



Company Registration Number: 201801373N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022

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PROPnex LIMITED

Company Registration Number: 201801373N

**INTERIM FINANCIAL INFORMATION
FOR THE THIRD QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2022**

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

A. Condensed Interim Consolidated Statement of Profit or Loss

	Group			Group		
	3Q2022	3Q2021	Change	9M2022	9M2021	Change
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
Continuing operations						
Revenue	258,436	234,410	10.2	730,770	715,467	2.1
Cost of services rendered	(231,733)	(209,687)	10.5	(656,290)	(639,630)	2.6
Gross profits	26,703	24,723	8.0	74,480	75,837	(1.8)
Finance income	280	87	NM	533	277	92.4
Finance costs	3	(9)	NM	(21)	(35)	(40.0)
Other income	5,832	1,530	NM	10,611	5,454	94.6
Staff costs	(4,816)	(4,302)	11.9	(13,954)	(12,134)	15.0
Depreciation of plant and equipment	(264)	(247)	6.9	(772)	(773)	(0.1)
Depreciation of right-of-use assets	(579)	(555)	4.3	(1,720)	(1,665)	3.3
Amortisation of intangible assets	(74)	(8)	NM	(223)	(23)	NM
Other expenses	(4,952)	(2,486)	99.2	(12,640)	(7,392)	71.0
Gain on disposal of discontinued operation	–	–	–	–	637	NM
Share of loss of associate	–	–	–	–	(47)	NM
Profit before tax	22,133	18,733	18.1	56,294	60,136	(6.4)
Tax expense	(3,889)	(3,244)	19.9	(9,775)	(10,302)	(5.1)
Profit from continuing operations	18,244	15,489	17.8	46,519	49,834	(6.7)
Discontinuing operations						
Profit from discontinued operation (net of tax)	–	–	–	–	19	NM
Profit for the period	18,244	15,489	17.8	46,519	49,853	(6.7)
Profit attributable to:						
Owners of the Company	17,566	14,407	21.9	44,587	45,750	(2.5)
Non-controlling interests	678	1,082	(37.3)	1,932	4,103	(52.9)
Profit for the period	18,244	15,489	17.8	46,519	49,853	(6.7)

NM – Not meaningful

B. Condensed Interim Consolidated Statement of Comprehensive Income

	Group			Group		
	3Q2022 S\$'000	3Q2021 S\$'000	Change (%)	9M2022 S\$'000	9M2021 S\$'000	Change (%)
Profit for the period	18,244	15,489	17.8	46,519	49,853	(6.7)
Other comprehensive income, net of tax						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences						
- foreign operation	1	-	NM	3	1	NM
Other comprehensive income for the period, net of tax	1	-	NM	3	1	NM
Total comprehensive income for the period	18,245	15,489	17.8	46,522	49,854	(6.7)
Total comprehensive income attributable to:						
Owners of the Company	17,567	14,407	21.9	44,590	45,751	(2.5)
Non-controlling interests	678	1,082	(37.3)	1,932	4,103	(52.9)
Total comprehensive income for the period	18,245	15,489	17.8	46,522	49,854	(6.7)

NM – not meaningful

Profit from discontinuing operation

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

	Group	
	9M2022 S\$'000	9M2021 S\$'000
Discontinued operation		
Revenue	–	177
Cost of services rendered	–	(102)
Other income	–	1
Staff costs	–	(43)
Depreciation of plant and equipment	–	(1)
Depreciation of right-of-use assets	–	(3)
Other expenses	–	(10)
Profit before tax	–	19
Tax expense	–	–
Profit from discontinued operation (net of tax)	–	19

C. Condensed Interim Statements of Financial Position

	Group		Company	
	30 Sep 22	31 Dec 21	30 Sep 22	31 Dec 21
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Plant and equipment	1,482	2,032	2	4
Intangible assets	677	900	67	90
Right-of-use assets	5,584	2,888	–	–
Subsidiaries	–	–	17,548	17,548
Associates	–	–	–	–
Other investment	6,322	362	5,961	–
Non-current assets	14,065	6,182	23,578	17,642
Trade and other receivables	171,250	142,739	2,431	6,945
Cash and cash equivalents	127,258	145,646	62,739	75,184
Current assets	298,508	288,385	65,170	82,129
Total assets	312,573	294,567	88,748	99,771
Equity				
Share capital	57,491	57,491	57,491	57,491
Merger reserve	(17,663)	(17,663)	–	–
Translation reserve	3	–	–	–
Capital reserve	607	607	–	–
Retained earnings	67,337	69,000	27,031	38,987
Equity attributable to owners of the Company	107,775	109,435	84,522	96,478
Non-controlling interests	709	3,143	–	–
Total equity	108,484	112,578	84,522	96,478
Liabilities				
Deferred tax liabilities	177	177	–	–
Lease liabilities	3,312	1,310	–	–
Non-current liabilities	3,489	1,487	–	–
Trade and other payables	186,622	164,299	4,172	3,196
Current tax liabilities	9,838	13,486	54	97
Deferred income	1,866	1,119	–	–
Lease liabilities	2,274	1,598	–	–
Current liabilities	200,600	180,502	4,226	3,293
Total liabilities	204,089	181,989	4,226	3,293
Total equity and liabilities	312,573	294,567	88,748	99,771

D. Condensed Interim Consolidated Statements of Cash Flows

	Group		Group	
	3Q2022 S\$'000	3Q2021 S\$'000	9M2022 S\$'000	9M2021 S\$'000
Cash flows from operating activities				
Profit for the period	18,244	15,489	46,519	49,853
Adjustments for:				
Amortisation of trademark	74	8	223	23
Bad debts written off	16	2	273	127
Depreciation of plant and equipment	264	247	772	774
Depreciation of right-of-use assets	579	555	1,720	1,668
Gain on disposal of discontinued operation	–	–	–	(637)
Loss on investment securities	56	–	56	–
Impairment losses on trade and other receivables	1,130	257	2,844	602
Interest expense	(3)	9	21	35
Interest income	(280)	(87)	(533)	(277)
Share of loss of associate	–	–	–	47
Tax expense	3,889	3,244	9,775	10,302
	23,969	19,724	61,670	62,517
Changes in:				
- trade and other receivables	(11,298)	19,225	(31,629)	(82,118)
- trade and other payables	9,275	(12,147)	22,327	83,175
- deferred income	127	129	747	507
Cash generated from operations	22,073	26,931	53,115	64,081
Tax paid	(6,706)	(3,034)	(13,422)	(7,065)
Net cash from operating activities	15,367	23,897	39,693	57,016
Cash flows from investing activities				
Net cash outflows arising from acquisition of a subsidiary	–	–	–	(979)
Acquisition of plant and equipment	(57)	(25)	(223)	(140)
Deposit pledged	–	–	–	(1)
Disposal of discontinued operation, net of cash disposed (Note)	–	–	–	585
Interest received	280	87	533	277
Addition in other investment	(19)	–	(6,007)	–
Proceeds from sale of plant and equipment	1	–	1	–
Net cash from/(used in) investing activities	205	62	(5,696)	(258)
Cash flows from financing activities				
Dividends paid to owners	(20,350)	(20,350)	(46,250)	(35,150)
Dividends paid to non-controlling interests	(1,268)	–	(4,366)	(1,972)
Interest paid	(7)	(9)	(31)	(35)
Repayment of lease liabilities	(582)	(563)	(1,738)	(1,682)
Net cash used in financing activities	(22,207)	(20,922)	(52,385)	(38,839)
Net (decrease)/increase in cash and cash equivalents	(6,635)	3,037	(18,388)	17,919
Cash and cash equivalents at beginning of the financial period	133,831	120,623	145,584	105,741
Cash and cash equivalents at end of the financial period	127,196	123,660	127,196	123,660

Additional information:

Cash at bank and on hand	127,258	123,722	127,258	123,722
Less: bank deposits pledged	(62)	(62)	(62)	(62)
Total cash and cash equivalents	<u>127,196</u>	<u>123,660</u>	<u>127,196</u>	<u>123,660</u>

Note:

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

	9M2021 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	(42)
Identified net assets	<u>126</u>
Gain on disposal of discontinued operation, recognised in the consolidated statement of profit or loss	<u>637</u>
Selling proceeds	<u><u>763</u></u>
Selling proceeds are represented by:	
- Cash consideration received	629
- Deferred consideration to be received	134
	<u><u>763</u></u>
Net cash outflows arising from the disposal of discontinued operation:	
- Cash consideration received	629
- Cash and cash equivalents disposed off	(44)
	<u><u>585</u></u>

E. Condensed Interim Consolidated Statement of Changes in Equity

	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 January 2022	57,491	(17,663)	607	–	69,000	109,435	3,143	112,578
Profit for the period	–	–	–	–	44,587	44,587	1,932	46,519
Other comprehensive income								
– Foreign currency translation	–	–	–	3	–	3	–	3
Total comprehensive income	–	–	–	3	44,587	44,590	1,932	46,522
Transaction with owner, recognised directly in equity								
Dividend paid	–	–	–	–	(46,250)	(46,250)	(4,366)	(50,616)
Total transaction with owners of the Company	–	–	–	–	(46,250)	(46,250)	(4,366)	(50,616)
As at 30 September 2022	57,491	(17,663)	607	3	67,337	107,775	709	108,484

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

	Attributable to owners of the Company						Non–controlling interests SS'000	Total equity SS'000
	Share capital SS'000	Merger reserve SS'000	Capital reserve SS'000	Foreign currency translation reserve SS'000	Retained earnings SS'000	Total SS'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)

COMPANY – 2022	Attributable to owners of the Company		
	Share capital S\$'000	Retained earnings S\$'000	Total equity S\$'000
As at 1 January 2022	57,491	38,987	96,478
Profit for the period	–	34,294	34,294
Total comprehensive income	–	34,294	34,294
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividend paid	–	(46,250)	(46,250)
Total transaction with owners of the Company	–	(46,250)	(46,250)
As at 30 September 2022	57,491	27,031	84,522

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

F. Notes to the Condensed Interim Consolidated Financial Statements

1 Corporate information

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

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

2 Basis of preparation

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

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

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

2.1 New and amended standards adopted by the Group

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

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

2.2 Use of judgements and estimates

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

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

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

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

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

3 Seasonal operations

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

4 Segment and revenue information

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

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

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

4.1 Reportable segments

Group	Agency services S\$'000	Project marketing services S\$'000	Administrative support services S\$'000	Training services S\$'000	Others S\$'000	Total S\$'000
9M2022						
Revenue	705,101	271,787	2,968	2,165	41,494	1,023,515
Inter-segment revenue	(249,847)	–	(1,436)	(2)	(41,460)	(292,745)
External revenues	455,254	271,787	1,532	2,163	34	730,770
Finance income	73	11	–	–	449	533
Depreciation expense	(719)	(130)	(1,551)	(90)	(2)	(2,492)
Amortisation expense	–	–	–	–	(223)	(223)
Finance costs	–	(1)	(19)	(1)	–	(21)
Segment profit/(loss) before tax	46,207	8,508	433	1,450	(304)	56,294
Other material non-cash items:						
- Bad debts written off	139	–	–	–	134	273
- Impairment losses on trade and other receivables	1,427	1,414	3	–	–	2,844
- Net foreign exchange loss	–	17	–	–	–	17
Reportable segment assets	143,810	90,366	6,179	2,391	69,827	312,573
Capital expenditure	166	42	–	15	–	223
Reportable segment liabilities	190,591	2,640	6,766	988	3,104	204,089

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	
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>

4.2 Disaggregation of revenue

	Group	
	9M2022 S\$'000	9M2021 S\$'000
Types of goods or service:		
Commission income from real estate agency services	455,254	387,489
Commission income from real estate project marketing services	271,787	325,919
Administrative support fee income	1,532	956
Courses and related fee income from training services	2,163	1,095
Technology platform income from services providers	17	8
Dividend income from investment securities	17	–
	730,770	715,467
Timing of revenue recognition:		
Services transferred at a point in time	729,791	714,511
Services transferred over time	979	956
	730,770	715,467

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 2022 and 31 December 2021:

		Carrying amount			
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Group					
30 September 2022					
Financial assets					
Equity investments – at FVOCI	10	6,322	–	–	6,322
Trade and other receivables*		–	169,863	–	169,863
Cash and cash equivalents		–	127,258	–	127,258
		6,322	297,121	–	303,443
Financial liabilities					
Trade and other payables^		–	–	(185,967)	(185,967)
Lease liabilities		–	–	(5,586)	(5,586)
		–	–	(191,553)	(191,553)
31 December 2021					
Financial assets					
Equity investments – at FVOCI	10	362	–	–	362
Trade and other receivables*		–	142,137	–	142,137
Cash and cash equivalents		–	145,646	–	145,646
		362	287,783	–	288,145
Financial liabilities					
Trade and other payables^		–	–	(163,951)	(163,951)
Lease liabilities		–	–	(2,908)	(2,908)
		–	–	(166,859)	(166,859)

		Carrying amount			
	Note	FVOCI – equity instruments S\$'000	Financial assets at amortised cost S\$'000	Other financial liabilities S\$'000	Total S\$'000
Company					
30 September 2022					
Financial assets					
Equity investments – at FVOCI	10	5,961	–	–	5,961
Trade and other receivables*		–	2,347	–	2,347
Cash and cash equivalents		–	62,739	–	62,739
		<u>5,961</u>	<u>65,086</u>	<u>–</u>	<u>71,047</u>
Financial liabilities					
Trade and other payables^		–	–	(3,806)	(3,806)
31 December 2021					
Financial assets					
Trade and other receivables*		–	6,889	–	6,889
Cash and cash equivalents		–	75,184	–	75,184
		<u>–</u>	<u>82,073</u>	<u>–</u>	<u>82,073</u>
Financial liabilities					
Trade and other payables^		–	–	(3,009)	(3,009)

* Excludes prepayments.

^ Excludes liability for short-term accumulating compensated absence.

5.1 ECL allowance for trade and other receivables

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

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

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

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 September 2022					
Past due					
- Past due 1 to 30 days	0.01	51,382	–	(2)	(2)
- Past due 31 to 90 days	0.06	20,841	–	(12)	(12)
- Past due 91 to 180 days	0.08	6,371	–	(5)	(5)
- Past due 181 to 270 days	0.37	3,440	–	(13)	(13)
- Past due more than 270 days	0.76	4,800	(2,728)	(16)	(2,744)
		<u>86,834</u>	<u>(2,728)</u>	<u>(48)</u>	<u>(2,776)</u>

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

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

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

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

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

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

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 September 2022					
Not past due					
	1.82	10	–	–	–
Past due					
- Past due 1 to 30 days	1.82	31,204	–	(45)	(45)
- Past due 31 to 90 days	1.82	13,720	–	(20)	(20)
- Past due 91 to 180 days	1.82	8,908	–	(13)	(13)
- Past due 181 to 270 days	1.82	25,690	–	(38)	(38)
- Past due more than 270 days	1.82	6,368	(1,388)	(9)	(1,397)
		<u>85,900</u>	<u>(1,388)</u>	<u>(125)</u>	<u>(1,513)</u>

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

Expected credit loss assessment for other receivables and deposits

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

	Weighted average loss rate %	Gross carrying amount S\$'000	Impairment loss allowance		
			Credit- impaired S\$'000	Not credit- impaired S\$'000	Total S\$'000
Group					
30 September 2022					
Not past due					
Other receivables and deposits	1.82	1,533	(85)	(30)	(115)
		<u>1,533</u>	<u>(85)</u>	<u>(30)</u>	<u>(115)</u>
31 December 2021					
Not past due					
Other receivables and deposits	1.14	1,434	(85)	(15)	(100)
		<u>1,434</u>	<u>(85)</u>	<u>(15)</u>	<u>(100)</u>
Company					
30 September 2022					
Not past due					
Other receivables and deposits	1.82	250	–	(5)	(5)
		<u>250</u>	<u>–</u>	<u>(5)</u>	<u>(5)</u>
31 December 2021					
Not past due					
Other receivables and deposits	1.14	388	–	(4)	(4)
		<u>388</u>	<u>–</u>	<u>(4)</u>	<u>(4)</u>

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

	Group		Company	
	30 September 2022 S\$'000	31 December 2021 S\$'000	30 September 2022 S\$'000	31 December 2021 S\$'000
At 1 January	1,850	1,452	4	–
Impairment losses recognised	2,844	867	1	4
Amounts written off against receivables	(290)	(469)	–	–
At 30 September and 31 December	<u>4,404</u>	<u>1,850</u>	<u>5</u>	<u>4</u>

6 Profit before taxation

	Group	
	9M2022 S\$'000	9M2021 S\$'000
Income		
Interest income	(533)	(277)
Expenses		
Amortisation of intangible assets	223	23
Bad debts written off	273	127
Depreciation of plant and equipment	772	773
Depreciation of right-of-use assets	1,720	1,665
Foreign exchange loss	17	10
Impairment losses on trade and other receivables	2,844	602
Interest expense	<u>21</u>	<u>35</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	
	9M2022 S\$'000	9M2021 S\$'000
Related corporations		
Administration support income	(101)	(11)
Corporate gifts income	–	(1)
Trainer fee expense	<u>6</u>	<u>6</u>
Non-controlling shareholder of a subsidiary		
Commission fee expense	<u>–</u>	<u>60</u>
Directors		
Administrative support income	(4)	(4)
Commission fee income	<u>(7)</u>	<u>(23)</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	
	9M2022	9M2021
	S\$'000	S\$'000
Salaries and other short-term employee benefits	4,944	4,766
Post-employment benefits (including contributions to defined contribution plan)	78	90
	<u>5,022</u>	<u>4,856</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	
	9M2022	9M2021
	S\$'000	S\$'000
<i>Current tax expense</i>		
Current year	9,836	10,309
Over provision in prior years	(67)	(9)
Withholding tax	6	2
Total tax expense	<u>9,775</u>	<u>10,302</u>

8 Dividends

	Group and Company	
	9M2022	9M2021
	S\$'000	S\$'000
Declared to the owners		
Ordinary dividends declared:		
Final dividends for financial year ended 31 December 2021 - \$0.07 per ordinary share	25,900	–
Final dividends for financial year ended 31 December 2020 - \$0.04 per ordinary share	–	14,800
Interim dividends for period ended 30 September 2022 - \$0.055 per ordinary share	20,350	–
Interim dividends for period ended 30 September 2021 - \$0.055 per ordinary share	–	20,350
	<u>46,250</u>	<u>35,150</u>

	Group	
	9M2022	9M2021
	S\$'000	S\$'000
Declared by the subsidiaries to non-controlling interests		
<u>PropNex International Pte. Ltd.</u>		
Final dividends for financial year ended 31 December 2021 - \$110 per ordinary share	3,099	–
Final dividends for financial year ended 31 December 2020 - \$70 per ordinary share	–	1,972
Interim dividends for period ended 30 September 2022 - \$45 per ordinary share	1,267	–
	4,366	1,972

9 Net asset value

	Group		Company	
	30 Sep 22	31 Dec 21	30 Sep 22	31 Dec 21
Net asset value per ordinary share (cents)	29.13	29.58	22.84	26.08

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

10 Financial assets at fair value through other comprehensive income

10.1 Fair value measurement

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

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

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

	Level 3
	S\$'000
Group	
30 September 2022	
Financial assets	
Unquoted equity investments – at FVOCI	6,322
31 December 2021	
Financial assets	
Unquoted equity investments – at FVOCI	362

	Level 3 S\$'000
Company	
30 September 2022	
Financial assets	
Unquoted equity investments – at FVOCI	<u>5,961</u>
31 December 2021	
Financial assets	
Unquoted equity investments – at FVOCI	<u>–</u>

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

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

11 Plant and equipment

During the nine months ended 30 September 2022, the Group acquired assets amounting to S\$222,681 (30 September 2021: S\$139,524) and disposed assets amounting to S\$837 (30 September 2021: S\$Nil).

12 Share capital

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

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

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

13 Subsequent event

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

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 3Q2022. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 September 2022 and 31 December 2021.

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

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

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

Not applicable.

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

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

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

Not applicable.

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

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

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

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

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

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

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

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

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

6 Earnings Per Ordinary Share

	Group			Group		
	3Q2022	3Q2021	Change (%)	9M2022	9M2021	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)	4.75	3.89	22.1	12.05	12.37	(2.5)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	4.75	3.89	22.1	12.05	12.37	(2.5)
- 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)	4.75	3.89	22.1	12.05	12.37	(2.5)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	4.75	3.89	22.1	12.05	12.37	(2.5)
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company (Discontinuing operations):						
(k) Based on the weighted average number of shares (cents)	–	–	–	–	0	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	
(ii) On a fully diluted basis (cents)	–	–	–	–	0	NM
- Weighted average number of shares ('000)	370,000	370,000		370,000	370,000	

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

Review of Group Performance

3Q2022 vs 3Q2021

Revenue

Revenue increased by approximately S\$24.0 million or 10.2%, from S\$234.4 million in 3Q2021 to S\$258.4 million in 3Q2022, was due to increase in commission income from agency services of approximately S\$35.6 million, partially offset by decrease in commission income from project marketing services of approximately S\$12.4 million. This was a result of higher number of transactions completed for agency services partially offset by fewer project marketing launch 3Q2022.

Cost of services rendered

Cost of services increased by approximately S\$22.0 million or 10.5%, from S\$209.7 million in 3Q2021 to S\$231.7 million in 3Q2022. This 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\$2.0 million or 8.0%, from S\$24.7 million in 3Q2021 to S\$26.7 million in 3Q2022. This increase was in tandem with the increase in revenue.

Finance income

Finance income increased by approximately S\$0.2 million or 221.8%, from S\$0.1 million in 3Q2021 to S\$0.3 million in 3Q2022. This was mainly due to the increase in interest income from higher fixed deposit interest rates and higher fixed deposit placement in 3Q22.

Other income

Other income increased by approximately S\$4.3 million or 281.2%, from S\$1.5 million in 3Q2021 to S\$5.8 million in 3Q2022. This was mainly due to an increase in advertising and marketing income and the derecognition of trade payables to agents.

Staff costs

Staff costs increased by approximately S\$0.5 million or 11.9%, from S\$4.3 million in 3Q2021 to S\$4.8 million in 3Q2022. The increase was mainly due to increase in the average staff headcount from 140 in 3Q2021 to 151 in 3Q2022.

Other expenses

Other expenses increased by approximately S\$2.5 million or 99.2%, from S\$2.5 million in 3Q2021 to S\$5.0 million in 3Q2022. This was mainly due to the increase in impairment loss on trade and other receivables by approximately S\$0.9 million, recruitment expenses by approximately S\$0.6 million, corporate events by approximately S\$0.6 million, legal and professional fees by approximately S\$0.1 million and advertising and marketing expenses by approximately S\$0.1 million.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately S\$3.4 million or 18.1%, from S\$18.7 million in 3Q2021 to S\$22.1 million in 3Q2022.

Tax expense

Tax expense increased by approximately S\$0.7 million or 19.9%, from S\$3.2 million in 3Q2021 to S\$3.9 million in 3Q2022 in line with 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).**

9M2022 vs 9M2021

Revenue

Revenue increased by approximately S\$15.3 million or 2.1%, from S\$715.5 million in 9M2021 to S\$730.8 million in 9M2022, was due to increase in commission income from agency services of approximately S\$67.8 million, partially offset by decrease in commission income from project marketing services of approximately S\$54.1 million. This was a result of higher number of transactions completed for agency services partially offset by fewer project marketing launch 9M2022.

Cost of services rendered

Cost of services increased by approximately S\$16.7 million or 2.6%, from S\$639.6 million in 9M2021 to S\$656.3 million in 9M2022. This was mainly due to the increase in commission cost to salespersons which was in tandem with the increase in revenue.

Gross profit

Gross profit decreased by approximately S\$1.3 million or 1.8%, from S\$75.8 million in 9M2021 to S\$74.5 million in 9M2022. This was mainly attributed to the decrease in contribution from project marketing services which is a business segment with better gross margin as compared to agency services' resale transactions.

Finance income

Finance income increased by approximately S\$0.2 million or 92.4%, from S\$0.3 million in 9M2021 to S\$0.5 million in 9M2022. This was mainly due to the increase in interest income from higher fixed deposit interest rates and higher fixed deposit placement in 9M22.

Other income

Other income increased by approximately S\$5.2 million or 94.6%, from S\$5.4 million in 9M2021 to S\$10.6 million in 9M2022. This was mainly due to an increase in advertising and marketing income and the derecognition of trade payables to agents.

Staff costs

Staff costs increased by approximately S\$1.8 million or 15.0%, from S\$12.1 million in 9M2021 to S\$13.9 million in 9M2022. The increase was mainly due to increase in the average staff headcount from 134 in 9M2021 to 152 in 9M2022.

Other expenses

Other expenses increased by approximately S\$5.2 million or 71.0%, from S\$7.4 million in 9M2021 to S\$12.6 million in 9M2022. This was mainly due to increase in impairment loss on trade and other receivables by approximately S\$2.2 million, advertising and marketing expenses by approximately S\$1.1 million, , corporate events by approximately S\$0.8 million, recruitment expenses by approximately S\$0.6 million, legal and professional fees by approximately S\$0.3 million, repair and IT maintenance by approximately S\$0.2 million.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately S\$3.8 million or 6.4%, from S\$60.1 million in 9M2021 to S\$56.3 million in 9M2022.

Tax expense

Tax expense decreased by approximately S\$0.5 million or 5.1%, from S\$10.3 million in 9M2021 to S\$9.8 million in 9M2022 in line with lower profits.

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

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

Non-current assets

Non-current assets increased by approximately S\$7.9 million or 127.5%, from S\$6.2 million as at 31 December 2021 to S\$14.1 million as at 30 September 2022. This was mainly due to the additions in other investment of approximately S\$6.0 million, additions of both right-of-use assets as well as plant and equipment of approximately S\$4.4 million and S\$0.2 million respectively, partially offset by the depreciation of both right-of-use assets as well as plant and equipment of approximately S\$1.7 million and S\$0.8 million respectively and amortisation of intangible assets of approximately S\$0.2 million.

Current assets

Trade and other receivables increased by approximately S\$28.5 million or 20.0%, from S\$142.7 million as at 31 December 2021 to S\$171.2 million as at 30 September 2022. The increase was due to lower collection in 9M2022.

Cash and cash equivalents decreased by approximately S\$18.3 million or 12.6%, from S\$145.6 million as at 31 December 2021 to S\$127.3 million as at 30 September 2022. The decrease was mainly due to other investment and dividend paid to owners and non-controlling interest of the Company, offset by net cash generated from operating activities in 9M2022.

As a result, total current assets increased by approximately S\$10.1 million or 3.5%, from S\$288.4 million as at 31 December 2021 to S\$298.5 million as at 30 September 2022.

Non-current liabilities

Non-current liabilities increased by approximately S\$2.0 million or 134.6%, from S\$1.5 million as at 31 December 2021 to S\$3.5 million as at 30 September 2022. This was mainly due to an addition of lease liabilities in 9M2022.

Current liabilities

Trade and other payables increased by approximately S\$22.3 million or 13.6%, from S\$164.3 million as at 31 December 2021 to S\$186.6 million as at 30 September 2022. This was mainly due to increase in trade payables by approximately S\$16.8 million, other payables by approximately S\$4.7 million, professional indemnity by approximately S\$1.4 million, accrued expenses by approximately S\$0.3 million, partially offset by the decrease in GST payables by approximately S\$1.3 million.

Current tax liabilities decreased by approximately S\$3.7 million or 27.1%, from S\$13.5 million as at 31 December 2021 to S\$9.8 million as at 30 September 2022. This was mainly due to the payment of YA2022 tax of approximately S\$13.5 million, partially offset by the provision of tax expense of approximately S\$9.8 million for 9M2022.

As a result, total current liabilities increased by approximately S\$20.1 million or 11.1%, from S\$180.5 million as at 31 December 2021 to S\$200.6 million as at 30 September 2022.

Equity

The equity attributable to the owners of the Company decreased by approximately S\$1.6 million or 1.5%, from S\$109.4 million as at 31 December 2021 to S\$107.8 million as at 30 September 2022. This was mainly due to profit attributable to owners of the Company for 9M2022 offset by dividends paid to owners of the Company in 9M2022.

- 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

3Q2022 vs 3Q2021

The operating activities generated net cash of approximately S\$15.4 million in 3Q2022 as compared to approximately S\$23.9 million in 3Q2021. The decrease was mainly due to lower cash generated from operations of approximately S\$4.8 million and higher tax paid of approximately S\$3.7 million.

Net cash from investing activities was approximately S\$0.2 million in 3Q2022 as compared to net cash from investing activities of approximately S\$0.1 million in 3Q2021. The increase was mainly due to higher interest received of approximately S\$0.2 million.

Net cash used in financing activities was approximately S\$22.2 million in 3Q2022 as compared to approximately S\$20.9 million in 3Q2021. This was mainly due to net increase in dividend paid to non-controlling interests of approximately S\$1.3 million.

As a result, there was a net decrease in cash and cash equivalents of approximately S\$6.6 million for 3Q2022 as compared to net increase of approximately S\$3.0 million for 3Q2021.

9M2022 vs 9M2021

The operating activities generated net cash of approximately S\$39.7 million in 9M2022 as compared to approximately S\$57.0 million in 9M2021. The decrease was mainly due to lower cash generated from operations of approximately S\$11.0 million and higher tax paid of approximately S\$6.3 million.

Net cash used in investing activities was approximately S\$5.7 million in 9M2022 as compared to approximately S\$0.3 million in 9M2021. This was mainly due to addition of other investments of approximately S\$6.0 million, offset by increase in interest income of approximately S\$0.3 million.

Net cash used in financing activities was approximately S\$52.4 million in 9M2022 as compared to approximately S\$38.8 million in 9M2021. This was mainly due to net increase in dividend paid to both owners of the Company and non-controlling interests of approximately S\$11.1 million and S\$2.4 million.

As a result, there was a net decrease in cash and cash equivalents of approximately S\$18.4 million for 9M2022 as compared to net increase of approximately S\$17.9 million for 9M2021.

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 2022.

Use of Net Proceeds	Allocation of Net Proceeds as disclosed in the Prospectus (S\$'000)	Net Proceeds utilized as at the date of this announcement (S\$'000)	Balance of Net Proceeds as at the date of this announcement (S\$'000)
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	613 ⁽¹⁾	11,387
Enhancement of real estate brokerage business	11,000	9,014 ⁽²⁾	1,986
Expansion in range of business services	9,280	7,372 ⁽³⁾	1,908
Enhancement of technological capabilities	6,000	4,436 ⁽⁴⁾	1,564
	38,280	21,435	16,845

Notes:

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

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

The Company did not make any prospect statement previously.

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

The overall private home prices increased by 3.8% QOQ in 3Q2022, marking 10 consecutive quarters of price growth in riding out the pandemic and macroeconomic uncertainties along the way. In the first nine months of 2022, private home prices have climbed by 8.2%. With the tight unsold stock of new private homes (15,677 units ex. ECs as at 3Q2022) and limited new launches in 4Q2022, we expect private home prices to likely rise at a slower pace of an overall price increase of 9% to 10% for the full-year 2022. The private new home sales volume of transactions is estimated to be around 8,000 to 8,500 units (ex. ECs) for the whole of 2022.

The private residential resale transaction volume will likely remain muted given the tight resale inventory. Owners may be reluctant to sell, opting instead to tap the strong rental demand in a landlord's market – the increase in rents may also help to defray any increase in monthly mortgage payments due to rising interest rates. Meanwhile, private home owners looking to downgrade to HDB resale flats may also now hold back on the sale of their private home as a result of the newly imposed 15-month wait-out period, further crimping available resale stock.

The impact of the latest cooling measures that were introduced on 30 September 2022 were yet reflected in the real estate activities in the 3Q2022. These were introduced to moderate housing demand and to ensure home buyers borrow prudently amid rising interest rates. To sum, they were:

1. Higher Medium-Term Interest Rate Floor (Increased from 3.5% to 4%)
2. Tightening of LTV for HDB Loans (From 85% LTV to 80% LTV)
3. New 15-month wait-out period (For Pte Pty sellers looking to downgrade to HDB resale)

Figures released by the Housing and Development Board (HDB) showed that resale flat prices rose by 2.6% QOQ in 3Q2022, following the 2.8% QOQ gain in the previous quarter. The increase came amid a 10.7% growth in resale volume from 6,819 flats in 2Q2022 to 7,546 flats in 3Q2022. In the first nine months of the year, HDB resale prices have now risen by about 8% and total resale HDB flat transactions came up to 21,299 units. The strong HDB resale market and upward pressure on prices amid rising interest rates prompted the government to introduce several calibrated measures targeted at the public housing segment from September 30. These measures may help to rein in the pace of price growth going forward as they will affect the loan quantum for buyers taking an HDB loan, as well as delaying cash-rich private home down-graders from entering the HDB resale market. For the whole of 2022, we project HDB resale prices could rise by 9% to 10% - still healthy, albeit slower than the 12.7% increase posted in 2021.

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 2022. 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 maintain similar dividend pay-out ratio 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 2022 unaudited financial results to be false or misleading in any material respect.

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

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

BY ORDER OF THE BOARD

Mohamed Ismail S/O Abdul Gafoore
Executive Chairman and CEO
PROPNEX LIMITED

9 November 2022