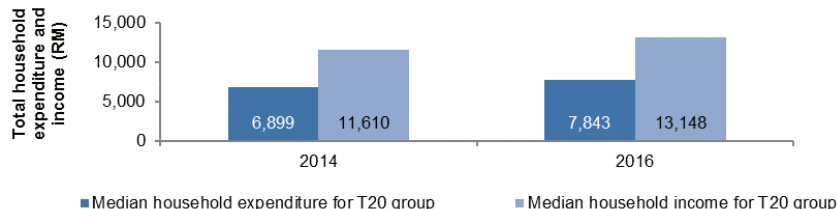
⁴⁹ Households in the T20 category are the top 20% in household median income.

⁵⁰ Malaysia Economic Monitor. World Bank, December 2017.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

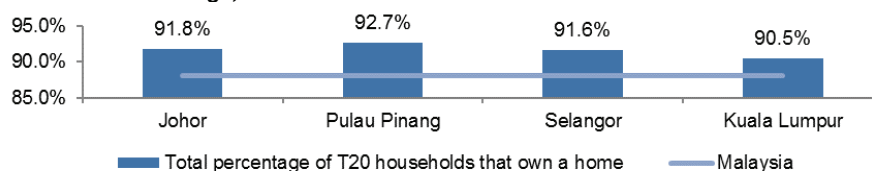
F R O S T & S U L L I V A N

Chart 3-2: Total T20 monthly household expenditure & income in Malaysia, 2014 & 2016



Source: Department of Statistics Malaysia

Chart 3-3: Percentage of T20 households in selected states that own a home compared to the national average, 2016



Source: Department of Statistics Malaysia

Note: Department of Statistics of Malaysia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

3.1.2 Key growth drivers and restraints

3.1.2.1 INDUSTRY DRIVERS

Growing number of ultra-high-net-worth Malaysians

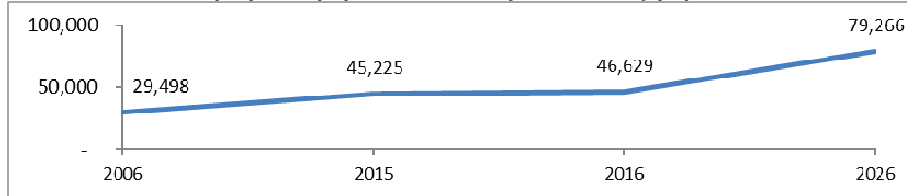
Knight Frank's 2017 Wealth Report showed that the number of ultra-high-net-worth-individuals ("UHNWI") in Malaysia rose by 3 percent in 2016, despite a softening economic climate. The increase in UHNWI will also see to an increase in property investments as residential properties continue to be a favourite investment among this wealth class. Additionally, the weak ringgit in 2017 proved to be attractive to foreign buyers who are looking into investing in residential properties located in prime areas. These UHNWI buyers usually find high-end property in Kuala Lumpur and luxury residences in Johor to be especially alluring.

Malaysia is not just seeing a growth in UHNWI, but also a rising middle and upper income class. The 2016 Household Income Survey has recorded a rise in the median monthly household income from 2014 by 6.9% and 6.2% respectively. The rising income classes can also look forward to upgrading their homes as they are on the track towards earning more annually. Malaysia's wealthy population made up approximately 0.1% of the total population in 2016. Between 2006 and 2016, the total wealthy population grew at a CAGR of 4.7%. As Malaysia's economy is forecast to prosper, the number of the wealthy is expected to rise slightly faster from 2016 to 2026 at a CAGR of 5.4%.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

Chart 3-4: Total and projected population of Malaysia's wealthy population, 2006 – 2026



Note: The wealthy population consists of millionaires, multi-millionaires, UHNWIs, centa-millionaires, and billionaires

Source: Knight Frank, *The Wealth Report 2017*

Note: Knight Frank has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

The development of high-end property can result in a higher attraction to the premium residential property segment

As the Mass Rapid Transit Sungai Buloh-Kajang Line (“**MRT 1**”) is completed and MRT Sungai Buloh-Serdang-Putrajaya Line (“**MRT 2**”) is under construction, residential properties surrounding the current and prospective MRT stations have increased in desirability. This is further exacerbated by the construction of the Tun Razak Exchange (“**TRX**”). The TRX is expected to be one of Malaysia's most significant commercial development ever (attracting multinational corporations (“**MNCs**”) and major companies such as HSBC, Prudential Assurance, and Affin Bank) and accessibility to get to this central economic hub is highly attractive to prospective home buyers or property investors. The improvement of Malaysia's transportation infrastructure is expected to drive up property prices and set up Klang Valley as one of the most sought-after areas for luxury residential property.

On the other hand, in Johor, Medini continues to drive property sales due to its strategic positioning and an economic blueprint to drive its development. Additionally, high hopes have been placed on the proposed Malaysia-Singapore Rapid Transit System that will connect Johor Bahru to Woodlands in Singapore⁵¹. This is expected to be beneficial to the Johor property market⁵² as one of the main reasons for residential property growth in Johor is due to its proximity to Singapore, where those working in Singapore can afford more premium residential property in Johor at a lower price compared to the island nation.

⁵¹ The Malaysia-Singapore Rapid Transit System (RTS). Land Public Transport Commission.

⁵² Johor: Is it time for some good buys?. EdgeProp, January 2017.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

3.1.2.2 INDUSTRY RESTRAINTS

Developers to focus more on affordable housing

More private developers are looking to focus their efforts towards creating more affordable housing for the growing M40⁵³ category in Malaysia. This will slow down the growth of property transactions valued at RM1 million and above as private developers are now turning towards catering to the M40. The tabled Budget 2018 showed that the government has allocated RM2.2 billion to help more citizens achieve home ownership. At least 257,000 new units are expected to be built under the available affordable housing schemes. The financing schemes will also be extended to private developers to encourage them to develop more affordable homes and to lessen their interests in the premium residential segment.

Temporary freeze on approvals for future luxury property development projects

The Government has imposed a ban on approving future luxury property development projects, which took effect on November 1 2017⁵⁴. The aim of this ban was to reduce the glut in housing oversupply and improve home affordability. This freeze, however, is done on a case-to-case basis and is not a blanket ban over all future luxury developments. Proposals will be reviewed accordingly as to whether or not Malaysia will benefit from another luxury property development.

While this freeze has taken effect, the Government will continue efforts to push for the development of affordable homes – especially for units priced at RM300,000 and below. The ruling, however, does not apply to projects approved prior to November 2017. In order to overcome the oversupply in luxury housing, the Government will also continue to push for the sales of existing supply units priced at RM1 million.

3.1.3 Supply Conditions

Real estate agents in Malaysia are required to be certified by the Board of Valuers, Appraisals, and Estate Agents Malaysia. Prior to certification, training courses and programmes are offered by universities and specialised institutes. As of January 2018, there are approximately 2,000 registered estate agents in Malaysia.

Table 3-1: Real estate agencies with international affiliations in Malaysia⁵⁵

Agency Name	HQ	Year established	Description	Services provided
ERA Network Malaysia	United States	1995	One of Singapore's largest real estate agencies	Property brokers; Home insurers; Homeowners financing
Knight Frank Malaysia	United Kingdom	2002	One of the leading property consulting and real estate agencies in the world with an expansive global network.	Property brokers; Property consulting; Valuation services; Property management
JLL Property Services (Malaysia) Sdn Bhd	United States	2004	An established property consultancy firm and real estate agency with over 50 years of experience in Asia Pacific.	Property brokers; Property consulting

⁵⁴ No U-turn in Malaysia's freeze on approval for luxury property projects. The Edge Markets. November 2017.

⁵⁵ Not all the real estate agencies listed focus specifically on the luxury sector.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Agency Name	HQ	Year established	Description	Services provided
Savills	United Kingdom	1995	A global real estate services provider with an international network of over 700 offices.	Property brokers; Property consulting; Valuation services; Property management
PropNex Malaysia	Malaysia	2018	Master Licencee of PropNex Singapore, the largest real estate agency in Singapore	Property brokers; Project marketing
CBRE Malaysia	United States	2014	Provides real estate services for more than 60 countries.	Property brokers; Project management; Enterprise facilities management
Cushman & Wakefield Malaysia Sdn Bhd	United States	2014	Opened its 35 th Asia-Pacific office in Malaysia.	Property brokers; Property consulting; Valuation services; Property management;
IQI Global	United Arab Emirates	n/a	Founded in Dubai, and established Malaysia as the regional headquarters for their Southeast Asia operations	Property brokers;
Ray White Malaysia	Australia	2012	One of the leading real estate firms across the Asia-Pacific region.	Property brokers; Valuation services; Property management; Facilities management

Source: Respective company websites

3.1.4 Industry outlook and prospects

The Malaysian economy is on the road to recovery, after a positive start to 2018 with the strengthening ringgit. As the economy continues to carry on strong, this offers Malaysia the opportunity to focus on structural reforms to sustain medium-term growth. As the country moves towards becoming a high-income nation, productivity levels must be raised in order to further thrive. Malaysia's inclination towards becoming a high-income nation will be beneficial to the premium residential market as high-income.

Upcoming improvements to the transportation infrastructure are expected to bring about a positive reception to Kuala Lumpur's luxury property market. On-going infrastructure projects such as MRT 2 and TRX are expected to improve the attractiveness of premium residential properties in the country. As for Johor, the improving international education industry will attract Singaporean families to live there for the quality education provided. In addition, Johor Bahru has the advantage of being situated next to a major economy and with the higher spending power brought in by people working in Singapore, the luxury market is expected to do well in the future.

3.2 INDONESIA

3.2.1 Macroeconomic Overview

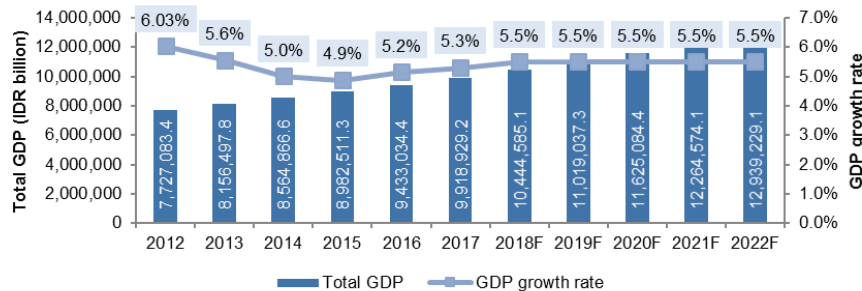
Indonesia is recovering from an economic slowdown between 2012 and 2015, with a steady growth in GDP growth rate from 4.9% in 2015 to 5.3% in 2017. The performance dip from 2012 to 2015 was caused by various reasons such as falling oil prices and weaker consumer spending. Indonesia was also faced with external challenges like the forest fires of 2015, which cost the country IDR221 trillion in reconstruction efforts – double the amount spent during the

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT

F R O S T & S U L L I V A N

aftermath of the 2004 Aceh tsunami⁵⁶. Indonesia's economy is projected to grow faster at an average of 5.5% from 2018F to 2022F, driven by factors such as the country's on-going structural reforms to boost private investments, improvement in infrastructure and recovery of oil and commodity prices.

Chart 3-5: Total GDP and GDP growth rate in Indonesia, 2012 – 2016

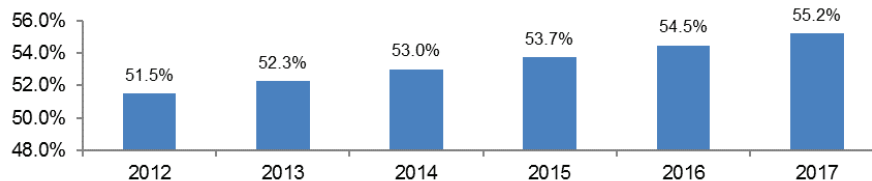


Source: IMF World Economic Outlook, October 2017

Note: IMF has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

Indonesia's rising middle class has seen a larger population moving to the city – this is noticeable in the increasing urban population. Between 2012 and 2017, the percentage of the urban population has made up more than half of Indonesia's total population and was on a steady incline at a CAGR of 1.4%.

Chart 3-6: Percentage of urban population in Indonesia, 2012 – 2017



Source: Statistics Indonesia

Note: Statistics Indonesia has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

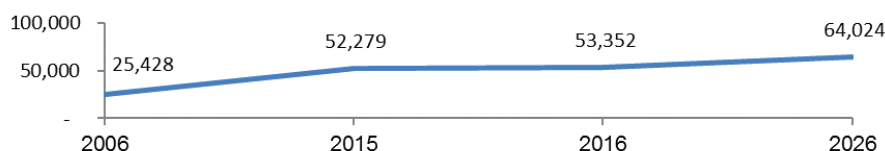
⁵⁶ Indonesia Economic Quarterly – December 2015. The World Bank, December 2015.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Indonesia's improving economy is reflected in the growth of their wealth class. The population grew rapidly from 2006 to 2015 at a CAGR of 8.3% while the projected growth from 2016 to 2026 is expected to be much slower at a CAGR of 1.8%.

Chart 3-7: Total and projected population of Indonesia's wealth class, 2006 – 2026



Note: The wealthy population consists of millionaires, multi-millionaires, UHNWIs, centa-millionaires, and billionaires.

Source: Knight Frank's *The Wealth Report 2017*

Note: Knight Frank has not provided its consent, for purposes of Section 249 of the SFA, to the inclusion of the information cited and attributed to it in this document and therefore is not liable for such information under Sections 253 and 254 of the SFA. As this report has been prepared by Frost & Sullivan for the purposes of incorporation in the prospectus to be issued by the Company in connection with the offering and listing of shares of the Company on the SGX-ST, the Company, the Issue Manager, Underwriter and Placement Agent have relied on Frost & Sullivan to ensure that the relevant information from the relevant source has been reproduced in its proper form and context and that the information is extracted accurately and fairly from the relevant source. None of the Company, the Issue Manager, Underwriter and Placement Agent has conducted an independent review of the information from such source or verified the accuracy or completeness of the relevant information.

3.2.2 Key growth drivers and restraints

3.2.2.1 INDUSTRY DRIVERS

New regulations to allow foreigners to own landed property

In 2016, the Indonesian government passed a regulation that will allow foreigners to own landed homes for a period of up to 80 years. Previously, they were only allowed to purchase apartments under the Right of Use⁵⁷ foreign ownership category for luxury apartments. The minimum prices for the property varies according to region with Jakarta requiring a minimum purchase of IDR10 billion. The new ruling, however, does not allow foreigners to rent out their property and they need to reside in their unit. Bank Indonesia has also made the move to make it easier for individuals to purchase a home by reducing interest rates and lowering minimum down payments⁵⁸.

Improvements to transportation infrastructure

As location plays a part in deciding whether or not residential properties are to be considered as premium or otherwise, improvements to Indonesia's transport infrastructure will contribute to the demand for luxury property and a supply to accommodate it. Progress is currently underway for Jakarta to construct the North-South Line of their first MRT system and is expected to begin initial operations in 2019. Plans have also been made to construct a medium-speed rail link between Jakarta and Surabaya, which is hoped to increase demand for residential property surrounding prospective railway stations and drive up property prices. The rail link is expected to be complete by 2019⁵⁹.

Indonesia is attractive to businesses looking to expand to Southeast Asia

⁵⁷ This is a right to use state-owned land

⁵⁸ Indonesia real estate set for stable 2017. The Investor (Jones Lang Lasalle), February 2017.

⁵⁹ Kesiapan Operasi. MRT Jakarta.



The ASEAN Business Outlook Survey 2018 reported Indonesia to be the third-most desirable country for US companies to expand their businesses to, just behind Myanmar and Vietnam. The survey cited reasons of positive growth in the domestic market, economic growth, and the rise of the middle-income class. Indonesia is particularly attractive to companies in the transportation and logistics sector⁶⁰. Indonesia has also become one of the key focus areas for China's One Belt One Road ("OBOR") initiative and according to Indonesia's Investment Coordinating Board, China has become the second-largest foreign investor into the country.

3.2.2.2 INDUSTRY RESTRAINTS

An ineffective immigration process and stricter hiring regulations for foreign workers

Due to stricter hiring regulations on foreign workers, Indonesia is experiencing a decline in expatriates ("expats"). This issue is emphasised by the Indonesian government making it increasingly difficult for expats to obtain a work permit. The expat community is important to the Indonesian economy as they are noted to be high-level executives for multinational companies and make up the majority of demand for expat-standard housing⁶¹. Colliers has also noted that in 2017, there was an increase in younger Asian expatriates – however, these markets have a limited budget and would only be suitable for affordable housing. It is also common that the remuneration for these younger Asian expats do not include accommodation for spouses and children, hence the affordable housing options for these expats are limited⁶².

High taxes on premium properties

In 2015, Indonesia redefined super luxury properties that are subject to the additional 5% tax. After the revision, landed properties with value more than IDR5 billion or 400sqm and non-landed properties with value more than IDR5 billion or 150sqm are subjected to the 5% super luxury tax. The thresholds previously were IDR10 billion or 500sqm for landed properties and IDR10 billion or 400sqm for non-landed properties. Following up to this, in 2017, the government has introduced an additional sales tax of that will be imposed on luxury goods including residential property. The tax will be 20% of the property's asking price and is enforced on non-titled landed houses and town houses valued at IDR 20 billion and above as well as non-landed residential property and titled houses valued at IDR 10 billion and above⁶³. Should buyers go through with the transaction, they will be faced with additional costs to cover agent fees and legal fees that can amount to an additional 10-15% of the property price. Overall, buyers can expect to pay an additional 30-40% in taxes and fees on top of the property price and this will continue to remain a strong deterrent to the luxury residential sector for as long as the Indonesian government does not change this policy.

3.2.3 Supply Conditions

In Indonesia, registration is not required to be a property agent – they do, however, offer extra accreditation for property agents to improve their skill set and gain credibility in their field. As such, a registry of property agents that can be tracked in Indonesia does not exist. The top three real estate agencies in Indonesia in terms of number of agents are Century21 Indonesia, ERA Indonesia and Ray White Indonesia with approximately 9,000, 6,000 and 4,000 agents employed with them respectively. Despite being a late entrant, PropNex Indonesia has been able to recruit about 800 agents as of March 2018.

⁶⁰ ASEAN Business Outlook Survey 2018.

⁶¹ Expatriate Housing Sector, Colliers Quarterly Q2 2017. Colliers International, August 2017.

⁶² Expatriate Housing Sector, Colliers Quarterly Q2 2017. Colliers International, August 2017

⁶³ Hunian Mewah, Apartemen, Rumah Lebih Rp 20 Miliar Dikenakan Pajak Penjualan 20%. The Cabinet Secretariat of the Republic of Indonesia, March 2017.

APPENDIX F – INDEPENDENT MARKET RESEARCH REPORT



Table 3-2 Real estate agencies with international affiliations in Indonesia⁶⁴

Agency	HQ	Year Established	Services provided	Number of offices
Century21 Indonesia	US	1999	Property brokers	118
ERA Indonesia	US	1992	Property brokers; Home insurers, Homeowners financing	147
JLL	US	NA	An established property consultancy firm and real estate agency with over 50 years of experience in Asia Pacific.	3
PropNex Indonesia	Singapore	2016	Property brokers; Project marketing. Master Franchisee of PropNex Singapore (largest real estate agency in Singapore)	15
Ray White Indonesia	Australia	1997	Property brokers	175
Savills	UK	2015	A global real estate services provider with an international network of over 700 offices.	1

Source: Respective company websites

3.2.4 Industry outlook and prospects

In terms macroeconomic performance, Indonesia's GDP was impacted in 2015 because of several external factors resulting in an incredibly challenging year. Nonetheless, the economy has been on a steady recovery. The Indonesian president is looking to make Indonesia a more attractive destination for investments by creating plans to spend more on the country's infrastructure. The real estate sector can also look forward to a stable recovery after the Bank of Indonesia eased rulings on mortgages to make it easier for first-time home buyers to purchase a new home.

While the luxury residential property sector in Indonesia remains small, the outlook for this segment remains positive with the rise in the number of Indonesia's wealthy and rising investment in the country. In addition, with Indonesia being earmarked in the China's OBOR initiative, Indonesia is expected to be an attractive destination for Chinese investors, which will continue to drive the demand for luxury residential properties.

⁶⁴ Not all the real estate agencies listed focus specifically on the luxury sector



4 SUMMARY PROSPECTS AND OUTLOOK FOR PROPnex

The Singaporean real estate market has faced challenges since 2013 due to the implementation of various cooling measures resulting in lower demand in the market. As the macroeconomic conditions improve in Singapore between 2018 and 2022, Frost & Sullivan expects the demand in the real estate market to recover in the next few years both from buyers and investors. This, coupled with expected higher numbers of residential units to be launched is expected to drive the transactions volume up over the forecast period of 2017-2022. Frost & Sullivan estimates the transaction volume in the primary private residential segment to grow at a CAGR of 3.8% from 13,798 to 16,604. Similarly, a CAGR of 2.1% is expected in the resale market from 16,097 in 2017 to 17,842 in 2022.

As the largest real estate agency in Singapore by number of agent, PropNex is well positioned to benefit from the expected recovery in the real estate market. Apart from an increasing resale market that PropNex may capitalise on due to its strong workforce, its strength in the project marketing for primary market enables the company to stand out from its competitors. As at 2017, PropNex has a market share of 42.7% in the residential primary private market by volume. This is attributed to its large network of agents which is the primary factor used by developers to determine the appointment of agency for project marketing. Frost & Sullivan opines that the expected large number of new sales unit in the forecast period, driven by GLS and increasing en-bloc sales, augurs well with the competitive strength of PropNex.

Meanwhile, PropNex's business in Malaysia and Indonesia is also expected to be positive over the forecast period. In Malaysia, upcoming improvements in the transportation and the development of key commercial area such as the TRX and Medini are expected to continue to attract MNCs and investment into the country. This in turn will bring about positive growth to the high-end luxury property driven by demand from expats and from investment purposes. On the other hand, in Indonesia, growing high net worth individuals, new regulations to allow foreigners to own landed property as well as improving infrastructure in Jakarta and Surabaya area are expected to drive business into Indonesia and thus increases the demand for luxury properties.

APPENDIX G – TAXATION

TAXATION

The following discussions regarding taxation are general in nature and based on the current tax legislation of Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Prospectus and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, where such changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The discussions below are not to be regarded as legal or tax advice. The discussion is limited to a general description of certain tax consequences in Singapore with respect to the subscription for, acquisition, holding and disposal of our Shares by investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to the subscription for, acquisition, holding and disposal of our Shares.

Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of subscribing for, acquiring, holding and disposing our Shares. It is emphasised that neither our Company, our Directors nor any other persons involved in the Offering accepts responsibility for any tax effects or liabilities resulting from the subscription for, acquisition, holding or disposal of our Shares.

SINGAPORE TAX

General

Singapore tax residents are subject to Singapore income tax on income that is accrued in or derived from Singapore and on foreign income received in Singapore or deemed to have been received in Singapore by the operation of law, subject to certain exceptions.

Non-resident corporate taxpayers are subject to income tax on income that is accrued in or derived from Singapore, and on foreign income received in Singapore, subject to certain exceptions. All individual resident and non-resident, subject to certain exceptions, are subject to income tax on the income accrued in or derived from Singapore. Foreign-source income received in Singapore by any individuals will be exempt from Singapore income tax except where such income is received through a partnership in Singapore.

A company is regarded as tax resident in Singapore if the control and management of its business is exercised in Singapore. An individual is tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

The prevailing corporate income tax rate is 17.0%. In addition, 75.0% of the first S\$10,000 and 50.0% of the next S\$290,000⁽¹⁾ of the company's normal income chargeable to tax at the prevailing corporate income tax rate will be exempt from corporate income tax. In addition, companies will receive a 40.0% corporate income tax rebate for the years of assessment 2018, subject to a cap of S\$15,000⁽²⁾.

For a Singapore tax resident individual, the rate of tax varies according to the individual's circumstances but is subject to a current maximum rate of 22.0%.

APPENDIX G – TAXATION

Notes:

- (1) This will be reduced to S\$190,000 from the year of assessment 2020, as announced in the Singapore Budget 2018.
- (2) For the year of assessment 2019, companies will receive a 20.0% corporate income tax rebate, subject to a cap of S\$10,000, as announced in the Singapore Budget 2018.

Dividend Distributions

Singapore operates a one-tier corporate tax system under which the tax on corporate profits is a final tax and all dividends paid by Singapore tax resident companies to their shareholders are exempt from Singapore income tax in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident. Furthermore, there is no dividend withholding tax in Singapore.

Gains on Disposal of our Shares

Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterisation of capital gains. Accordingly, gains arising from the disposal of our Shares may be construed to be of an income nature (and hence subject to corporate income tax) to the extent that the gains arise from activities which the IRAS regards as the carrying on of a trade in Singapore.

Subject to certain conditions being met, gains derived from the disposal of ordinary shares by companies during the period 1 June 2012 to 30 May 2022 (both dates inclusive) will not be subjected to Singapore income tax, if the divesting company holds a minimum shareholding of 20.0% of the ordinary shares in the company whose shares are being disposed of for a continuous period of at least 24 months. Such exemption does not apply in limited circumstances, for example disposal of shares in an unlisted investee company that is in the business of trading or holding Singapore immovable properties (other than property development).

Other than the above, there are no specific laws or regulations which deal with the characterisation of capital gains, and hence, gains may be construed to be of an income nature and subject to income tax especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore. As the precise tax status of one shareholder will vary from another, Shareholders are advised to consult their own professional advisers on the Singapore tax consequences that may apply to their individual circumstances.

In addition, shareholders who apply, or who are required to apply, Singapore Financial Reporting Standard 109 – Financial Instruments (“**FRS 109**”) for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 109 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made. Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their subscription for, acquisition, holding and disposal of our Shares.

APPENDIX G – TAXATION

Stamp Duty

There is no stamp duty payable on the subscription of our Shares.

Stamp duty is generally payable on instruments of transfer of shares at the rate of S\$2.00 for every S\$1,000 of the consideration for, or the market value of the shares whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore (unless the instrument of transfer which is executed outside Singapore is received in Singapore).

The abovementioned stamp duty is not applicable to electronic transfers of our shares through the CDP.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore to another person belonging in Singapore is an exempt supply not subject to GST. In this regard, the GST incurred by the GST-registered investor in making such supplies will generally not be recoverable to the GST-registered person.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, and who is outside Singapore at the time the sale is executed, the sale will be considered a taxable supply subject to GST at zero-rate (i.e. 0%). Subject to the provision of the GST Act, any GST incurred by the GST-registered investor in the making of such taxable supply in the course of or furtherance of a business, may be recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services, or advising on the issue, allotment, or transfer of ownership of our Shares, rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's subscription for, acquisition, sale or disposal of our Shares will be subject to GST at the prevailing standard rate of 7.0%. Similar services rendered to an investor belonging outside Singapore, and who is outside Singapore when the services are supplied, will be subject to GST at zero-rate.

This page has been intentionally left blank.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Applications are invited for the subscription for and/or purchase of the Offering Shares at the Offering Price on the terms and conditions set out below and in the printed application forms to be used for the purpose of the Offering and which forms part of the prospectus (the “**Application Forms**”) or, as the case may be, the Electronic Applications (as defined herein).

Investors applying for the Offering Shares by way of Application Forms or Electronic Applications are required to pay, in Singapore dollars, the Offering Price, subject to a refund of the full amount or, as the case may be, the balance of the applications monies (in each case without interest or any share of revenue or other benefit arising therefrom, at the applicant’s own risk and without any right or claim against us, the Vendors and the Issue Manager, Underwriter and Placement Agent) where (i) an application is rejected or accepted in part only, or (ii) if the Offering does not proceed for any reason.

- (1) The minimum initial subscription is for 1,000 Offering Shares. You may subscribe for or purchase a larger number of Offering Shares in integral multiples of 100. Your application for any other number of Offering Shares will be rejected.
- (2) You may apply for the Offering Shares only during the period commencing at 8.00 p.m. on 25 June 2018 and expiring at 12.00 noon on 28 June 2018. The Offering period may be extended or shortened to such date and/or time as we and the Vendors may agree with the Issue Manager, Underwriter and Placement Agent, subject to all applicable laws and regulations and the rules of the SGX-ST.
- (3)
 - (a) Your application for the Offering Shares offered in the Public Offer (the “**Public Offer Shares**”) may be made by way of the printed **WHITE** Application Forms or by way of Automated Teller Machines (“**ATM**”) belonging to the Participating Banks (“**ATM Electronic Applications**”) or the Internet Banking (“**IB**”) website of the relevant Participating Banks, where available (“**Internet Electronic Applications**”), or the mobile banking interface of DBS Bank (“**mBanking Applications**”, which together with the ATM Electronic Applications and Internet Electronic Applications, shall be referred to as “**Electronic Applications**”).
 - (b) Your application for the Offering Shares offered in the Placement (the “**Placement Shares**”) may be made by way of the printed **BLUE** Application Forms (or in such other manner as the Issue Manager, Underwriter and Placement Agent may in its absolute discretion deem appropriate).

UNLESS PERMISSIBLE IN SUCH OTHER JURISDICTION, YOU MUST BE IN SINGAPORE AT THE TIME OF THE MAKING OF THE APPLICATION FOR THE OFFERING SHARES. YOU MAY NOT USE YOUR CENTRAL PROVIDENT FUND OR CPF INVESTIBLE SAVINGS TO APPLY FOR THE OFFERING SHARES.

- (4) **Only one application may be made for the benefit of one person for the Public Offer Shares in his own name. Multiple applications for the Public Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.**

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

You may not submit multiple applications for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application. A person who is submitting an application for the Public Offer Shares by way of an Application Form for Public Offer Shares may not submit another application for the Public Offer Shares by way of an Electronic Application and vice versa.

A person other than an approved nominee company who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether by way of an Application Form or an Electronic Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore, and the SFA, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

- (5) **Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (by way of Application Forms for Placement Shares or such other form of application as the Issue Manager, Underwriter and Placement Agent may in its absolute discretion deem appropriate) or (ii) the Placement Shares together with a single application for the Public Offer Shares whether by way of an Application Form for Public Offer Shares or an Electronic Application.**
- (6) Applications from any person under the age of eighteen (18) years, undischarged bankrupts, sole proprietorships, partnerships, chops or non-corporate bodies, joint Securities Account holders of CDP will be rejected.
- (7) Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of Electronic Applications, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.
- (8) The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 9 below.
- (9) **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (10) **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application.** If you do not have an existing Securities Account with CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.
- (11) Subject to paragraphs 13 to 16 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card (“**NRIC**”) number or passport number or company registration number, nationality or permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one individual direct Securities Account with CDP, your application shall be rejected.
- (12) **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address that was last registered with CDP.**
- (13) This Prospectus and its accompanying documents (including the Application Forms) have not been registered in any jurisdiction other than in Singapore. The distribution of this Prospectus and its accompanying documents (including the Application Forms) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

Without limiting the generality of the foregoing, neither this Prospectus and its accompanying documents (including the Application Forms) nor any copy thereof may be taken, transmitted, published or distributed, whether directly or indirectly, in whole or in part in or into the United States or any other jurisdiction (other than Singapore) and they do not constitute an offer of securities for sale or a solicitation of an offer to buy any securities in the United States or any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer. The Offering Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and may not be offered or sold within the United States (as defined in Regulation S) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Offering Shares are being offered and sold outside the United States (including institutional and other investors in Singapore) in reliance on Regulation S. There will be no public offer of Offering Shares in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

We and the Vendors reserve the right to reject any application for the Offering Shares where we and the Vendors believe or have reason to believe that such applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving this Prospectus or its accompanying documents (including the Application Forms) may treat the same as an offer or invitation to subscribe for and/or purchase any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

- (14) We and the Vendors reserve the right to reject any application which does not conform strictly to the instructions or with the terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface (“**mBanking Interface**”) of DBS Bank) or, in the case of an application by way of an Application Form, the contents of which are illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation.
- (15) We and the Vendors further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions and terms and conditions set out in this Prospectus (including the instructions set out in the accompanying Application Forms, the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank), and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof. Without prejudice to the rights of our Company and the Vendors, the Issue Manager, Underwriter and Placement Agent, as an agent of our Company and the Vendors, has been authorised to accept, for and on behalf of our Company and the Vendors, such other forms of application as the Issue Manager, Underwriter and Placement Agent may deem appropriate.
- (16) We and the Vendors reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application without assigning any reason therefor, and none of our Company, the Vendors nor the Issue Manager, Underwriter and Placement Agent will entertain any enquiry and/or correspondence on the decision of our Company and the Vendors. This right applies to applications made by way of Application Forms and Electronic Applications and by such other forms of application as the Issue Manager, Underwriter and Placement Agent may, in consultation with our Company and the Vendors, deem appropriate. In deciding the basis of allocation, our Company and the Vendors, in consultation with the Issue Manager, Underwriter and Placement Agent, will give due consideration to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Offering Shares.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

(17) In the event that we and the Vendors lodge a supplementary or replacement prospectus (“**Relevant Document**”) pursuant to the SFA or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued and/or transferred to you, our Company and the Vendors will (as required by law) at our Company’s and the Vendors’ sole and absolute discretion either:

- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (b) within seven (7) days of the lodgement of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to withdraw your application; or
- (c) treat your application as withdrawn and cancelled and refund all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) to you within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 17(a) and 17(b) above to withdraw his application shall, within fourteen (14) days from the date of lodgement of the Relevant Document, notify us and the Vendors of this whereupon we and the Vendors shall, within seven (7) days from the receipt of such notification, return to the applicant all monies paid by such applicant in respect of such application (without interest or any share of revenue or other benefit arising therefrom, at the applicant’s own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) to the applicant.

(18) In the event that the Offering Shares have already been issued and/or transferred at the time of the lodgement of the Relevant Document but trading has not commenced, we and the Vendors will (as required by law) either:

- (a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to us and the Vendors the Offering Shares which you do not wish to retain title in and take all reasonable steps to make the Relevant Document available to you within a reasonable period of time if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or
- (b) within seven (7) days from the lodgement of the Relevant Document, provide you with a copy of the Relevant Document and provide you with an option to return to us and the Vendors those Offering Shares which you do not wish to retain title in; or

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (c) treat the issue and/or transfer of the Offering Shares as void and return all monies paid in respect of your application (without interest or any share of revenue or other benefit arising therefrom at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 18(a) and 18(b) above to return the Offering Shares issued and/or transferred to him shall, within fourteen (14) days from the date of lodgement of the Relevant Document, notify us and the Vendors of this and return all documents, if any, purporting to be evidence of title of those Offering Shares to us and the Vendors, whereupon we and the Vendors shall, within seven (7) days from the receipt of such notification and documents, if any, return to the applicant all monies paid by such applicant for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom at the applicant's own risk and without any right or claim against us, the Vendor or the Issue Manager, Underwriter and Placement Agent), and the Offering Shares issued and/or transferred to him shall be treated as void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

- (19) The Offering Shares may be re-allocated between the Placement and the Public Offer for any reason, including in the event of excess applications in one and a deficit of applications in the other, by the Issue Manager, Underwriter and Placement Agent, in consultation with our Company and the Vendors, subject to any applicable laws.
- (20) Subject to your provision of a valid and correct CDP Securities Account number, share certificates in respect of the Offering Shares will be registered in the name of CDP or its nominee and will be forwarded only to CDP. If your application is successful, it is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Offering, and subject to the submission of valid applications and payment for the Offering Shares, a statement of account stating that your CDP Securities Account has been credited with the number of Offering Shares allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by us and/or the Vendors. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renounee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allocated to you. This authorisation applies to applications made both by way of Application Form and Electronic Application.
- (21) You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offering Shares allocated to you pursuant to your application, to our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent and any other parties so authorised by CDP, our Company, the Vendors and/or the Issue Manager, Underwriter and Placement Agent.
- (22) Any reference to "you" or the "Applicant" in this appendix shall include an individual, a corporation, an approved nominee company and trustee applying for the Offering Shares by way of an Application Form or an Electronic Application or by such other manner as the Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (23) By completing and delivering an Application Form and, in the case of: (i) an ATM Electronic Application, by pressing the “Enter” or “OK” or “Confirm” or “Yes” key or any other relevant key on the ATM, and (ii) an Internet Electronic Application or mBanking Application, by clicking “Submit” or “Continue” or “Yes” or “Confirm” or any other relevant button on the IB website screen of the relevant Participating Bank or the mBanking Interface of DBS Bank in accordance with the provisions therein, you:
- (a) irrevocably agree and undertake to subscribe for and/or purchase the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Offering Price and agree that you will accept such number of Offering Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and its accompanying documents (including the Application Forms), as well as the Constitution of the Company;
 - (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in this Prospectus and its accompanying documents (including the Application Form) and those set out in the IB websites or ATMs of the relevant Participating Banks or the mBanking Interface of DBS Bank, the terms and conditions set out in this Prospectus and its accompanying documents (including the Application Forms) shall prevail;
 - (c) in the case of an application by way of an Application Form for Public Offer Shares or an Electronic Application, agree that the Offering Price for the Public Offer Shares applied for is due and payable to us and the Vendors upon application;
 - (d) in the case of an application by way of an Application Form for Placement Shares or such other forms of application as the Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate, agree that the aggregate Offering Price for the Placement Shares applied for is due and payable to us and the Vendors upon application;
 - (e) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information, representations and declarations will be relied on by us, the Vendors and the Issue Manager, Underwriter and Placement Agent in determining whether to accept your application and/or whether to allocate any Offering Shares to you;
 - (f) (i) consent to the collection, use, processing and disclosure of your name, NRIC or passport number or company registration number, address, nationality or permanent resident status, CDP Securities Account number, share application details (including share application amount), the outcome of your application (including the number of Offering Shares allocated to you pursuant to your application) and other personal data (“**Personal Data**”) by the Share Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd (“**SCCS**”), the SGX-ST, the Participating Banks, our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent and/or other authorised operators (the “**Relevant Parties**”) for the purpose of facilitating your application for the Offering Shares, and in order for the Relevant Parties to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”) and warrant that such Personal Data is true, accurate and correct,

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (ii) warrant that where you, as an approved nominee company, disclose the Personal Data of the beneficial owner(s) to the Relevant Parties, you have obtained the prior consent of such beneficial owner(s) for the collection, use, processing and disclosure by the Relevant Parties of the Personal Data of such beneficial owner(s) for the Purposes,
 - (iii) agree that the Relevant Parties may do anything or disclose any Personal Data or matters without notice to you if the Issue Manager, Underwriter and Placement Agent considers them to be required or desirable in respect of any applicable policy, law, regulation, government entity, regulatory authority or similar body, and
 - (iv) agree that you will indemnify the Relevant Parties in respect of any penalties, liabilities, claims, demands, losses and damages as a result of your breach of warranties. You also agree that the Relevant Parties shall be entitled to enforce this indemnity (collectively, the “**Personal Data Privacy Terms**”);
 - (g) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of our Company, the Vendors nor the Issue Manager, Underwriter and Placement Agent will infringe any such laws as a result of the acceptance of your application;
 - (h) agree and confirm that you are not a U.S. person and that you are outside the United States (within the meaning of Regulation S); and
 - (i) understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulation S or pursuant to another exemption. Any failure to comply with these terms may constitute a violation of the United States securities laws.
- (24) Acceptance of applications will be conditional upon, among others, our Company and the Vendors being satisfied that:
- (a) permission has been granted by the SGX-ST to deal in and for the quotation of all our issued Shares including the Vendor Shares and the Additional Shares, the New Shares, the Cornerstone Shares, the Award Shares and the Option Shares on the Mainboard of the SGX-ST;
 - (b) each of the Management and Underwriting Agreement and the Placement Agreement, referred to in “*Plan of Distribution*”, has become unconditional and has not been terminated; and
 - (c) the MAS has not served a stop order pursuant to Section 242 of the SFA directing that no or no further Offering Shares to which this Prospectus relates be allotted, issued or sold (“**Stop Order**”). The SFA provides that the MAS shall not serve a Stop Order if all the Offering Shares have been issued or sold, and listed for quotation on the SGX-ST and trading in them has commenced.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (25) In the event that a Stop Order in respect of the Offering Shares is issued by the MAS or other competent authority, and subject to the laws of Singapore:
- (a) where the Offering Shares have not been issued and/or transferred to the applicants, all applications shall be deemed to be withdrawn and cancelled and we and the Vendors shall, within 14 days of the date of the Stop Order, return to the applicants all monies paid by the applicants on account of their applications for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at their own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent); or
 - (b) where the Offering Shares have been issued and/or transferred but trading has not commenced, the issue will be deemed to be void and we and the Vendors shall, within seven days of the date of the Stop Order, return to the applicants all monies paid by the applicants for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent).
- The above shall not apply where only an interim Stop Order has been served.
- (26) In the event that an interim Stop Order in respect of the Shares is served by the MAS or other competent authority, no Offering Shares shall be issued and/or transferred to you until the MAS revokes the interim Stop Order.
- (27) Additional terms and conditions for applications by way of Application Forms are set out in “– *Additional Terms and Conditions for Applications using Printed Application Forms*” on pages H-10 to H-13 of this Prospectus.
- (28) Additional terms and conditions for applications by way of Electronic Applications are set out in the “– *Additional Terms and Conditions for Electronic Applications*” on pages H-15 to H-22 of this Prospectus.
- (29) All payments in respect of any application for Public Offer Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (30) All payments in respect of any application for Placement Shares, and all refunds where (a) an application is rejected or accepted in part only, or (b) the Offering does not proceed for any reason, shall be made in Singapore dollars.
- (31) No application will be held in reserve.
- (32) This Prospectus is dated 25 June 2018. No Offering Shares shall be allotted and/or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the MAS.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Additional Terms and Conditions for Applications using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to, the terms and conditions of this Prospectus, including, but not limited to, the terms and conditions set out below in and elsewhere in this appendix, as well as the Constitution of our Company.

- (1) Applications for the Public Offer Shares must be made using the printed **WHITE** Application Forms for Public Offer Shares and printed **WHITE** official envelopes “A” and “B”, both of which accompany and form part of this Prospectus.

Applications for the Placement Shares must be made using the printed **BLUE** Application Forms for Placement Shares (or in such manner as the Issue Manager, Underwriter and Placement Agent may, in its absolute discretion, deem appropriate), both of which accompany and form part of this Prospectus.

Without prejudice to the rights of our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent, the Issue Manager, Underwriter and Placement Agent, as an agent of our Company and the Vendors, has been authorised to accept, for and on behalf of our Company and the Vendors, such other forms of application as it may (in consultation with our Company and the Vendors) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Forms and this Prospectus for the completion of the Application Forms, which must be carefully followed. **Our Company and the Vendors reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Forms and this Prospectus or to the terms and conditions of this Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation.**

- (2) You must complete your Application Forms in English. Please type or write clearly in ink using **BLOCK LETTERS**.
- (3) You must complete all spaces in your Application Forms except those under the heading **“FOR OFFICIAL USE ONLY”** and you must write the words **“NOT APPLICABLE”** or **“N.A.”** in any space that is not applicable.
- (4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your common seal (if any) in accordance with your constitution or equivalent constitutive documents. If you are a corporate applicant and your application is successful, a copy of your constitution or equivalent constitutive documents must be lodged with the Share Registrar. Our Company and the Vendors reserve the right to require you to produce documentary proof of identification for verification purposes.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (5) (a) You must complete Sections A and B and sign page 1 of the Application Form.
- (b) You are required to delete either paragraph 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with the particulars of the beneficial owner(s).
- (c) If you fail to make the required declaration in paragraph 7(a) or 7(b), as the case may be, on page 1 of the Application Form, your application is liable to be rejected.
- (6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated, established or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Offering Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated, established or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50.0% of the issued share capital of or interests in such corporation.
- (7) You may apply and make payment for your application for the Public Offer Shares in Singapore currency using only cash. Each application must be accompanied by a cash remittance in Singapore currency for the full amount payable in Singapore dollars of the Offering Price, in respect of the number of Public Offer Shares applied for. The remittance must be in the form of a **BANKER'S DRAFT** or **CASHIER'S ORDER** drawn on a bank in Singapore, made out in favour of "**PROPnex SHARE ISSUE ACCOUNT**" crossed "**A/C PAYEE ONLY**" with your name, CDP Securities Account number and address written clearly on the reverse side. Applications not accompanied by any payment or accompanied by any other form of payment will not be accepted. No combined Banker's Draft or Cashier's Order for different CDP Securities Accounts shall be accepted. Remittances bearing "**NOT TRANSFERABLE**" or "**NON-TRANSFERABLE**" crossings will be rejected.

No acknowledgement of receipt will be issued for applications and application monies received. The manner and method for applications and acceptances of payment under the Placement will be determined by the Issue Manager, Underwriter and Placement Agent in its sole discretion.

- (8) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) to you by ordinary post, in the event of over-subscription for the Public Offer Shares, within 24 hours of the balloting (or such shorter period as the SGX-ST may require, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account).

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) to you by ordinary post within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) will be returned to you within three (3) Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

- (9) Capitalised terms used in the Application Forms and defined in this Prospectus shall bear the meanings assigned to them in this Prospectus.
- (10) By completing and delivering the Application Form, you agree that:
- (a) in consideration of us and the Vendors having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Offering:
 - (i) your application is irrevocable;
 - (ii) your remittance will be honoured upon its first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors and the Issue Manager, Underwriter and Placement Agent;
 - (iii) you represent and agree that you are not a U.S. person and that you are located outside the United States (within the meaning of Regulation S); and
 - (iv) you understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on, Regulations S or pursuant to another exemption.
 - (b) all applications, acceptances or contracts resulting therefrom under the Offering shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (c) in respect of the Public Offer Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of our Company and the Vendors and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of our Company and the Vendors;
- (d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent or any other person involved in the Offering shall have any liability for any information not contained therein;
- (f) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;
- (g) for the purpose of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company and the Vendors, of your Personal Data to the Relevant Persons in accordance with the Personal Data Privacy Terms; and
- (h) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in the Application Form or any smaller number of such Public Offer Shares that may be allocated to you in respect of your application. In the event that our Company and the Vendors decide to allocate any smaller number of Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

Procedures Relating to Applications for the Public Offer Shares by Way of Printed Application Forms

- (1) Your application for the Public Offer Shares by way of printed Application Forms **MUST** be made using the **WHITE** Application Form for Public Offer Shares and **WHITE** official envelopes “**A**” and “**B**”.
- (2) You must:
 - (a) enclose the **WHITE** Application Form for Public Offer Shares, duly completed and signed, together with the correct remittance for the full amount payable based on the Offering Price and the number of Public Offer Shares applied for in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents, in the **WHITE** official envelope “**A**” provided;
 - (b) in appropriate spaces on the **WHITE** official envelope “**A**”:
 - (i) write your name and address;
 - (ii) state the number of Public Offer Shares applied for; and
 - (iii) tick the relevant box to indicate the form of payment;

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (c) **SEAL THE WHITE OFFICIAL ENVELOPE “A”;**
 - (d) write, in the special box provided on the larger **WHITE** official envelope “**B**” addressed to PropNex Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road #02-00 Singapore 068898, the number of Public Offer Shares you have applied for;
 - (e) insert the **WHITE** official envelope “**A**” into the **WHITE** official envelope “**B**” and seal the **WHITE** official envelope “**B**”; and
 - (f) affix adequate Singapore postage on the **WHITE** official envelope “**B**” (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents, at your own risk, to PropNex Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road #02-00 Singapore 068898, so as to arrive by 12.00 noon on 28 June 2018 or such other date(s) and time(s) as our Company and the Vendors may agree with the Issue Manager, Underwriter and Placement Agent. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected. Except for applications for the Placement Shares where remittance is permitted to be submitted separately, applications for the Public Offer Shares not accompanied by any form of payment will not be accepted.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Procedures Relating to Applications for the Placement Shares by Way of Printed Application Forms

- (1) Your application for the Placement Shares by way of printed Application Forms must be made using the **BLUE** Application Form for Placement Shares.
- (2) You must enclose the **BLUE** Application Form for Placement Shares, duly completed and signed, and together with the correct remittance for the full amount payable based on the Offering Price and the number of Placement Shares applied for, in Singapore currency in accordance with the terms and conditions of this Prospectus and its accompanying documents with your name, CDP Securities Account number and address clearly written on the reverse side of the Application Form, in an envelope to be provided by you. You must affix adequate Singapore postage on the envelope (if despatching by ordinary post) and thereafter the sealed envelope must be despatched by ordinary post or delivered by hand, at your own risk, to PropNex Limited, c/o Tricor Barbinder Share Registration Services, 80 Robinson Road #02-00 Singapore 068898, to arrive by 12.00 noon on 28 June 2018 or such other date(s) and time(s) as our Company and the Vendor may agree with the Issue Manager, Underwriter and Placement Agent. **Courier services or Registered Post must NOT be used.**
- (3) Applications that are illegible, incomplete or incorrectly completed or accompanied by an improperly drawn up, or improper form of remittance or a remittance which is not honoured upon its first presentation are liable to be rejected.
- (4) **ONLY ONE APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of this Prospectus, including, but not limited to, the terms and conditions set out below and elsewhere in this appendix, as well as the Constitution of the Company.

- (1) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mBanking Interface of DBS Bank (in the case of mBanking Applications). Currently, DBS Bank, OCBC Bank and UOB (each as defined below) are the Participating Banks through which Internet Electronic Applications may be made and DBS Bank is the only Participating Bank through which mBanking Applications may be made.
- (2) For illustrative purposes, the procedures for Electronic Application through ATMs and the IB website of the UOB Group are set out respectively in the “Steps for an ATM Electronic Application through ATMs of the UOB” and the “Steps for an Internet Electronic Application through the IB website of the UOB” (collectively, the “**Steps**”) appearing below. The Steps set out the actions that you must take at an ATM or the IB website of UOB to complete an Electronic Application. Please read carefully the terms and conditions of this Prospectus and its accompanying documents (including the Application Forms), the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.
- (3) Any reference to “you” or the “Applicant” in these Additional Terms and Conditions for Electronic Applications and in the Steps shall refer to you making an application for Public Offer Shares through an ATM of one of the relevant Participating Banks or the IB website of a relevant Participating Bank or the mBanking Interface.
- (4) If you are making an ATM Electronic Application:
 - (a) You must have an existing bank account with and be an ATM cardholder of one of the Participating Banks. An ATM card issued by one Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.
 - (b) You must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. If you fail to use your own ATM card or do not key in your own CDP Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own CDP Securities Account number when using the ATM card issued to you in your own name. Using your own CDP Securities Account number with an ATM card which is not issued to you in your own name will render your Electronic Application liable to be rejected.
 - (c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip (“**Transaction Record**”) confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (5) If you are making an Internet Electronic Application or an mBanking Application:
- (a) You must have an existing bank account with, and a User Identification (“**User ID**”) as well as a Personal Identification Number (“**PIN**”) given by, the relevant Participating Bank.
 - (b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.
 - (c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or your mBanking Application through the mBanking Interface of DBS Bank, there will be an on-screen confirmation (“**Confirmation Screen**”) of the application which can be printed out or screen captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.
- (6) In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:
- (a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and the Prospectus prior to effecting the Electronic Application and agree to be bound by the same;
 - (b) you accept and agree to the Personal Data Privacy Terms set out in this Prospectus;
 - (c) that, for the purposes of facilitating your application, you consent to the collection, use, processing and disclosure, by or on behalf of our Company and the Vendors, of your Personal Data from your records with the Relevant Participating Bank to the Relevant Parties in accordance with the Personal Data Privacy Terms; and
 - (d) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or click “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank. By doing so, you shall be treated as signifying your confirmation of each of the four statements above. In respect of statement 6(b) above, your confirmation, by pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Personal Data relating to your account(s) with that Participating Bank to the Relevant Parties.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

By making an Electronic Application, you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You shall make only one Electronic Application for the Public Offer Shares and shall not make any other application for the Public Offer Shares whether at the ATMs or IB websites of any of the Participating Banks or the mBanking Interface of DBS Bank or by way of an Application Form. Where you have made an application for the Public Offer Shares by way of an Application Form, you shall not make an Electronic Application for the Public Offer Shares and vice versa.

- (7) You must have sufficient funds in your bank account with your Participating Bank at the time you make your Electronic Application, failing which such Electronic Application will not be completed. Any Electronic Application which does not conform strictly to the instructions set out in this Prospectus or on the screens of the ATMs or the IB website of the relevant Participating Bank or the mBanking Interface of DBS Bank, as the case may be, through which your Electronic Application is being made shall be rejected.
- (8) You may apply and make payment for your application for the Public Offer Shares in Singapore currency in cash only. You may apply and make payment for your application in Singapore currency through any ATM or IB website of your Participating Bank or the mBanking Interface of DBS Bank (as the case may be) by authorising your Participating Bank to deduct the full amount payable from your bank account(s) with such Participating Bank.
- (9) You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that our Company and the Vendors decides to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the “Enter” or “OK” or “Confirm” or “Yes” or any other relevant key on the ATM or clicking “Confirm” or “OK” or “Submit” or “Continue” or “Yes” or any other relevant button on the IB website screen or the mBanking Interface of DBS Bank) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you and your agreement to be bound by the Constitution of the Company. You also irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the transfer of the Public Offer Shares that may be allocated to you.
- (10) Our Company and the Vendors will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is accepted or rejected in part only, the balance of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

the Issue Manager, Underwriter and Placement Agent) to you by being automatically credited to your account with your Participating Bank within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) will be returned to you by being automatically credited to your account with your Participating Bank within three (3) Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent assumes any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

- (11) If your Electronic Application is unsuccessful, no notification will be sent by the relevant Participating Bank.
- (12) Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	Telephone	Other Channels	Operating Hours	Service expected from
DBS Bank Ltd. (including POSB)	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com ⁽¹⁾	24 hours a day	Evening of the balloting day
Oversea-Chinese Banking Corporation Limited (“OCBC Bank”)	1800 363 3333	Phone Banking/ATM/IB http://www.ocbc.com ⁽²⁾	24 hours a day	Evening of the balloting day
United Overseas Bank Limited (“UOB”)	1800 222 2121	ATM (Other Transactions “IPO Results Enquiry”)/ Phone Banking/IB http://www.uobgroup.com ⁽³⁾	24 hours a day	Evening of the balloting day

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Notes:

- (1) Applicants who have made Internet Electronic Applications through the IB websites of DBS Bank or mBanking Applications through the mBanking Interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.
 - (2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Bank Personal Internet Banking, OCBC Bank ATMs or OCBC Bank Phone Banking services.
 - (3) Applicants who have made Electronic Applications through the ATMs or the IB website of the UOB may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.
- (13) ATM Electronic Applications shall close at 12.00 noon on 28 June 2018 or such other date(s) and time(s) as our Company and the Vendors may agree with the Issue Manager, Underwriter and Placement Agent. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 28 June 2018, or such other date(s) and time(s) as our Company and the Vendors may agree with the Issue Manager, Underwriter and Placement Agent. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.
- (14) You are deemed to have irrevocably requested and authorised our Company and the Vendors to:
- (a) register the Public Offer Shares allocated to you in the name of CDP for deposit into your Securities Account;
 - (b) send the relevant Share certificate(s) to CDP;
 - (c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) the full amount of the application monies, should your Electronic Application be unsuccessful, by automatically crediting your bank account with your Participating Bank with the relevant amount within 24 hours of the balloting (or such shorter period as the SGX-ST may require), **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account;
 - (d) return or refund (without interest or any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) the balance of the application monies, should your Electronic Application be rejected or accepted in part only, by automatically crediting your bank account with your Participating Bank with the relevant amount within 14 Market Days after the close of the Offering, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (e) return or refund (without interest of any share of revenue or other benefit arising therefrom, at your own risk and without any right or claim against us, the Vendors or the Issue Manager, Underwriter and Placement Agent) the full amount of the application monies, should the Offering not proceed for any reason, by automatically crediting your bank account with your Participating Bank with the relevant amount within three (3) Market Days after the Offering is discontinued, **PROVIDED THAT** the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue amount.
- (15) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, our Company, the Vendors and the Issue Manager, Underwriter and Placement Agent, and if, in any such event, our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank do or does not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.
- (16) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. Our Company and the Vendors shall reject any application by any person acting as nominee (other than approved nominee companies).
- (17) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.
- (18) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in your address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.
- (19) By making and completing an Electronic Application, you are deemed to have agreed that:
 - (a) in consideration of our Company and the Vendors making available the Electronic Application facility, through the Participating Banks (acting as agents of our Company and the Vendors) at the ATMs and IB websites of the relevant Participating Banks and the mBanking Interface of DBS Bank:
 - (i) your Electronic Application is irrevocable;

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- (ii) your Electronic Application, the acceptance by our Company and the Vendors and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;
 - (iii) you represent and agree that you are not a U.S. person and that you are not located in the United States (within the meaning of Regulation S); and
 - (iv) you understand that the Offering Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and accordingly, they may not be offered or sold within the United States or for the account or benefit of U.S. persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the regulation requirements of the Securities Act and applicable state securities laws. Accordingly, there will be no public offer of the Offering Shares in the United States and the Offering Shares are only being offered and sold outside the United States in offshore transactions as defined in, and in reliance on Regulation S or pursuant to another exemption.
- (b) none of our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent, the Participating Banks nor CDP shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application to our Company, the Vendors, CDP or the SGX-ST due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph 15 above or to any cause beyond their respective controls;
- (c) in respect of the Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of our Company and the Vendors and not otherwise, notwithstanding any payment received by or on behalf of our Company and the Vendors;
- (d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application;
- (e) reliance is placed solely on information contained in this Prospectus and that none of our Company, the Vendors, the Issue Manager, Underwriter and Placement Agent or any other person involved in the Offering shall have any liability for any information not contained therein; and
- (f) you irrevocably agree and undertake to subscribe for and/or purchase the number of Public Offer Shares applied for as stated in your Electronic Application or any smaller number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event our Company and the Vendors decides to allocate any smaller number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final.

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Steps for Electronic Applications through ATMs and the IB website of UOB Group

The instructions for Electronic Applications will appear on the ATM screens and the IB website screens of the respective Participating Banks. For illustrative purposes, the steps for making an Electronic Application through the ATMs or IB website of UOB are shown below. Instructions for Electronic Applications appearing on the ATM screens and the IB website screens of the relevant Participating Banks (other than UOB) may differ from that represented below.

Steps for an ATM Electronic Application through ATMs of UOB Group

Owing to space constraints on UOB's ATM screens, the following terms will appear in abbreviated form:

"&"	:	and
"A/C" and "A/Cs"	:	ACCOUNT and ACCOUNTS, respectively
"ADDR"	:	ADDRESS
"AMT"	:	AMOUNT
"APPLN"	:	APPLICATION
"CDP"	:	THE CENTRAL DEPOSITORY (PTE) LIMITED
"CPF"	:	CENTRAL PROVIDENT FUND
"CPFINVT A/C"	:	CPF INVESTMENT ACCOUNT
"ESA"	:	ELECTRONIC SHARE APPLICATION
"IC/PSS PT"	:	NRIC or PASSPORT NUMBER
"NO"	:	NUMBER
"REGISTRARS"	:	SHARE REGISTRARS
"SCCS"	:	SECURITIES CLEARING & COMPUTER SERVICES (PTE) LTD
"UOB/ICB CPFIS"	:	UOB or ICB CPF INVESTMENT SCHEME
"YR"	:	YOUR

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- Step 1 : Insert your personal Unicaard, Uniplus card or UOB VISA/MASTER card and key in your personal identification number.
- 2 : Select “CASHCARD/OTHER TRANSACTIONS”.
- 3 : Select “SECURITIES APPLICATION”.
- 4 : Select “ESA-Fixed”.
- 5 : Select the share counter which you wish to apply for.
- 6 : Read and understand the following statements which will appear on the screen:
- THIS OFFER OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENTS. ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) WILL NEED TO MAKE AN APPLICATION IN THE MANNER SET OUT IN THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT (Press “ENTER” key to continue)
 - PLEASE CALL 1800 222 2121 IF YOU WOULD LIKE TO FIND OUT WHERE YOU CAN OBTAIN A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT
 - WHERE APPLICABLE, A COPY OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR THE CONTENTS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT OR SUPPLEMENTARY DOCUMENT (Press “ENTER” key to confirm that you have read and understood the above statements)
- 7 : Read and understand the following statements which will appear on the screen:
- YOU HAVE READ, UNDERSTOOD & AGREED TO ALL TERMS OF THE PROSPECTUS/OFFER INFORMATION STATEMENT/DOCUMENT/ SUPPLEMENTARY DOCUMENT & THIS ELECTRONIC APPLICATION (Press “ENTER” key to continue)
 - YOU CONSENT TO DISCLOSE YR NAME, IC/PSST, NATIONALITY, ADDR, APPLN AMT, CPFINVT A/C NO & CDP A/C NO FROM YOUR A/CS TO CDP, CPF, SCCS, REGISTRARS, SGX-ST AND ISSUER/VENDOR
 - THIS IS YOUR ONLY FIXED PRICE APPLN & IS IN YOUR NAME & AT YOUR RISK (Press “ENTER” key to continue)

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- 8 : Screen will display:
- NRIC/Passport No. XXXXXXXXXXXX**
- IF YOUR NRIC NO/PASSPORT NO IS INCORRECT, PLEASE CANCEL THE TRANSACTION AND NOTIFY THE BRANCH PERSONALLY.** (Press “CANCEL” or “CONFIRM”)
- 9 : Select mode of payment i.e. “CASH ONLY”. You will be prompted to select Cash Account type to debit (i.e., “CURRENT ACCOUNT/I-ACCOUNT”, “CAMPUS” OR “SAVINGS ACCOUNT/TX ACCOUNT”). Should you have a few accounts linked to your ATM card, a list of linked account numbers will be displayed for you to select.
- 10 : After you have selected the account, your Securities Account number will be displayed for you to confirm or change (This screen with your CDP Securities Account number will be shown if your Securities Account number is already stored in the ATM system of UOB). If this is the first time you are using UOB’s ATM to apply for Shares, your Securities Account number will not be stored in the ATM system of UOB, and the following screen will be displayed for your input of your CDP Securities Account number.
- 11 : Read and understand the following terms which will appear on the screen:
- 1. PLEASE DO NOT APPLY FOR JOINT A/C HOLDER OR OTHER THIRD PARTIES.**
 - 2. PLEASE USE YOUR OWN ATM CARD.**
 - 3. DO NOT KEY IN THE CDP A/C NO. OF YOUR JOINT A/C HOLDER OR OTHER THIRD PARTIES.**
 - 4. KEY IN YOUR CDP A/C NO. (12 DIGITS) 1681-XXXX-XXXX**
 - 5. PRESS ENTER KEY**
- 12 : Key in your Securities Account number (12 digits) and press the “ENTER” key
- 13 : Select your nationality status
- 14 : Key in the number of Shares you wish to apply for and press the “ENTER” key
- 15 : Check the details of your Electronic Application on the screen and press the “ENTER” key to confirm your Electronic Application
- 16 : Select “NO” if you do not wish to make any further transactions and remove the Transaction Record. You should keep the Transaction Record for your own reference only

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

Steps for an Internet Electronic Application through the Internet Banking website of UOB

“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	Central Provident Fund
“NRIC” or “IC”	:	National Registration Identity Card
“PR”	:	Permanent Resident
“SGD” or “S\$”	:	Singapore Dollars
“SCCS”	:	Securities Clearing & Computer Services (Pte) Ltd
“SGX-ST”	:	Singapore Exchange Securities Trading Limited

- Step 1 : Connect to UOB’s website at <http://www.uobgroup.com>
- 2 : Locate the UOB Online Services Login icon on the top right hand side next to “Internet Banking”
- 3 : Click on UOB Online Services Login and at drop list select “UOB Personal Internet Banking”
- 4 : Enter your Username and Password and click “Submit”
- 5 : Click on “Proceed” under the Full Access Mode
- 6 : You will receive a SMS One-Time Password. Enter the SMS One-Time Password and click “Proceed”
- 7 : Click on “EPS/Securities/CPFIS”, follow by “Securities”, follow by “Securities Application”
- 8 : Read the IMPORTANT notice and complete the declarations found on the bottom of the page by answering Yes/No to the questions
- 9 : Click “Continue”
- 10 : Select your country of residence (you must be residing in Singapore to apply), and click “Continue”
- 11 : Select the “Securities Counter” from the drop list (if there are concurrent IPOs) and click “Submit”
- 12 : Check the “Securities Counter”, select the mode of payment and account number to debit and click on “Submit”

APPENDIX H – TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION AND ACCEPTANCE

- 13 : Read the important instructions and click on “Continue” to confirm that:
1. **You have read, understood and agreed to all the terms of this application and Prospectus/Offer Document or Supplementary Document.**
 2. **For the purposes of facilitating your application, you consent to disclose your name, NRIC/passport number, CDP Securities Account Number, CPF investment account number, application details and other personal data and disclosing the same from our records to CDP, CPF, SCCS, share registrars, SGX-ST & Issuer/Vendor(s), the Issue Manager, Underwriter and Placement Agent.**
 3. **This application is made in your own name, for your own account and at your own risk.**
 4. **For FIXED/MAX price securities application, this is your only application. For TENDER price shares application, this is your only application at the selected tender price.**
 5. **For FOREIGN CURRENCY securities, subject to the terms of the issue, please note the following: The application monies will be debited from your bank account in SGD, based on the Bank’s exchange profit or loss, or application monies may be debited and refunds credited in SGD at the same exchange rate.**
 6. **For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to the availability at the point of application.**
- 14 : Check your personal details, details of the share counter you wish to apply for and account to debit:
- Select (a) Nationality;
- Enter (b) your CDP Securities Account Number; and
- (c) the number of shares applied for.
- 15 : Check the details of your application, your NRIC/Passport number, Securities Account Number and the number of shares applied for, share counter, payment mode and account to debit
- 16 : Click “Submit”, “Clear” or “Home” as applicable
- 17 : Print the Confirmation Screen (optional) for your own reference and retention only



“Service Excellence has been one of the core values of PropNex for the past 17 years, and it will continue to drive the business for years to come.”

*- Ismail Gafoore
Executive Chairman and CEO
PropNex Limited*



480 Lorong 6 Toa Payoh
#10-01 HDB Hub
Singapore 310480

<https://www.propnex.com/>