



Company Registration Number: 201801373N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021

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PROPnex LIMITED

Company Registration Number: 201801373N

**INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2021**

The Board of Directors (the “**Board**”) of PropNex Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following interim financial information of the Group for the third quarter and nine months ended 30 September 2021.

A. Condensed Interim Consolidated Statement of Profit or Loss

	Group			Group		
	3Q2021 S\$'000	3Q2020 S\$'000	Change (%)	9M2021 S\$'000	9M2020 S\$'000	Change (%)
Continuing operations						
Revenue	234,410	117,930	98.8	715,467	358,376	99.6
Cost of services rendered	(209,687)	(104,872)	99.9	(639,630)	(318,156)	101.0
Gross profits	24,723	13,058	89.3	75,837	40,220	88.6
Finance income	87	114	(23.7)	277	630	(56.0)
Finance costs	(9)	(20)	(55.0)	(35)	(59)	(40.7)
Other income	1,530	1,539	(0.6)	5,454	5,078	7.4
Staff costs	(4,302)	(3,249)	32.4	(12,134)	(10,211)	18.8
Depreciation of plant and equipment	(247)	(283)	(12.7)	(773)	(867)	(10.8)
Depreciation of right-of-use assets	(555)	(663)	(16.3)	(1,665)	(1,990)	(16.3)
Amortisation of trademark	(8)	(8)	–	(23)	(23)	–
Other expenses	(2,486)	(1,897)	31.0	(7,392)	(5,281)	40.0
Gain on disposal of discontinued operation	–	–	–	637	–	NM
Share of loss of associate	–	–	–	(47)	–	NM
Profit before tax	18,733	8,591	118.1	60,136	27,497	118.7
Tax expense	(3,244)	(1,455)	123.0	(10,302)	(4,704)	119.0
Profit from continuing operations	15,489	7,136	117.1	49,834	22,793	118.6
Discontinuing operations						
Profit from discontinued operation (net of tax)	–	95	NM	19	418	(95.5)
Profit for the period	15,489	7,231	114.2	49,853	23,211	114.8
Profit attributable to:						
Owners of the Company	14,407	6,756	113.2	45,750	21,595	111.9
Non-controlling interests	1,082	475	127.8	4,103	1,616	153.9
Profit for the period	15,489	7,231	114.2	49,853	23,211	114.8

NM – Not meaningful

B. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q2021 S\$'000	3Q2020 S\$'000	Change (%)	9M2021 S\$'000	9M2020 S\$'000	Change (%)
Profit for the period	15,489	7,231	114.2	49,853	23,211	114.8
Other comprehensive income, net of tax						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences						
- foreign operation	–	(1)	NM	1	–	NM
Other comprehensive income for the period, net of tax	–	(1)	NM	1	–	NM
Total comprehensive income for the period	<u>15,489</u>	<u>7,230</u>	<u>114.2</u>	<u>49,854</u>	<u>23,211</u>	<u>114.8</u>
Total comprehensive income attributable to:						
Owners of the Company	14,407	6,755	113.3	45,751	21,595	111.9
Non-controlling interests	1,082	475	127.8	4,103	1,616	153.9
Total comprehensive income for the period	<u>15,489</u>	<u>7,230</u>	<u>114.2</u>	<u>49,854</u>	<u>23,211</u>	<u>114.8</u>

NM – not meaningful

Profit from discontinuing operation

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

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

	Group		Group	
	3Q2021 S\$'000	3Q2020 S\$'000	9M2021 S\$'000	9M2020 S\$'000
Discontinued operation				
Revenue	–	539	177	1,640
Cost of services rendered	–	(308)	(102)	(931)
Finance income	–	–	–	1
Other income	–	77	1	342
Staff costs	–	(139)	(43)	(421)
Depreciation of plant and equipment	–	(1)	(1)	(5)
Depreciation of right-of-use assets	–	(3)	(3)	(3)
Other expenses	–	(47)	(10)	(132)
Profit before tax	–	118	19	491
Tax expense	–	(23)	–	(73)
Profit from discontinued operation (net of tax)	–	95	19	418

C. Condensed Interim Statements of Financial Position

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Plant and equipment	1,898	2,593	5	4
Intangible assets	1,079	128	98	120
Right-of-use assets	1,370	3,156	–	–
Subsidiaries	–	–	17,548	18,098
Associates	–	47	–	–
Other investment	391	391	–	–
Non-current assets	4,738	6,315	17,651	18,222
Trade and other receivables	161,780	80,591	5,228	4,965
Cash and cash equivalents	123,722	105,802	47,905	52,731
Current assets	285,502	186,393	53,133	57,696
Total assets	290,240	192,708	70,784	75,918
Equity				
Share capital	57,491	57,491	57,491	57,491
Merger reserve	(17,663)	(17,663)	–	–
Translation reserve	–	(1)	–	–
Capital reserve	607	607	–	–
Retained earnings	54,722	44,122	10,685	15,743
Equity attributable to owners of the Company	95,157	84,556	68,176	73,234
Non-controlling interests	5,132	3,032	–	–
Total equity	100,289	87,588	68,176	73,234
Liabilities				
Deferred tax liabilities	177	179	–	–
Lease liabilities	65	1,046	–	–
Non-current liabilities	242	1,225	–	–
Trade and other payables	177,168	94,265	2,571	2,567
Current tax liabilities	10,241	7,020	37	117
Deferred income	969	462	–	–
Lease liabilities	1,331	2,148	–	–
Current liabilities	189,709	103,895	2,608	2,684
Total liabilities	189,951	105,120	2,608	2,684
Total equity and liabilities	290,240	192,708	70,784	75,918

D. Condensed Interim Consolidated Statements of Cash Flows

	Group		Group	
	3Q2021 S\$'000	3Q2020 S\$'000	9M2021 S\$'000	9M2020 S\$'000
Cash flows from operating activities				
Profit for the period	15,489	7,231	49,853	23,211
Adjustments for:				
Amortisation of trademark	8	8	23	23
Bad debts written off	2	–	127	140
Depreciation of plant and equipment	247	284	774	872
Depreciation of right-of-use assets	555	666	1,668	1,993
Gain on disposal of discontinued operation	–	–	(637)	–
Gain on disposal of plant and equipment	–	–	–	(1)
Impairment losses on trade and other receivables	257	247	602	339
Interest expense	9	20	35	59
Interest income	(87)	(114)	(277)	(631)
Plant and equipment written off	–	9	–	9
Share of loss of associate	–	–	47	–
Tax expense	3,244	1,478	10,302	4,777
	19,724	9,829	62,517	30,791
Changes in:				
- trade and other receivables	19,225	(4,709)	(82,118)	(18,751)
- trade and other payables	(12,147)	6,260	83,175	20,112
- deferred income	129	(186)	507	(347)
	26,931	11,194	64,081	31,805
Cash generated from operations				
Tax paid	(3,034)	(1,612)	(7,065)	(1,644)
Net cash from operating activities	23,897	9,582	57,016	30,161
Cash flows from investing activities				
Net cash outflows arising from acquisition of a subsidiary	–	–	(979)	–
Acquisition of plant and equipment	(25)	(97)	(140)	(207)
Addition in other investment	–	–	–	(14)
Deposit pledged	–	–	(1)	–
Disposal of discontinued operation, net of cash disposed (Note)	–	–	585	–
Interest received	87	114	277	631
Proceeds from sale of plant and equipment	–	–	–	1
Net cash from/(used in) investing activities	62	17	(258)	411
Cash flows from financing activities				
Dividends paid to owners	(20,350)	(13,875)	(35,150)	(13,875)
Dividends paid to non-controlling interests	–	–	(1,972)	(1,484)
Interest paid	(9)	(20)	(35)	(59)
Repayment of lease liabilities	(563)	(666)	(1,682)	(1,979)
Net cash used in financing activities	(20,922)	(14,561)	(38,839)	(17,397)
Net increase/(decrease) in cash and cash equivalents	3,037	(4,962)	17,919	13,175
Cash and cash equivalents at beginning of the financial period	120,623	99,683	105,741	81,546
Cash and cash equivalents at end of the financial period	123,660	94,721	123,660	94,721
<u>Additional information:</u>				
Cash at bank and on hand	123,722	94,782	123,722	94,782
Less: bank deposits pledged	(62)	(61)	(62)	(61)
Total cash and cash equivalents	123,660	94,721	123,660	94,721

Note:

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

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

E. Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 January 2021	57,491	(17,663)	607	(1)	44,122	84,556	3,032	87,588
Profit for the period	–	–	–	–	45,750	45,750	4,103	49,853
Other comprehensive income								
– Foreign currency translation	–	–	–	1	–	1	–	1
Total comprehensive income	–	–	–	1	45,750	45,751	4,103	49,854
Transaction with owner, recognised directly in equity								
Disposal of discontinued operation with non-controlling interest	–	–	–	–	–	–	(42)	(42)
Dividend paid	–	–	–	–	(35,150)	(35,150)	(1,972)	(37,122)
Non-controlling interests on acquisition of subsidiary	–	–	–	–	–	–	11	11
Total transaction with owners of the Company	–	–	–	–	(35,150)	(35,150)	(2,003)	(37,153)
As at 30 September 2021	57,491	(17,663)	607	–	54,722	95,157	5,132	100,289

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

	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 January 2020	57,491	(17,663)	607	(1)	28,908	69,342	2,553	71,895
Profit for the period	–	–	–	–	21,595	21,595	1,616	23,211
Other comprehensive income								
- Foreign currency translation	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	21,595	21,595	1,616	23,211
Transaction with owner, recognised directly in equity								
Distributions to owners								
Dividend paid	–	–	–	–	(13,875)	(13,875)	(1,484)	(15,359)
Total transaction with owners of the Company	–	–	–	–	(13,875)	(13,875)	(1,484)	(15,359)
As at 30 September 2020	57,491	(17,663)	607	(1)	36,628	77,062	2,685	79,747

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

COMPANY – 2021	Attributable to owners of the Company		
	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
As at 1 January 2021	57,491	15,743	73,234
Profit for the period	–	30,092	30,092
Total comprehensive income	–	30,092	30,092
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividend paid	–	(35,150)	(35,150)
Total transaction with owners of the Company	–	(35,150)	(35,150)
As at 30 September 2021	57,491	10,685	68,176
Attributable to owners of the Company			
COMPANY – 2020	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
As at 1 January 2020	57,491	8,844	66,335
Profit for the period	–	16,892	16,892
Total comprehensive income	–	16,892	16,892
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividend paid	–	(13,875)	(13,875)
Total transaction with owners of the Company	–	(13,875)	(13,875)
As at 30 September 2020	57,491	11,861	69,352

F. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate information

PropNex Limited (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the Group).

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

2 Basis of preparation

The condensed interim financial statements for the nine months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

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

2.1 New and amended standards adopted by the Group

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

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

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next period are:

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

3 Seasonal operations

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

4 Segment and revenue information

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

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

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

4.1 Reportable segments

Group	< ----- Continued operations ----- >					Discontinued operation	Total S\$'000
	Agency services S\$'000	Project marketing services S\$'000	Administrative support services S\$'000	Training services S\$'000	Others S\$'000	Property management services S\$'000	
9M2021							
Revenue	686,589	325,919	2,383	1,206	36,218	177	1,052,492
Inter-segment revenue	(299,100)	–	(1,427)	(111)	(36,210)	–	(336,848)
External revenues	<u>387,489</u>	<u>325,919</u>	<u>956</u>	<u>1,095</u>	<u>8</u>	<u>177</u>	<u>715,644</u>
Finance income	33	5	–	–	239	–	277
Depreciation expense	(720)	(26)	(1,601)	(89)	(2)	(4)	(2,442)
Amortisation expense	–	–	–	–	(23)	–	(23)
Finance costs	–	–	(34)	(1)	–	–	(35)
Segment profit/(loss) before tax	<u>41,364</u>	<u>17,692</u>	<u>(39)</u>	<u>491</u>	<u>628</u>	<u>19</u>	<u>60,155</u>
Other material non-cash items:							
- Bad debts written off	127	–	–	–	–	–	127
- Impairment losses on trade and other receivables	415	179	1	3	4	–	602
- Net foreign exchange loss	–	10	–	–	–	–	10
Reportable segment assets	121,836	115,844	2,736	1,224	48,600	–	290,240
Capital expenditure	118	11	–	8	3	–	140
Reportable segment liabilities	<u>179,719</u>	<u>4,841</u>	<u>2,073</u>	<u>661</u>	<u>2,657</u>	<u>–</u>	<u>189,951</u>

Group	< ----- Continued operations ----- >					Discontinued operation	Total
	Agency services S\$'000	Project marketing services S\$'000	Administrative support services S\$'000	Training services S\$'000	Others S\$'000	Property management services S\$'000	
9M2020							
Revenue	339,563	161,256	3,016	978	21,978	1,640	528,431
Inter-segment revenue	(145,013)	–	(1,409)	(15)	(21,978)	–	(168,415)
External revenues	194,550	161,256	1,607	963	–	1,640	360,016
Finance income	89	35	3	–	503	1	631
Depreciation expense	(805)	(24)	(1,923)	(104)	(1)	(8)	(2,865)
Amortisation expense	–	–	–	–	(23)	–	(23)
Finance costs	–	–	(59)	–	–	–	(59)
Segment profit before tax	19,372	6,519	585	384	637	491	27,988
Other material non-cash items:							
- Bad debts written off	140	–	–	–	–	–	140
- Gain on disposal of plant and equipment	–	(1)	–	–	–	–	(1)
- Impairment losses/(Reversal of impairment losses) on trade and other receivables	361	(21)	(1)	–	–	–	339
- Net foreign exchange loss	–	9	–	–	–	–	9
Reportable segment assets	75,786	50,481	4,811	1,435	49,875	1,219	183,607
Capital expenditure	86	28	–	29	–	64	207
Reportable segment liabilities	93,573	3,196	3,979	627	2,010	475	103,860

4.2 Disaggregation of revenue

	Group	
	9M2021 S\$'000	9M2020 S\$'000
Types of goods or service:		
Commission income from real estate agency services	387,489	194,550
Commission income from real estate project marketing services	325,919	161,256
Administrative support fee income	956	1,607
Courses and related fee income from training services	1,095	963
Technology platform income from services providers	8	–
	715,467	358,376
Timing of revenue recognition:		
Services transferred at a point in time	714,511	357,365
Services transferred over time	956	1,011
	715,467	358,376

5 Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 December 2020:

	Note	Carrying amount			Total S\$'000
		FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	
Group					
30 September 2021					
Financial assets					
Equity investments – at FVOCI	10	391	–	–	391
Trade and other receivables*		–	160,997	–	160,997
Cash and cash equivalents		–	123,722	–	123,722
		391	284,719	–	285,110
Financial liabilities					
Trade and other payables^		–	–	(176,556)	(176,556)
Lease liabilities		–	–	(1,396)	(1,396)
		–	–	(177,952)	(177,952)
31 December 2020					
Financial assets					
Equity investments – at FVOCI	10	391	–	–	391
Trade and other receivables*		–	79,624	–	79,624
Cash and cash equivalents		–	105,802	–	105,802
		391	185,426	–	185,817
Financial liabilities					
Trade and other payables^		–	–	(93,930)	(93,930)
Lease liabilities		–	–	(3,194)	(3,194)
		–	–	(97,124)	(97,124)

	Carrying amount				
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Company					
30 September 2021					
Financial assets					
Trade and other receivables*		–	5,156	–	5,156
Cash and cash equivalents		–	47,905	–	47,905
		–	53,061	–	53,061
Financial liabilities					
Trade and other payables^		–	2,208	–	2,208
31 December 2020					
Financial assets					
Trade and other receivables*		–	4,925	–	4,925
Cash and cash equivalents		–	52,731	–	52,731
		–	57,656	–	57,656
Financial liabilities					
Trade and other payables^		–	–	2,390	2,390

* Excludes prepayments.

^ Excludes liability for short-term accumulating compensated absence.

5.1 ECL allowance for trade and other receivables

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

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

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

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		Total S\$'000
			Credit- impaired S\$'000	Not credit- impaired S\$'000	
Group					
30 September 2021					
Past due					
- Past due 1 to 30 days	0.01	40,955	–	(4)	(4)
- Past due 31 to 90 days	0.06	17,463	–	(11)	(11)
- Past due 91 to 180 days	0.14	4,553	–	(6)	(6)
- Past due 181 to 270 days	0.31	2,511	–	(8)	(8)
- Past due more than 270 days	0.80	2,359	(1,322)	(8)	(1,330)
		67,841	(1,322)	(37)	(1,359)

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

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

Scalar factors are based on actual and forecast gross domestic products at 1.16 (31 December 2020: 1.16) for Singapore.

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

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

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

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 September 2021					
Not past due					
	0.01 – 1.14	2	–	–	–
Past due					
- Past due 1 to 30 days	0.01 – 1.14	31,804	–	(40)	(40)
- Past due 31 to 90 days	0.01 – 1.14	33,789	–	(42)	(42)
- Past due 91 to 180 days	0.01 – 1.14	21,409	–	(27)	(27)
- Past due 181 to 270 days	0.01 – 1.14	5,021	–	(6)	(6)
- Past due more than 270 days	0.01 – 1.14	1,279	(71)	(2)	(73)
		93,304	(71)	(117)	(188)

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
31 December 2020					
Not past due	0.01 – 0.13	194	–	–	–
Past due					
- Past due 1 to 30 days	0.01 – 0.13	18,928	–	(3)	(3)
- Past due 31 to 90 days	0.01 – 0.13	9,235	–	(1)	(1)
- Past due 91 to 180 days	0.01 – 0.13	5,123	–	(1)	(1)
- Past due 181 to 270 days	0.01 – 0.13	1,612	–	–	–
- Past due more than 270 days	0.01 – 0.13	345	(3)	–	(3)
		<u>35,437</u>	<u>(3)</u>	<u>(5)</u>	<u>(8)</u>

Expected credit loss assessment for other receivables and deposits

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

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 September 2021					
Not past due					
- Other receivables and deposits	1.14	1,576	(85)	(17)	(102)
		<u>1,576</u>	<u>(85)</u>	<u>(17)</u>	<u>(102)</u>
31 December 2020					
Not past due					
- Other receivables and deposits	0.13	1,481	(85)	(2)	(87)
		<u>1,481</u>	<u>(85)</u>	<u>(2)</u>	<u>(87)</u>
Company					
30 September 2021					
Not past due					
Other receivables and deposits	1.14	400	–	(5)	(5)
		<u>400</u>	<u>–</u>	<u>(5)</u>	<u>(5)</u>
31 December 2020					
Not past due					
Other receivables and deposits	0.13	4,408	–	–	–
Dividend receivable from a subsidiary	0.00	517	–	–	–
		<u>4,925</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

	Group		Company	
	30 September 2021 S\$'000	31 December 2020 S\$'000	30 September 2021 S\$'000	31 December 2020 S\$'000
At 1 January	1,452	1,311	–	14
Impairment loss recognised	602	501	(5)	(14)
Amounts written off against receivables	(405)	(360)	–	–
At 30 September and 31 December	<u>1,649</u>	<u>1,452</u>	<u>(5)</u>	<u>–</u>

6 Profit before taxation

	Group	
	9M2021 S\$'000	9M2020 S\$'000
Income		
Interest income	(277)	(630)
Expenses		
Amortisation of trademark	23	23
Bad debts written off	127	140
Depreciation of plant and equipment	773	867
Depreciation of right-of-use assets	1,665	1,990
Foreign exchange loss	10	9
Gain on disposal of plant and equipment	–	(1)
Impairment losses on trade and other receivables	602	339
Interest expense	<u>35</u>	<u>59</u>

6.1 Related party transactions

Transactions with related parties

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

	Group	
	9M2021 S\$'000	9M2020 S\$'000
Related corporations		
Administration support income	(11)	–
Corporate gifts income	(1)	–
Trainer fee expense	<u>6</u>	<u>4</u>
Non-controlling shareholder of a subsidiary		
Commission fee income	–	(5)
Commission fee expense	<u>60</u>	<u>8</u>
Directors		
Administrative support income	(4)	(3)
Commission fee income	<u>(23)</u>	<u>(66)</u>

Transactions with key management personnel

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

Key management personnel compensation comprised:

	Group	
	9M2021	9M2020
	S\$'000	S\$'000
Salaries and other short-term employee benefits	4,766,565	3,755,247
Post-employment benefits (including contributions to defined contribution plan)	89,690	86,752
	<u>4,856,255</u>	<u>3,841,999</u>

7 Taxation

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

	Group	
	9M2021	9M2020
	S\$'000	S\$'000
<i>Current tax expense</i>		
Current year	10,309	4,654
(Over)/under provision in prior years	(9)	2
Withholding tax	2	48
Total tax expense	<u>10,302</u>	<u>4,704</u>

8 Dividends

	Group and Company	
	9M2021	9M2020
	S\$'000	S\$'000
Declared to the owners		
Ordinary dividends declared:		
Final dividends - \$0.04 (2020: \$0.015) per ordinary share	14,800	5,550
Special dividends - \$Nil (2020: \$0.0075) per ordinary share	–	2,775
Interim dividends - \$0.055 (2020: \$0.015) per ordinary share	20,350	5,550
	<u>35,150</u>	<u>13,875</u>
	Group	
	9M2021	9M2020
	S\$'000	S\$'000
Declared by the subsidiaries to non-controlling interests		
<u>PropNex International Pte. Ltd.</u>		
\$70 (2020: \$50) per ordinary share	1,972	1,409
<u>PropNex Property Management Consultants Pte. Ltd.</u>		
\$Nil (2020: \$2) per ordinary share	–	75
	<u>1,972</u>	<u>1,484</u>

9 Net asset value

	Group		Company	
	30-Sep-21	31-Dec-20	30-Sep-21	31-Dec-20
Net asset value per ordinary share (cents)	25.72	22.85	18.43	19.79

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

10 Financial assets at fair value through other comprehensive income

10.1 Fair value measurement

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

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

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

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

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

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

11 Intangible assets

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

12 Plant and equipment

During the nine months ended 30 September 2021, the Group acquired assets amounting to \$139,524 (30 September 2020: \$206,740) and disposed assets amounting to \$34,660 (30 September 2020: \$12,930)

13 Share capital

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

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

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

14 Acquisition of subsidiary

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

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

15 Subsequent event

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

G. Other Information Required by Listing Rule Appendix 7.2

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

There were no changes in the share capital of the Company in 3Q2021. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 September 2021 and 31 December 2020.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

The Group's latest financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2020 except for the changes in accounting policies as disclosed in Item 5 below.

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

There are no new standards and amendments that are effective for the annual period beginning 1 January 2021 nor any changes in the Group's accounting policies and methods of computation.

6 Earnings Per Ordinary Share

	Group			Group		
	3Q2021	3Q2020	Change (%)	9M2021	9M2020	Change (%)
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:						
(i) Based on the weighted average number of shares (cents)	3.89	1.83	112.6	12.37	5.84	111.8
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	3.89	1.83	112.6	12.37	5.84	111.8
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Continuing operations):						
(j) Based on the weighted average number of shares (cents)	3.89	1.81	114.9	12.37	5.75	115.1
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	3.89	1.81	114.9	12.37	5.75	115.1
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Discontinuing operations):						
(k) Based on the weighted average number of shares (cents)	–	0.02	NM	0	0.08	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	–	0.02	NM	0	0.08	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	

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

Review of Group Performance

3Q2021 vs 3Q2020

Revenue

Revenue increased by approximately S\$116.5 million or 98.8%, from S\$117.9 million in 3Q2020 to S\$234.4 million in 3Q2021, was mainly due to higher commission income from agency services of approximately S\$67.5 million and from project marketing services of approximately S\$48.9 million. This was a result of higher number of transactions completed in 3Q2021 following improvements in both the Covid19 situation and the economy.

Cost of services

Cost of services increased by approximately S\$104.8 million or 99.9%, from S\$104.9 million in 3Q2020 to S\$209.7 million in 3Q2021. The was mainly due to the increase in commission cost to salespersons which was in tandem with the increase in revenue.

Gross profit

Gross profit increased by approximately S\$11.7 million or 89.3%, from S\$13.0 million in 3Q2020 to S\$24.7 million in 3Q2021. This increase was in tandem with the increase in revenue.

Other expenses

Staff costs are linked to performance of the Group. In line with better results, it increased by approximately S\$1.1 million or 32.4%, from S\$3.2 million in 3Q2020 to S\$4.3 million in 3Q2021.

Depreciation of ROU assets decreased by approximately S\$0.1 million or 16.3%, from S\$0.7 million in 3Q2020 to S\$0.6 million in 3Q2021. This was mainly due to the expiry of lease for branch office.

Other expenses increased by approximately S\$0.6 million or 31.0%, from S\$1.9 million in 3Q2020 to S\$2.5 million in 3Q2021. This was mainly due to the increase in corporate events expenses by approximately S\$0.2 million, recruitment expenses by approximately S\$0.2 million, legal and professional fees by approximately S\$0.1 million.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately S\$10.1 million or 118.1%, from S\$8.6 million in 3Q2020 to S\$18.7 million in 3Q2021.

Tax expense

Tax expense increased by approximately S\$1.8 million or 123.0%, from S\$1.4 million in 3Q2020 to S\$3.2 million in 3Q2021 in line with the higher profits.

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

9M2021 vs 9M2020

Revenue

Revenue increased by approximately S\$357.1 million or 99.6%, from S\$358.4 million in 9M2020 to S\$715.5 million in 9M2021, was mainly due to higher commission income from agency services of approximately S\$193.0 million and from project marketing services of approximately S\$164.7 million. This was a result of higher number of transactions completed in 9M2021 following improvements in both the Covid19 situation and the economy.

Cost of services

Cost of services increased by approximately S\$321.5 million or 101.0%, from S\$318.1 million in 9M2020 to S\$639.6 million in 9M2021. The was mainly due to the increase in commission cost to salespersons which was in tandem with the increase in revenue.

Gross profit

Gross profit increased by approximately S\$35.6 million or 88.6%, from S\$40.2 million in 9M2020 to S\$75.8 million in 9M2021. This increase was in tandem with the increase in revenue.

Finance income

Finance income decreased by approximately S\$0.3 million or 56.0%, from S\$0.6 million in 9M2020 to S\$0.3 million in 9M2021. This was mainly due to low rates of interest received from placement of fixed deposits.

Other income

Other income increased by approximately S\$0.4 million or 7.4%, from S\$5.1 million in 9M2020 to S\$5.5 million in 9M2021. This was mainly due to an increase in referral fee income of approximately S\$1.0 million, other general income of approximately S\$0.4 million, corporately gift income of approximately S\$0.2 million partially offset by a decrease in government grants amounting to approximately S\$0.7 million and rental rebate of approximately S\$0.4 million.

Other expenses

Staff costs are linked to performance of the Group. In line with better results, it increased by approximately S\$1.9 million or 18.8%, from S\$10.2 million in 9M2020 to S\$12.1 million in 9M2021.

Depreciation of ROU assets decreased by approximately S\$0.3 million or 16.3%, from S\$2.0 million in 9M2020 to S\$1.7 million in 9M2021. This was mainly due to the expiry of lease for branch office.

Other expenses increased by approximately S\$2.1 million or 40.0%, from S\$5.3 million in 9M2020 to S\$7.4 million in 9M2021. This was mainly due to the increase in referral fee expenses by approximately S\$0.6 million, recruitment expenses by approximately S\$0.5 million, impairment loss on trade and other receivables by approximately S\$0.3 million, legal and professional fees by approximately S\$0.2 million, corporate gift expenses by approximately S\$0.2 million and advertising and marketing expenses by approximately S\$0.1 million.

Gain on disposal of discontinued operation

Refer to paragraph B for explanation.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately S\$32.6 million or 118.7%, from S\$27.5 million in 9M2020 to S\$60.1 million in 9M2021.

Tax expense

Tax expense increased by approximately S\$5.6 million or 119.0%, from S\$4.7 million in 9M2020 to S\$10.3 million in 9M2021 in line with the higher profits.

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

Statements of Financial Position Review (as at 30 September 2021 compared to 31 December 2020)

Non-current assets

Non-current assets decreased by approximately S\$1.6 million or 25.0%, from S\$6.3 million as at 31 December 2020 to S\$4.7 million as at 30 September 2021. This was mainly due to the depreciation of both ROU assets as well as plant and equipment of approximately S\$1.7 million and S\$0.8 million respectively and disposal of non-current assets of approximately S\$0.2 million arising from disposal of discontinued operation, partially offset by an increase in intangible assets of approximately S\$0.9 million arising mainly from goodwill acquisition of a subsidiary, Ovvy in 9M2021 and additions of plant and equipment of approximately S\$0.2 million.

Current assets

Trade and other receivables increased by approximately S\$81.2 million or 100.7%, from S\$80.6 million as at 31 December 2020 to S\$161.8 million as at 30 September 2021. The increase was in tandem with higher revenue recognised in 9M2021.

Cash and cash equivalents increased by approximately S\$17.9 million or 16.9%, from S\$105.8 million as at 31 December 2020 to S\$123.7 million as at 30 September 2021. The increase was mainly due to net cash generated from operating activities offset by dividend paid to owners of the Company in 9M2021.

As a result, total current assets increased by approximately S\$99.1 million or 53.2%, from S\$186.4 million as at 31 December 2020 to S\$285.5 million as at 30 September 2021.

Non-current liabilities

Non-current liabilities decreased by approximately S\$1.0 million from S\$1.2 million as at 31 December 2020 to S\$0.2 million as at 30 September 2021 due to reclassification of non-current lease liabilities to current lease liabilities.

Current liabilities

Trade and other payables increased by approximately S\$82.9 million or 87.9%, from S\$94.3 million as at 31 December 2020 to S\$177.2 million as at 30 September 2021. This was mainly due to the increase in trade payables by approximately S\$73.5 million in line with the increase in revenue as at 30 September 2021 and the increase in GST payable by approximately S\$4.5 million.

Current tax liabilities increased by approximately S\$3.2 million or 45.9%, from S\$7.0 million as at 31 December 2020 to S\$10.2 million as at 30 September 2021. This was mainly due to the provision of tax expense for 9M2020 partially offset by the payment of YA2021 tax.

As a result, total current liabilities increased by approximately S\$85.8 million or 82.6%, from S\$103.9 million as at 31 December 2020 to S\$189.7 million as at 30 September 2021.

Equity

The equity attributable to the owners of the Company increased by approximately S\$10.6 million or 12.5%, from S\$84.6 million as at 31 December 2020 to S\$95.2 million as at 30 September 2021 due to profit attributable to owners of the Company for 9M2021 offset by dividends paid to owners of the Company in 9M 2021.

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

Statement of Cash Flow Review

3Q2021 vs 3Q2020

The operating activities generated net cash of approximately S\$23.9 million in 3Q2021 as compared to approximately S\$9.6 million in 3Q2020. The increase was mainly due to higher cash generated from operations of approximately S\$15.7 million partially offset by higher tax paid of approximately S\$1.4 million.

Net cash used in financing activities was approximately S\$20.9 million in 3Q2021 as compared to approximately S\$14.6 million in 3Q2020. This was mainly due to net increase in dividend paid to owners of the Company of approximately S\$6.5 million.

As a result, there was a net increase in cash and cash equivalents of approximately S\$3.0 million for 3Q2021 as compared to net decrease of approximately S\$5.0 million for 3Q2020.

9M2021 vs 9M2020

The operating activities generated net cash of approximately S\$57.0 million in 9M2021 as compared to approximately S\$30.2 million in 9M2020. The increase was mainly due to higher cash generated from operations of approximately S\$32.3 million partially offset by higher tax paid of approximately S\$5.5 million.

Net cash used in investing activities was approximately S\$0.3 million in 9M2021 as compared net cash from investing activities of approximately S\$0.4 million in 9M2020. This was mainly due to the net cash outflow from acquisition of a subsidiary of approximately S\$1.0 million and decrease in interest income of approximately S\$0.4 million, offset by the net receipt from the disposal of discontinued operation of approximately S\$0.6 million.

Net cash used in financing activities was approximately S\$38.8 million in 9M2021 as compared to approximately S\$17.4 million in 9M2020. This was mainly due to net increase in dividend paid to both owners of the Company and non-controlling interests of approximately S\$21.3 million and S\$0.5 million.

As a result, there was a net increase in cash and cash equivalents of approximately S\$17.9 million for 9M2021 as compared to net increase of approximately S\$13.2 million for 9M2020.

8 Use of Proceeds Raised From IPO

Pursuant to the Company's IPO, the Company received net proceeds of approximately S\$38.3 million ("Net Proceeds"). The Board wishes to provide an update on the use of Net Proceeds as at 30 September 2021.

Use of Net Proceeds	Allocation of Net Proceeds as disclosed in the Prospectus (S\$'000)	Net Proceeds utilized as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	580 ⁽¹⁾	11,420
Enhancement of real estate brokerage business	8,000	5,686 ⁽²⁾	2,314
Expansion in range of business services	7,000	5,563 ⁽³⁾	1,437
Enhancement of technological capabilities	6,000	2,939 ⁽⁴⁾	3,061
Working capital purposes	5,280	–	5,280
	38,280	14,768	23,512

Notes:

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

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

The Company did not make any prospect statement previously.

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

Generally, buyers' confidence remains intact, buoyed by the economic recovery, the low interest rate environment and excess liquidity in the market. For the last quarter of 2021, home sales may be slightly muted due to the restrictions under the 'Stabilization Phase' which may impact viewings, as well as the festivities during the year end.

The Group is projecting that new home sales volume to achieve close to 13,000 (ex. ECs) units, representing more than 30% increase from 9,982 units last year. Whereas for the private resale market, we forecast over 19,000 homes to be resold in 2021 – more than 77% increase up from 10,729 resale properties transacted in 2020, barring any unforeseen events.

For the full-year 2021, we project that overall private home prices may rise by 6% to 7%, boosted by the economic recovery, positive market sentiment and upcoming launches in the central region. In addition, the dwindling unsold stock – at 17,140 units as at the end of 3Q2021 – may also keep prices growing given the limited supply. Of note, the unsold stock in the OCR has fallen below 5,000 units, at 4,382 units, as of the end of 3Q2021.

On a YoY basis, HDB resale prices rose by 12.5% in 3Q2021. With an index reading of 150.6 in 3Q 2021, the HDB resale price index has now achieved a new high, surpassing the recent peak in 2Q2013 which had an index reading of 149.4. The long waiting times of new Build-to-Order flats and construction delays have helped to drive up HDB resale prices higher in recent quarters. The 2.9% increase achieved in 3Q2021 is a remarkable continuation from the previous quarter's growth. More buyers including new families and young couples continue to flock to the resale market – many being concerned and cautious over whether to apply for a BTO amid troubles plaguing the construction industry. Strong demand for resale flats will likely continue to support HDB resale prices for the rest of the year till 2022.

11 Dividend

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

No.

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

No.

c. Date payable for interim dividend

Not applicable

d. Books closure date for interim dividend

Not applicable

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

No dividend has been declared for the period ended 30 September 2021. Barring projects or corporate activities that may require significant cash outlay, and that the Group's working capital continues to remain adequate, the Company aims to pay out 75% to 80% of its FY2021 profits to shareholders.

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

The Group does not have a general mandate from shareholders for interested person transactions.

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

The Board of Directors hereby confirms that to the best of its knowledge, nothing has come to the attention of the Board which may render the third quarter ended 30 September 2021 unaudited financial results to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Mohamed Ismail S/O Abdul Gafoore
Executive Chairman and CEO

PROPnex LIMITED

10 November 2021