

The logo consists of a blue diamond shape with a white horizontal bar across its center. The word "PropNex" is written in a bold, black, sans-serif font, with the "N" being significantly larger than the other letters.

PropNex

Service You Trust[®]
SINGAPORE
PROPNE X LIMITED



FUTURE-PROOFING

THE REAL ESTATE BUSINESS

ANNUAL REPORT

2022



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VISION, MISSION AND CORE VALUES



MISSION

To become the leader in any market we serve and revolutionise this organization to have the strength of a big company, combined with the leanness and agility of a small firm



VISION

To enhance customers' quality of life through value-added professional service



CORE VALUES

Continuous Self-Improvement
Autonomy and Entrepreneurship
Respect and Concern for individuals
Ethics, Honesty, and Integrity in all aspects of our business

CORPORATE PROFILE

PropNex Limited ("PropNex" or the "Company", and together with its subsidiaries, "The Group") is Singapore's largest listed real estate group with 11,896 sales professionals, as at 15 March 2023. The Group's key business segments include real estate brokerage, training, and real estate consultancy services.

PropNex Limited's real estate brokerage services are operated by its wholly owned flagship subsidiary PropNex Realty Pte Ltd. PropNex Realty derives commission-based fees through the provision of property brokerage.

The Group takes the lead in real estate agency services, with substantial market share in the residential segments of new project launches, private resale, HDB resale and rental including commercial and industrial properties. Renowned and trusted for our in-depth knowledge of the real estate market, we offer a full suite of real estate brokerage services, representing clients in a broad spectrum of property segments. As an industry leader, PropNex constantly strives as first to introduce new initiatives especially in technological innovations with an emphasis on improving the

productivity of the salespersons in order to better serve their clients.

In replicating the success of the homegrown real estate brokerage business, PropNex expanded overseas with the franchise model since 2016 and has a strong brand presence in Indonesia, Malaysia, Vietnam, Cambodia and most recently in Australia.

The Group's wholly owned subsidiary – Life Mastery Academy operates training programmes and courses for the real estate salespersons in upholding their professionalism aligned with the regulations as well as in preparing those who are embarking on a real estate career.

PropNex also has a consultancy services arm that consists of Property Valuation, Corporate Leasing, Investment and Collective Sale as well as the Good Class Bungalows & Prestige Landed department that was formed in 2022. The Group is headquartered in Singapore and has a strong commitment to service excellence and quality. PropNex is a proud recipient of numerous accolades and is a recognized leader in real estate agency services.



MILESTONES



2022

- First agency to cross the 12,000 salespersons mark in Singapore
- Fifth overseas brand presence: Australia
- Together with our salespersons, raised a cumulative amount of \$5 Million for charity, a year ahead of its initial target (2013 – 2023), including \$1.34m to Community Chest in 2022
- FIRST in the real estate industry to conduct the PropNex Monopoly championship on a nationwide scale and gave away prizes over \$300,000

2021

- Formation of industry's first union for real estate salespersons – PropNex Real Estate Salespersons' Chapter (Agents' Voice Matters)
- First agency to cross 10,000 salespersons mark in Singapore
- Contributed more than \$1,000,000 to charity
- Fourth overseas market: Expanded into Cambodia

2020

- Enhanced the Group's consultancy services – Research, Investment and Collective Sale departments
- \$750,000 contributed to charity (\$250,000 went to helping the needy who were affected by the COVID-19 situation as well as the frontline heroes who were fighting the virus. Since 2013, PropNex and our salespersons have been contributing \$500,000 annually to benefit the less fortunate and underprivileged children)

2019

- Formation of PropNex consultancy services – Valuation, Corporate Leasing and Auction
- Solidified position as Singapore's largest real estate agency, first agency to cross the 8,000 salespersons mark in Singapore
- Expanded Toa Payoh headquarters ("HQ") with additional 12,800 sq ft in office space

2018

- Listed in the Singapore Exchange Mainboard and publicly the shares were traded
- Third overseas market: Expanded into Vietnam
- Launched PropNex Associate Healthcare Benefits Programme, which provides medical benefits for all our salespersons and their dependants

2017

- Second overseas market presence: Malaysia
- Merger of Dennis Wee Group, PropNex became Singapore's largest real estate agency

2016

- First overseas expansion: Indonesia

2008

- First to introduce the compulsory Professional Indemnity Insurance for all our salespersons to champion protection of consumers

2006

- Incorporated Life Mastery Academy to provide training/ courses for salespersons and general public
- First and only Real Estate agency to form a marching contingent at the 41st National Day Parade, representing as the economic growth pillar for the nation

2005

- Presidential Visit to PropNex HQ by the late president SR Nathan and the First Lady on 20th July

2004

- Moved HQ to Toa Payoh HDB Hub with 24,000 sq feet in office space

2000

- Official inception of PropNex with 3,000 salespersons

1999

- First Class Consultants founded with merger of both agencies

1996

- Incorporation of Nooris Consultants and Prulink Realty



AWARDS AND ACCOLADES

Testament to its exceptional service, PropNex has garnered numerous awards and accolades from various government bodies and industry authorities over the years.



– Winner of the Singapore Corporate Governance Award (Mid-Cap) at SIAS Investors' Choice Awards 2022

The Securities Investors Association (Singapore) ("SIAS") Investors' Choice Awards 2022 recognises excellence in companies adopting good corporate governance practices. SIAS together with its industry partners, annually rate the best performing listed companies in governance and transparency for the benefit of investors.

The Group is honored to receive this prestigious award two years in a row, and to have improved from our previous Runner-up position at the SIAS Investors' Choice Awards 2021 (Small-Cap) to be the champion in 2022. This speaks strongly of the Group's robust efforts to ensure corporate governance principles are firmly embedded and upheld in our corporate culture at all times.

– Debuted with a clean sweep of awards at The Edge Singapore's recent Centurion Club Awards 2022

The Group claimed all the awards in the Real Estate Companies sector:

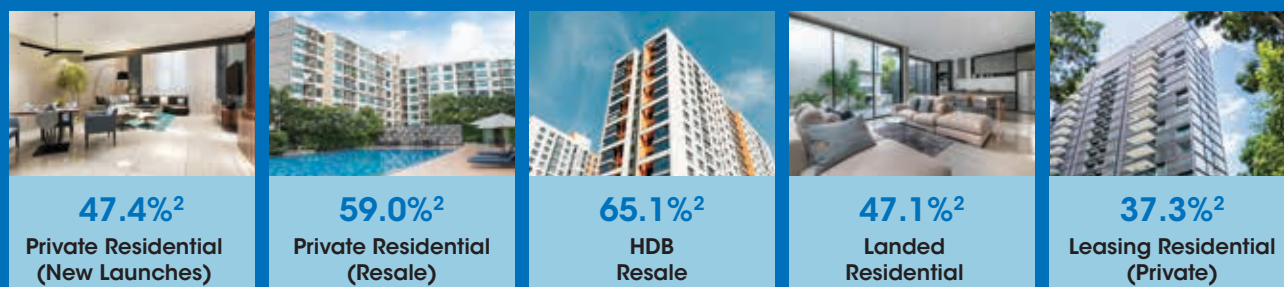
1. Overall Centurion
2. Overall Sector Winner
3. Returns to shareholders over three years
4. Growth in Profit after Tax ("PAT") over three years
5. Weighted Return on Equity ("ROE") over three years

Designed to recognise Singapore's outstanding corporate performers with a market capitalisation of between S\$100 million and S\$999 million. PropNex came up tops in the real estate sector as well as amongst the entire field of Centurion award contenders.

-
- Singapore Corporate Governance Award (Runner-up, Small Cap) at the SIAS Investors' Choice Awards (2021)
 - Singapore Corporate Awards 2020/21 (Special Edition) – Corporate Excellence and Resilience Award
 - Singapore's Fastest Growing Companies (2020) by the Straits Times & Statista
 - Expat Living Readers' Choice Awards (2019 & 2020)
 - Marketing Agency Excellence Award by EdgeProp Singapore Excellence Awards (2018)
 - Best Real Estate Marketing Idea Award by ASEAN Real Estate Network Alliance (2017)
 - Top Business Space Leasing by Far East Organisation (2016)
 - Ascendas-Singbridge Most Active Agency (Lease) of the Year (2016)
 - Top Noveteur Award at the Asia Enterprise Brand Awards (2015)
 - Top Real Estate Agency in Influential Brand Winner (2015)
 - Singapore Service Class Certified (2015)
 - Singapore Quality Class Certified (2015)
 - People-Centric Award at the inaugural Asia Responsible Corporate Awards (ARCA) (2013)
 - Enterprise 50 Awards, ranked 2nd (2011)
 - Highly Commended Real Estate Agency at the Asia Pacific Property Awards (2011)
 - Reader's Digest Trusted Brand Gold Award (2008-2011)

PROPnex AT A GLANCE

Market share in Singapore



1) Singapore's Largest Listed Real Estate Agency

with over 11,896 salespersons as at 15 March 2023

2) Asset light and resilient business model

Integrated real estate services group with real estate brokerage, project sales marketing, training and consultancy services that adopt an asset light model without direct exposure to physical properties.

Well-positioned to reap benefits of property upcycles and remain sustainable during property down cycles

3) Leading market share in Singapore

4) Strong thought leadership as pioneer of several industry "firsts" in Singapore:

- o Dual Career Path in 2000 – a commission scheme model that was subsequently adopted by industry peers
- o Pension Plan for Team Leaders in 2006
- o Spouse Protection Scheme in 2013

- o PropNex Associate Healthcare Benefits Programme in 2018, which provides medical benefits for all our salespersons and their dependants

- o Proprietary Signature training programmes and bootcamps for salespersons

- o Empowering home buyers and investors through consumer seminars since 2013

- o Technology platform for salespersons productivity

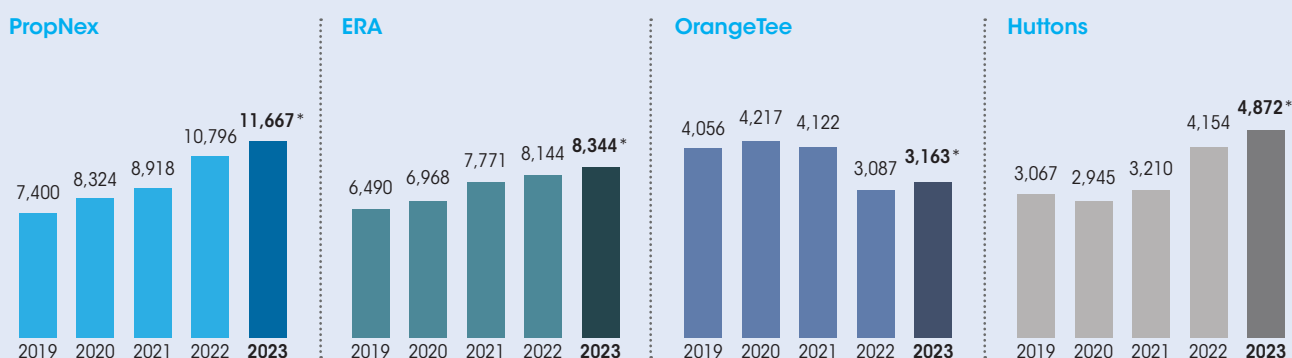
- o First in the industry to cross the 12,000-mark number of salespersons in Singapore

- o Formation of the industry's first union – PropNex Real Estate Salespersons' Chapter and set co-broking standards

- o FIRST in the real estate industry to conduct the PropNex Monopoly championship on a nationwide scale and gave away prizes over \$300,000

5) Strong foothold in regional markets – Indonesia, Malaysia, Vietnam, Cambodia and Australia

Singapore's Largest Listed Real Estate Agency with over 11,896¹ salespersons



*Source: The Council for Estate Agencies ("CEA") as at 1 Jan 2023

1. The Council for Estate Agencies, as at 15 March 2023.

2. According to the independent market research consultant, Frost & Sullivan Pte Ltd ("Frost & Sullivan"). The market share information also includes transactions where PropNex Salespersons act on behalf of buyers and sellers in co-broking with external agencies. Primary and Resale Private Residential market share includes EC, non-landed and landed caveated transactions as at 8 February 2023. Calculated against total units transacted in FY2022.



BUSINESS SEGMENTS



Real Estate Brokerage

PropNex offers a full suite of real estate brokerage services, representing clients across a spectrum of property segments:

- Private & HDB Resale Properties
- Commercial & Industrial Properties
- Luxury Properties
- New Launches Project Marketing (Local and International)

Revenue is derived through commission-based fees from sales and rental of residential, commercial and industrial properties.



Training Services

Life Mastery Academy is the training arm of PropNex and is also a Council of Estate Agencies ("CEA")-accredited provider of continuing professional development ("CPD") courses. The academy provides trainings for salespersons to equip them with the necessary knowledge to carry out real estate agency work.

The academy primarily covers:

- Training services to individuals who intend to pursue careers as salespersons to meet the licensing and registration framework of the CEA
- Courses for existing salespersons as part of their continuing professional development. The current regulatory framework requires all practising salespersons in Singapore to undertake mandatory CPD courses for a minimum of six (6) credits of which four of these credits must be from courses related to professional competencies and two credits must be from courses related to generic competencies for each calendar year.

BUSINESS SEGMENTS



Real Estate Consultancy Services

Established since 2018, the real estate consultancy arm provides Property Valuation, Corporate Leasing, Investment & Collective Sales services and the Good Class Bungalows ("GCB") & Prestige Landed department.

Apart from providing professional valuation for all types of properties, the Valuation department also advises clients for mortgage valuation and for exercises like acquisitions of local or overseas companies via asset or share transfer, initial public offerings and special audit review. Our reports are used by bankers, corporate finance houses, lawyers, auditors and potential investors.

The team for Corporate Leasing provides a full suite of professional leasing solutions including tenancy matters from marketing, managing and leasing of vacant units to the follow up on renewal and rental reports. The team helps corporate landlords to market and manage the portfolio of their properties and to assist corporate tenants (Multinational Companies) with relocation services, tenancy management, home and school search and even handover services for departure.

The Group further extended its consultancy services in Investment and Collective Sales in matching capital to real estate opportunities, across collective sale offerings, residential landed and non-landed properties, office buildings and industrial properties.

In 2022, the Group added the GCB & Prestige Landed department in developing the market share in this segment. The team looks into new opportunities and further expanding the Group's presence in the ultra-exclusive landed homes market in Singapore.



GEOGRAPHICAL FOOTPRINT

CLOSE TO 15,000 SALESPERSONS REGIONALLY

Singapore (Headquarters) 11,896* salespersons



Indonesia



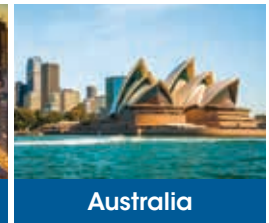
Malaysia



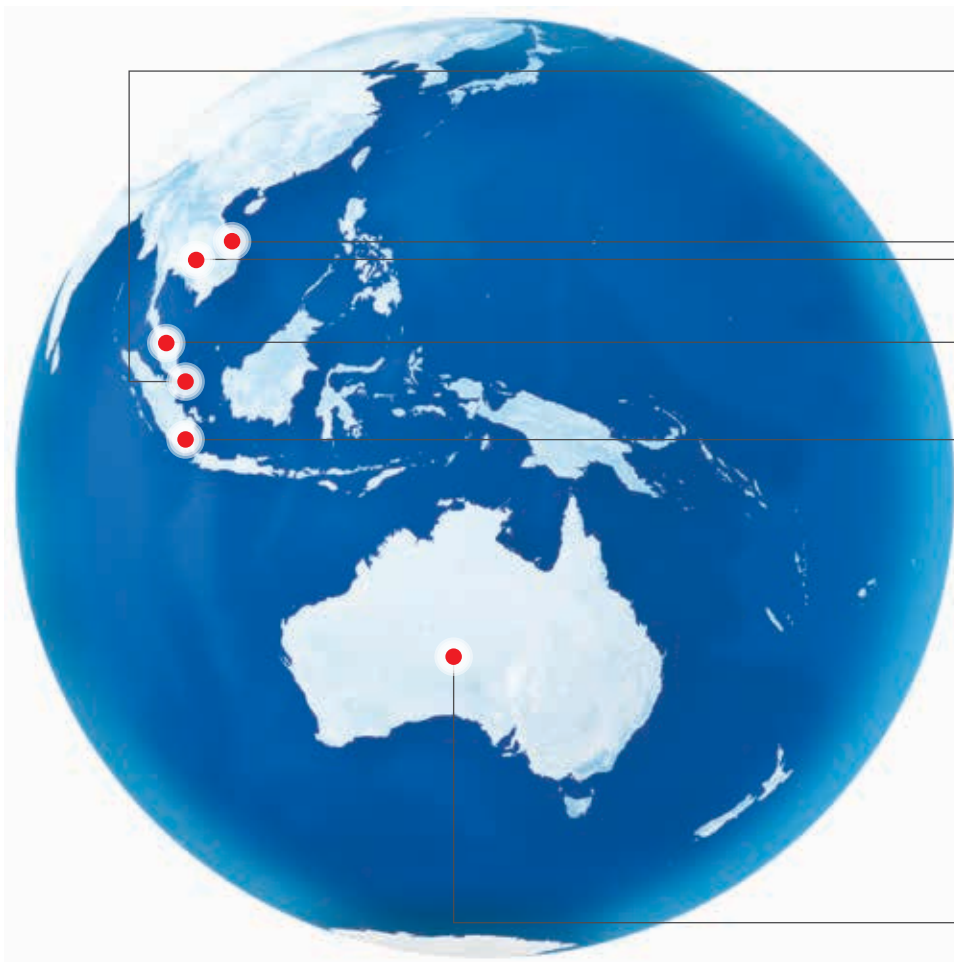
Vietnam



Cambodia



Australia



Singapore



Indonesia



Malaysia



Vietnam



Cambodia



Australia

*The Council for Estate Agencies, as at 15 March 2023

FINANCIAL HIGHLIGHTS

22 years of Track Record in Singapore

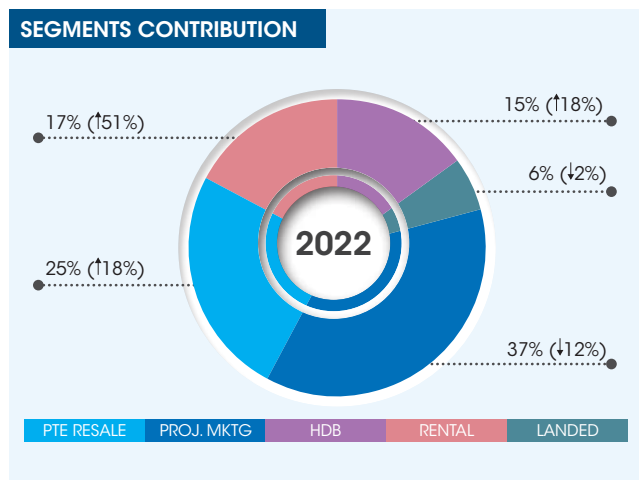
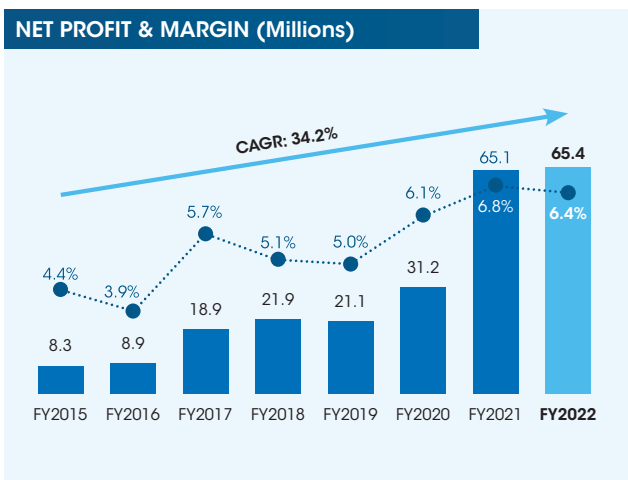
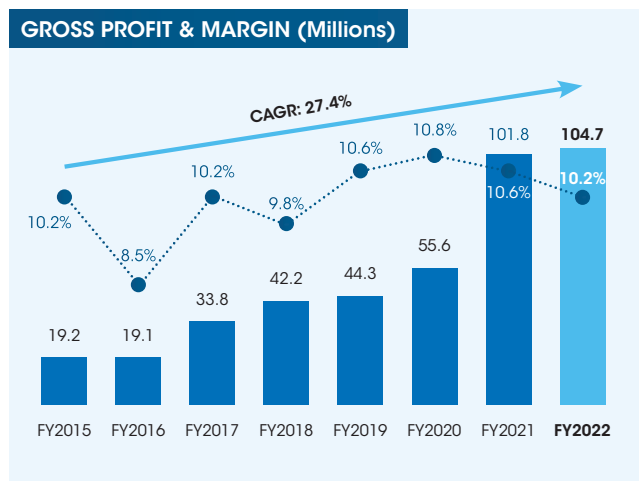
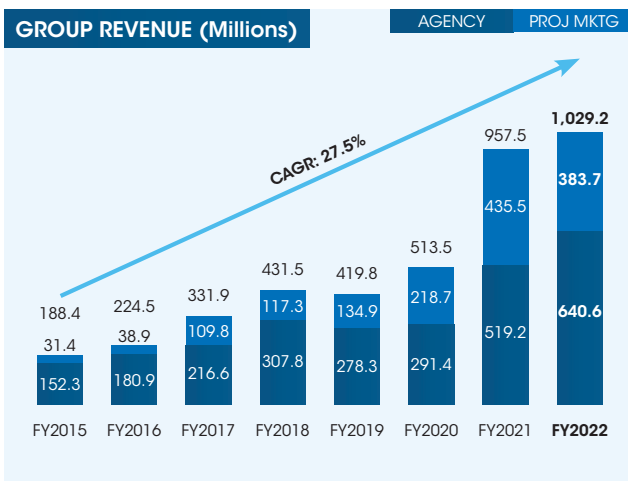
>11,667¹ salespersons in Singapore

S\$1.03 Billion Revenue Generated in FY2022

80%² Dividend Payout for FY2022

8.0%³ Dividend Yield for FY2022

1. As at Council of Estate Agencies, 1 January 2023
2. Total dividends for FY2022 of 13.5 Singapore cents per share
3. Yield of 8.0% based on price of S\$1.68 per share on 20 February 2023.



CHAIRMAN'S MESSAGE



PropNex's market leadership position today is largely made possible by our progressive corporate culture. From management's perspective, we have made it a point to never rest on our laurels and to continuously seek improvement.

2022 was another remarkable year as the Group achieved an unprecedented performance, delivering stellar results. While companies worked to navigate headwinds such as the Ukraine war, rising borrowing interest rates and the cooling measures introduced in September 2022, PropNex remained resilient throughout these challenging times and emerged even stronger as seen in the Group's performance and new initiatives introduced.

In the course of the financial year, I am delighted to share that PropNex has managed to establish a strong foothold in Singapore's property market, being the first listed real estate agency to cross the 12,000 salespersons mark in 2022. PropNex has proven to be the preferred agency of choice by clients and salespersons, and we remain on track in realising our vision of having 15,000 PropNex salespersons by 2025.

Given the challenging market conditions with two rounds of cooling measures introduced on 16 December 2021 and 29 September 2022, it was by no mean feat that we could achieve full-year revenue surpassing S\$1.03 billion for the full year. Our strong growth was buoyed by the jump in full-year commission income from agency services, which grew by 23.4% from S\$519.2 million to S\$640.6 million with the Group's profit after tax and minority interests ("PATMI") for FY2022 increasing by S\$2.3 million to S\$62.4 million. As at 31 December 2022, we remained debt free with a strong cash standing of S\$138.9 million. In addition, the Group cultivated another record number of 75 Millionaire achievers for 2022.

From a shareholder's perspective, you may be pleased to note that we will be proposing for approval at the upcoming Annual General Meeting a final dividend of 8.0 Singapore cents per share for FY2022 in appreciation of your support. This brings the Group's total payout to 13.5 Singapore cents per share in FY2022, amounting to S\$49.95 million which represents 80% of the Group's PATMI for FY2022.

Additionally, the Group is proposing to undertake a bonus issue ("Proposed Bonus Issue") on the basis of one (1) bonus share to be credited as fully paid for every one (1) existing PropNex share held. Up to 370 million new ordinary shares will be issued to PropNex shareholders with this one-for-one Proposed Bonus Issue.

The Group has always held firm to our long-term strategy to broaden the distribution of PropNex's shares to more investors, alongside a continued commitment to encourage trading liquidity. This is the first bonus share issue that PropNex has undertaken and this exercise reflects our belief in the opportunities for PropNex's long-term growth and expansion.

PropNex's position as a frontrunner in the industry is largely made possible by our progressive corporate culture. From the management's perspective, we have made it a point to never rest on our laurels and to continuously seek improvement.

CHAIRMAN'S MESSAGE

In October, PropNex was awarded the overall champion of Singapore Corporate Governance Award (Mid-Cap) at SIAS Investors' Choice Awards 2022, for the second consecutive year with an improved ranking from our previous runner-up position. This speaks strongly of our robust efforts to ensure corporate governance principles are firmly embedded and upheld in our corporate culture at all times.

PropNex's recognition was further boosted when the Group debuted with a clean sweep at The Edge Singapore's Centurion Club Awards in November 2022, having emerged as Overall Sector Winner, Overall Centurion, Best Performing Stock (Real Estate category), Fastest Growing Company (Real Estate Category) and Most Profitable Company (Real Estate category). These awards inspire us to continue to raise the bar for our clients, employees, salespersons and stakeholders going forward.

As a brand owner-manager, one of our other key priorities has always been to build PropNex into a leading regional brand. It was during this period that we extended our presence into Melbourne, Australia – marking our presence in the fifth market in the Asia Pacific, beyond Singapore. Fuelled by a desire to be a leading regional real estate agency, we are constantly on the lookout to further expand our Asian footprint.

Closer to home, we continued our foothold in the New Launches segment as 2022 saw only 19 launches in the year. Our private resale segment held 59.0% of the market share, while HDB resale market share stood at 65.1% and landed properties at 47.1%. Our collective sale and investment team concluded 3 enbloc sales worth over \$300m as we seized the opportunities in growing our market share in this segment.

These accomplishments were made possible with our numerous engagement activities, including SG Property XPO 2022 that had garnered over 100,000 engagement as it featured over 16 developments with 20 in-house speakers and the honour of Minister Tan Kiat How (Senior Minister of State for National Development and Senior Minister of State for Communications and Information) as our guest speaker. Held over two weekends, the event saw over 25 Power Hybrid Workshops with over 10,000 attendees.

With close to 100 consumer empowerment seminars held yearly, PropNex is no stranger to the public. We aim to be at the top of everyone's mind when it comes to consumer education. Elevating this to the next level, PropNex designed the 'Property Wealth System ("PWS") Master Class'. The intensive two-day programme

covered essential property investment strategies and tips for asset progression, including how to identify opportunities, exit strategies and more. The PWS Master Classes were held at Suntec Convention Centre and Marina Bay Sands with over 1,500 attendees.

The first in the real estate industry, the Group organised the 'PropNex Monopoly Championship 2022' with the grand finals held on 28 August 2022. After 4 months of competition from May to August, we saw close to 10,000 registrants participating in this financial literacy programme. This is the first of such Monopoly championships ever conducted on a nationwide scale, with prizes amounting to over \$300,000 handed out to winners.

As we strive towards our Vision 2023, PropNex marked another milestone by entering into a Memorandum of Understanding with Singapore Industrial and Services Employees' Union ("SISEU") to set up the PropNex Real Estate Salespersons' Chapter – Agents' Voice Matters. We thus became the first real estate agency to have a formalised framework supported by SISEU, a critical initiative that serves to look into the welfare of real estate salespersons, promoting professionalism and enhancing overall business and industry practices.

Aside from the commendable set of financial results in FY2022, we stayed true to our continued focus on corporate social responsibility. Together with our salespersons, the Group donated \$1.34m to the Community Chest last year, benefitting children from Montfort Care, Children's Aid Society, Malay Youth Literary Association, Life Community Services Society, SHINE Children and Youth Services, Fei Yue Family Service Centre, Care Corner Singapore and Chen Su Lan Children's Methodist Home. The Group's 2022 cumulative contribution crossed the \$5 million-mark contribution to charity, ahead of our initial target to raise this amount by 2023 for communities in need.

In conclusion, I would like to extend a big thank you to the management, team leaders, salespersons, home investors and stakeholders who stood by us and selected PropNex as your choice agency. With our trusted brand name and infinite opportunities, PropNex, as Singapore's Largest Real Estate Agency, aims to be the preferred choice of property owners and investors for years to come.

Mr Ismail Gafore

Co-founder,
Executive Chairman and CEO

BOARD OF DIRECTORS



Mr Mohamed Ismail S/O Abdul Gafoore

Co-founder, Executive Chairman and CEO

With more than 25 years' experience in the real estate industry, Mr Ismail has an intimate understanding of the market. He is responsible for the Group's strategic direction and oversees business operations of the Group, including functions such as compliance, finance, human resources, marketing and operations.

Prior to joining the real estate industry and subsequently founding Nooris Consultants Pte. Ltd. in 1996, Mr Ismail served as an officer in the Singapore Armed Forces and continued service to the nation as part of the military reserve force before retiring as a Colonel serving as Division Chief of Staff. Mr Ismail holds a bachelor's degree (Hons) in Land Economics from the University of Technology, Sydney. He was a member of the Lifelong Learning Council, a 15-member community led council set up by the Workforce Development Agency of Singapore. From 2010 to 2012, Mr Ismail served as the President of the Institute of Estate Agents.

Ismail has been awarded many personal accolades including the Singapore Malay Chamber of Commerce & Industry's Entrepreneur of the Year Award 2004, Singapore Indian Chamber of Commerce and Industry's Overall Indian Entrepreneur of the Year Award 2008 and was recognized in 2015 as Entrepreneur of the Year (Spirit of Enterprise, Nexia-TS). This is the pinnacle of all his individual awards as he emerged as the winner from the 390 qualifying local entrepreneurs with exemplary achievements.



Mr Kelvin Fong

Executive Director

Mr Kelvin Fong oversees the Group's training development curriculum and also administers the development of IT strategies and technology innovations to improve the Group's competitive edge in the industry. Prior to joining the management team, Mr Fong was one of the top Team Leaders and his team of salespersons has a strong track record for outstanding sales performance and excellent customer service.

Mr Fong also spearheads the sales and leadership training programmes. He curated the signature PropNex bootcamp that empowers over 2,000 salespersons annually together with other team leaders.

He holds a bachelor's degree in Business Administration from La Trobe University, Australia and a Diploma in Electronics Engineering from Singapore Polytechnic.

BOARD OF DIRECTORS



Dr Ahmad Bin Mohamed Magad

Lead Independent Director

Dr Ahmad is currently Principal Consultant with Dynavision Advisory. He was formerly Executive Director at Management Development Institute of Singapore, the Secretary General of the Singapore Manufacturing Federation and the Group Managing Director of II-VI Infrared (IR) Optics Manufacturing Operations in Asia, with facilities in Singapore, Suzhou in China, Vietnam and the Philippines. He was a Member of the Parliament for 15 years.

He had extensive experience serving as Chairman of several Government Parliamentary Committees and as a Board member in a number of Statutory Boards. Dr Ahmad holds a Doctorate in Business Administration from Brunel University (UK), a Master of Business Administration and an Advanced Post-Graduate Diploma in Management Consultancy from Henley Business School (UK). He is also a Fellow of the Certified Public Accountants (Australia) and a Fellow of the Chartered Institute of Marketing (UK). He is also a Distinguished Fellow of the Management Development Institute of Singapore and a Fellow Member of the Singapore Institute of Directors.



Mr Kan Yut Keong

Independent Director

Mr Kan Yut Keong is the Group's chairman of Audit Committee and a member of The Remuneration and Nominating Committees. He is currently an independent director of Nam Cheong Limited and was also a member on the board of Competition & Consumer Commission of Singapore.

Mr Kan has more than 34 years of experience in professional accounting, corporate finance and consulting in Asia and in the United Kingdom. He was previously the managing director of PricewaterhouseCoopers Corporate Finance Pte. Ltd. until his retirement in June 2014. He holds a bachelor's degree in Economics from the University of Hull, United Kingdom. He is a chartered accountant by training and is a member of the Institute of Chartered Accountants in England and Wales and its Corporate Finance Faculty, Institute of Singapore Chartered Accountants and the Malaysian Institute of Accountants.



Mr Low Wee Siong

Independent Director

Mr Low Wee Siong is the Group's chairman of Nominating Committee and a member of our Audit and Remuneration Committees. Mr Low is currently in legal practice as a Partner with WongPartnership LLP, focusing on mergers and acquisitions. He has prior legal and financial experience in capital markets and finance. He is also currently the lead independent director of Beng Kuang Marine Limited.

Mr Low has been regularly recognised as a recommended lawyer in *The Legal 500: Asia Pacific - The Client's Guide to the Asia Pacific Legal Profession* rankings for Capital Markets and Banking and Finance. He holds a Master of Laws from King's College London, a Bachelor of Laws from the National University of Singapore and a Bachelor of Accountancy from Nanyang Technological University. He is an advocate and solicitor of the Supreme Court of Singapore, a solicitor on the Roll of Solicitors of England and Wales and a Chartered Accountant of Singapore.

MANAGEMENT TEAM



Mr Alan Lim

Co-founder & Director

Mr Alan Lim has accumulated a wealth of experience from more than 32 years' experience in the real estate industry. He is responsible for formulating the Group's corporate strategies, analysis of various potential business development opportunities and growing its business portfolio. He also oversees the recruitment of PropNex's salespersons. As a co-founder of the Group, Mr Lim's expertise in aiding our salespersons and Team Leaders to improve their sales performance that contributes

to the rapid growth of the Group. Notably, together with our other co-founders, Mr Lim developed our Group's "Dual Career Path" scheme.

Mr Lim holds a diploma in Electrical Engineering from Singapore Polytechnic. Prior to co-founding the Group, Mr Lim was the founder of Prulink Realty Pte Ltd and Linkvest Realty Pte Ltd.



Mr Lim Yong Hock

Key Executive Officer

Mr Lim Yong Hock is in charge of PropNex's compliance and governance of PropNex Singapore and he oversees the real estate franchise business in the region. Thus, he conducts trainings of all the salespersons including those in the overseas franchise offices. He joined the Group in April 2006 as a marketing, recruitment and training manager and rose through the ranks to his current position as the Key Executive Officer of PropNex Realty. Prior to joining the Group, he was a team leader leading a

team of real estate salespersons in other agencies from 1994 to 2006.

Mr Lim holds a Diploma in Business Administration from the Thames School of Commerce, Singapore and a Diploma in Electronic Engineering from Ngee Ann Polytechnic.



Ms Josephine Chow

Chief Operating Officer

Ms Josephine Chow oversees the Group's operations, which includes the Human Resource, Associate Affairs, Procurement and Facilities departments. She is also responsible for formulating the Group's corporate direction, policy and strategy as well as leading, directing and overseeing the implementation of our Group's human resource and service operations best practices and franchise operations. She began her career with the Group in 2004 following her graduation from university and had

soared with flying colours to her current role.

Ms Chow holds a bachelor degree in Business Administration (with merit) from the National University of Singapore.



Mr Eddie Lim

Senior Vice President

Mr Eddie Lim oversees the real estate brokerage agency business which includes the Training and Recruitment and Associate Affairs departments. He sets direction for our team leaders in growing their divisions and guides them in managing their team effectively by improving their productivity and efficiency. Mr Lim also monitors and tracks the career growth and governance of our team leaders and individual salespersons. He is also responsible for developing the PropNex Training Roadmap to

cater for an all-rounded training curriculum. With the comprehensive training roadmap, our real estate salespersons are able to develop a more in-depth and holistic core expertise to remain relevant and to add more value to the consumers in the market place.

Mr Lim is a certified salesperson with 12 years of real estate experience. He also has an Advanced Certificate in Training Assessment.

MANAGEMENT TEAM



Mr Alvin Tan

Executive Director, PropNex International

Mr Alvin Tan has more than 21 years of working experience in the Real Estate industry. He oversees the entire project marketing division and is responsible for all local residential projects, including a track record of numerous luxury and mass market condominiums, marketed by the Group.

Prior to joining the Group, he was a Senior Director with Savills (Singapore) Pte Ltd for past 14 years, marketing both local and overseas properties around the region. Mr Tan holds a Master Degree in Science (Real Estate) from the National University of Singapore and a Bachelor Degree in Science (Major in Construction Management).



Ms Carolyn Goh

Senior Director, Corporate Communications & Business Development

Ms Carolyn Goh oversees all communications issued by the Group and is responsible for media relations, partnership, corporate social responsibility and franchise business development. She brings along with her vast experience of over 20 years in the communications position in award-winning hotels in Singapore as well as her short stint in real estate sales job.

She holds a bachelor's degree in Arts from the National University of Singapore and a postgraduate diploma in Marketing and Communications.



Mr Michael Koh

Senior Director, Tech Development

Mr Michael Koh brings with him over 14 years of IT experience as he had worked with a large number of real estate salespersons in Singapore and Malaysia. Since 2009, Michael has been an entrepreneur mainly working on developing real estate digital solutions for realtors.

He is responsible for the digital marketing solutions and developing enhanced agents' business tools in facilitating greater efficiencies and in enhancing our Group's IT to be at the forefront of the industry. Mr Koh strives to serve as a connector in bridging our salespersons to technology, so as to enhance productivity.



Mr Johnsonwill Hon

Financial Controller

Mr Johnsonwill Hon's responsibilities include overseeing the daily operations of the Group's finance and accounts department. He oversees the formulation of financial forecasts, budget and cash flow projections, reviewing potential investment opportunities and providing recommendations from a financial perspective on such investment opportunities to the Board.

Mr Hon is a Fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Singapore Chartered Accountants (ISCA).

FINANCIAL REVIEW



Financial Highlights of the Group

S\$'000	FY2022	FY2021	% Change
Revenue	1,029,193	957,492	7.5
Gross Profit	104,683	101,787	2.8
PBT	79,085	78,670	0.5
NPAT	65,372	65,144	0.3

PropNex Limited ("PropNex", or the "Company", and together with its subsidiaries reported net profit after tax ("NPAT") of S\$65.4 million for the full year ended 31 December 2022 ("FY2022"), on the back of S\$1.03 billion in revenue.

The strong growth in the Group's FY2022 was buoyed by the jump in full-year commission income which grew by 23.4% from S\$519.2 million to S\$640.6 million, largely due to the robust residential resale and rental market. By the same token, net profit after tax climbed 0.3% year-on-year to S\$65.4 million with the Group's profit after tax and minority interests ("PATMI") for FY2022 increase by \$2.3 million year-on-year to \$62.4 million, while we remained debt free with a strong cash standing of S\$138.9 million as at 31 December 2022.

Despite limited new project launches and a decline in home price growth in the fourth quarter of 2022, we managed to turn in a healthy set of results following improvements in both the Covid-19 situation and the overall economy. Looking forward, we believe that

buying interest will continue to remain resilient, as seen by the successful launch of Sceneca Residences early this year and with a healthy pipeline of new launches expected in 2023.

One-for-one Bonus Issue

PropNex is also proposing to undertake a bonus issue ("Proposed Bonus Issue") on the basis of one (1) bonus share to be credited as fully paid for every one (1) existing PropNex share held. Up to 370 million new ordinary shares will be issued to PropNex shareholders with this one-for-one Proposed Bonus Issue.

The Proposed Bonus Issue is subject to the approval of shareholders of the Company at an Extraordinary General Meeting to be convened, and the approval of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Application will be made to the Singapore Exchange for the listing and quotation of all ordinary shares arising from the Proposed Bonus Issue, and a Circular setting out further details of the Proposed Bonus Issue will be disclosed to shareholders in due course.

Final Dividend

The Board has proposed a final dividend of 8.0 Singapore cents per share. Factoring in the interim dividend of 5.5 Singapore cents, the total dividends for FY2022 is 13.5 Singapore cents per share, equivalent to S\$49.95 million or 80.0% of the Group's PATMI for FY2022. It represents a yield of 8.0% based on the price of S\$1.68 per share on 20 February 2023.

OPERATIONS REVIEW



In 2022, PropNex further strengthened the Group's position as Singapore's largest listed real estate agency, with an enlarged salesforce in the number of salespersons from 10,796 at 1 January 2022 to 12,061 at 29 December 2022, the first real estate agency to cross the 12,000 salespersons mark in respect of the aforementioned period. This reflects PropNex's proven training programmes, its signature technological platform, virtual webinars and property shows which attracted more experienced and new salespersons to join the Group. PropNex has proven to be the agency of choice, in line with our vision of attaining the size of 15,000 salespersons by 2025, further fortifying its position as Singapore's Number 1 largest listed real estate agency.

PropNex is the first-ever real estate agency to have a formalised framework PropNex Real Estate Salespersons' Chapter ("RES Chapter") supported by Singapore Industrial and Services Employees' Union (SISEU), that serves to look into the welfare, promote professionalism in enhancing the business and industry practices and allow a platform for raising issues and protecting real estate salespersons.

On the first-year anniversary of the inception of RES Chapter since 2021, we rolled out the new Tripartite Standards on Grievance Handling and Co-broking, paving the way for the rest of the industry.

Another area that we have improved tremendously is the launch of our PropNex Investment and a revamp of our PropNex Sales Suite Apps. It is now more important than ever to close deals faster and

efficiently in today's fast paced market. Those who are proficient in technology are able to access much needed data at their fingertips, to give accurate and professional advice to their clients, thus closing deals more efficiently in the conduct of their real estate business.

Instead of depending on external proptech tools, PropNex has its own team of over 40 full time app developers who work on the comprehensive range of tools in our signature apps.

The Group's Tech Development team, headed by Senior Director Michael Koh works closely with Advisory Associate Branch District Director, Jason Tan to hear salespersons' needs from the ground, and design and roll out various tools to increase productivity and guide their clients in their investment journeys.

We embrace technology and the Group intends to stay ahead of the curve in terms of innovation and leverage it to our advantage. We are transforming the digital landscape in the real estate industry by utilising Artificial Intelligence and big data for the betterment of our salesforce.

Going forward, the Group intends to capitalize on the combined excellence of its people, brand strength, and market-leading operating platform to pursue growth opportunities and serve its customers with World Class Standards. We intend to do this in both Singapore and overseas markets as we celebrate our two decades of real estate business, building legacies for generations.

SUSTAINABILITY REPORT ABOUT THIS REPORT



This is PropNex Limited's fifth annual Sustainability Report. The report summarises PropNex's policies, practices, targets, and performance for our material environmental, social and governance ("ESG") factors in the financial year ended 31 December 2022 ("FY2022"). The scope of the report encompasses our real estate brokerage business in Singapore, namely **PropNex Limited**, **PropNex International** and **PropNex Realty Pte Ltd**.

This report has been prepared in line with the sustainability reporting requirements of the SGX-ST Listing Manual (Rules 711A and 711B) and with reference to the 2021 Global Reporting Initiative GRI Standards. The ("GRI") standards were selected as it is a globally recognised sustainability reporting standard that is recommended by the Singapore Exchange Securities Trading Limited ("SGX-ST") and represents the global best practices for reporting on economic, environmental, social and governance topics.

The following principles were applied to determine relevant topics that define the report content and ensure quality of information: a) GRI principles for defining report content: Stakeholder Inclusiveness, Sustainability Context, Materiality and Completeness; b) GRI principles for defining report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness. Please see the GRI index on Pages 44 to 46 for more details.

Assurance

Internal controls and verification mechanisms have been established by the management to ensure the accuracy and reliability of narratives and data. We have also considered the recommendations of an external ESG consultant for the selection of material topics, as well as compliance with GRI Standards and SGX-ST Listing Rules. The Board of Directors has therefore assessed that external assurance is not required for the report. The Group will continue to assess the need to further enhance the credibility of our sustainability report through internal review or external assurance.

Availability & Feedback

All monetary and financial figures stated are in Singapore dollars. All information is disclosed in good faith and to the best of our knowledge. Your feedback is important to us in our sustainability journey; we look forward to receiving comments on our sustainability practices and reporting at: investor_relations@propnex.com; and our website: <https://www.propnex.com/>.

SUSTAINABILITY REPORT BOARD STATEMENT

PropNex Limited ("PropNex", or the "Company", and together with its subsidiaries, the "Group") is committed to developing the four main pillars – Economic, Environmental, Social and Governance practices in the business operations of the Group in benefitting our stakeholders.

Our focus on sustainability is a cornerstone of our success, which is fundamental to achieving our long-term vision of success. Therefore, we have incorporated considerations for environmental, social and governance factors in the way we grow our business, cultivate our people and serve our communities. Our actions are based on our company's values and our understanding that PropNex will thrive when our people are motivated, committed and empowered to improve themselves and continuously give back to society.

The Group's sustainability efforts are driven by our robust governance practices and strong economic performance. With the support of our Sustainability Steering Committee ("SSC"), which comprises our management team, we have included sustainability issues in our strategic formulation and determined the material ESG factors. The SSC continues to assist the Board in integrating ESG considerations into our strategic formulation and monitor, manage and report on our ESG performance in line with these identified material factors. Moving forward, we aim to link our economic performance with sustainability milestones that will drive our growth as a sustainable business.

We strive to be an organisation that takes ownership on our environmental impacts. To understand and take appropriate action to reduce our environmental footprint, we have aligned our sustainability report with reference to the GRI Standards. In addition, we have committed to adopting the Task Force on Climate-related Financial Disclosures ("TCFD"), following a three-year roadmap to achieve a phased approach that satisfies SGX's requirements. To this end, we are compliant with the environmental regulations and have taken notable measures to calculate, monitor and better manage our energy use and Scope 2 emissions to operate more sustainably.

We understand how important our employees are and create opportunities for human capital development by providing training and skill development regardless



of age and gender. We promote and inclusive work culture that nurtures talent for all and creates a safe working space for our employees in terms of health, safety and diversity. We aim to include more female members amongst our Board and Management teams.

The quality of services we provide our clients is our distinguishing factor amongst our competitors in the real estate market. Hence, we create opportunities for customer empowerment and digital innovation to improve productivity and customer experiences, as these are integral to improving the Group's efficiency of operations and service quality.

Community engagement is also a priority for our company, as we aspire to positively impact the communities that we interact with. In FY2022, our cumulative salespersons' and the Group's contribution to charity crossed the \$5 million-mark and we shall continue with our efforts and commitment to impact the lives of the less privileged.

We are pleased to share with you PropNex's approach to sustainability and efforts taken to be a sustainable business in the Group's Sustainability Report section, which has been assured through an internal review, of our Annual Report.

Sincerely,
Board of Directors
PropNex Limited

SUSTAINABILITY REPORT

SCORECARD

FY2022 Scorecard



19.6%
Staff Count Y-o-Y
percentage change



11,667
Number of salespeople
(as at 1 January 2023)



8%
Salesforce count Y-o-Y
percentage change



99
Number of
Consumer Webinars



\$1.34m
Charitable Contributions



501,936kWh
Electricity Consumption



203.64 tCO₂e
Greenhouse Gas Emissions
(Scope 2)



0.052
Emission Intensity



\$1.03b
Net Revenue



\$65.4m
Net Profit after tax

Sustainability at PropNex

We believe in helping our various stakeholders make a difference in their lives and their loved ones.

Vision	To become the leader in any market we serve and revolutionise this organization to have the strength of a big company combined with the leanness and agility of a small firm.
Values	Our core values, C.A.R.E., are at the heart of everything we do. We believe realizing our core values is key to ensuring the sustainability of our business. With our core values as the foundation, our approach to sustainability is defined by three pillars: empowering our people, empowering our customers, and empowering the society.
Mission	To enhance customers' quality of life through value-added professional service.

SUSTAINABILITY REPORT

SUSTAINABILITY GOVERNANCE

Empowering Our People

Our people represent our culture, reputation, and achievements. To attract and retain the right talents, we provide comprehensive benefits, training and development programmes, and innovative technological solutions.

Empowering Our Customers

We strive to enhance our customers' quality of life and build long-lasting customer relationships by sharing our knowledge with them.

Empowering the Society

We work to be a positive influence for our society and future generations by instilling a culture of accountability and giving back. We uphold the highest standards for corporate integrity and serve the communities we operate in.



Sustainability Governance Structure

We adopt a top-down approach to managing sustainability issues that are material to our business and our stakeholders. The Board of Directors spearheads our sustainability agenda, including determining the material ESG factors that we focus on.

The Board is supported by the Sustainability Steering Committee, which consists of the Chief Executive Officer, Key Executive Officer, Chief Financial Officer, Chief Operating Officer and the Senior Director of Corporate Communications and Business Development. The SSC is responsible for developing the sustainability strategy and targets in the strategic formulation of the Group, implementing action plans, and monitoring and managing our sustainability performance.

The Board approves the material ESG factors identified by the Sustainability Task Force and ensures that the factors are well-managed and monitored. The figure below illustrates our sustainability governance structure.

Figure 1: PropNex's Sustainability Governance Structure



SUSTAINABILITY REPORT

ASSESSING OUR MATERIALITY

Assessing Our Materiality

This report has been prepared in accordance with the requirements of SGX-ST Listing Rules 711A and 711B, and with reference to the Global Reporting Initiative ("GRI") Standards, an internationally recognised reporting framework that covers a comprehensive range of sustainability disclosures.

To identify and prioritise material ESG factors that are important to our business and key stakeholders, we have implemented a three-step materiality assessment process that aligns with the Global Reporting Initiative ("GRI") Standards' Materiality Principle.

The table below discloses our three-step materiality assessment process that we have implemented:

Table 1: Materiality assessment process



The assessment for FY2022 yielded eight material ESG factors and we shall continue to review the list of material ESG factors annually to ensure their relevance.

The table below discloses the material ESG factors we have identified, their relevance to our business and the GRI corresponding topic-specific:

Table 2: Material ESG factors for FY2022

Material ESG Factors	Relevance to PropNex	Corresponding GRI Standard Topic
Economic Performance	As a listed company, driving the growth and economic performance of our company is the first and foremost step to ensuring the sustainability of our business.	<ul style="list-style-type: none"> GRI 201: Economic Performance
Compliance with Laws and Regulations	To maintain our stakeholders' trust in us, we uphold high standards of integrity and conduct business in full compliance with all applicable laws and regulations.	<ul style="list-style-type: none"> GRI 205: Anti-corruption GRI 206: Anti-competitive Behaviour GRI 418: Customer Privacy
Environment	Our business relies on the physical environment and geography of Singapore. A clean, healthy and conducive living environment is therefore crucial for the success and sustainability of our company.	<ul style="list-style-type: none"> GRI 302: Energy GRI 305: Emissions

SUSTAINABILITY REPORT

ASSESSING OUR MATERIALITY

Material ESG Factors	Relevance to PropNex	Corresponding GRI Standard Topic
Employment	Our people are the cornerstones of our company. We are committed to attracting, motivating and retaining dedicated individuals that will inspire others, so as to ensure the smooth running of our business.	<ul style="list-style-type: none"> • GRI 401: Employment • GRI 405: Diversity and Equal Opportunity • GRI 406: Non-Discrimination
Training and Education	Our people's capabilities to deliver relevant information and excellent customer service determine our reputation in the market and our business success. We carry out numerous training programmes to help our people excel professionally and individually.	<ul style="list-style-type: none"> • GRI 404: Training and Education
Technological and Digital Innovation	We support our salespersons with technological solutions that help enhance their productivity, maintain service excellence and meet evolving client needs in a competitive business landscape.	<ul style="list-style-type: none"> • Not applicable (non-GRI topic)
Consumer Empowerment	Customer trust and loyalty are paramount to our business sustainability. We cultivate customer rapport by educating and empowering our customers to recognise and leverage on property opportunities.	<ul style="list-style-type: none"> • Not applicable (non-GRI topic)
Local Communities	Serving the communities around us is a core belief that contributes to our success. We strive to empower both our people and the less fortunate through our Corporate Social Responsibility ("CSR") initiatives.	<ul style="list-style-type: none"> • GRI 413: Local Communities



SUSTAINABILITY REPORT

ENGAGING OUR STAKEHOLDERS

Stakeholder Engagement

Our core values C.A.R.E. are ingrained in the way we interact with our key stakeholders. We ensure regular and transparent communications with them to address any of their concerns with respect.

The table below provides a summary to the stakeholders that are key to our business, the methods of engagement and the frequency of engagement with each stakeholder:

Table 3: Summary of stakeholder engagement

Stakeholders	Engagement	Methods Frequency
Customers	<ul style="list-style-type: none"> Customer feedback channel Research reports Consumer empowerment seminars Property Shows/XPO/Webinars/Property Wealth System MasterClasses PropNex Friends Newsletter 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year Throughout the year Fortnightly
Employees/Salespersons	<ul style="list-style-type: none"> Staff performance appraisals Staff satisfaction survey Staff suggestion form Training and development programmes for staff and salespersons, including orientation PropNex Annual/Mid-Year Conventions Team Leaders and Team Managers' Meetings Strategic/Department meetings Morning Parades Salespersons' Recognition platforms Jumpstart/Quantum Leap/Sales Booster Trainings Staff Service Awards Staff Retreat and Christmas party PropNex Real Estate Salespersons' Chapter 	<ul style="list-style-type: none"> Annually Annually Throughout the year Throughout the year Half-yearly Monthly Weekly Monthly Monthly Half-yearly Annually Annually Monthly
Investors/Shareholders	<ul style="list-style-type: none"> Financial results briefings Annual General Meeting Timely updates, announcements and press releases on key business decisions and developments via SGXNet and corporate website 	<ul style="list-style-type: none"> Quarterly Annually Throughout the year
Government/Regulators	<ul style="list-style-type: none"> Meetings, discussions and consultations Compliance with reporting requirements 	<ul style="list-style-type: none"> Throughout the year Throughout the year
Industry peers	<ul style="list-style-type: none"> Co-broking transactions Cross-agency collaboration 	<ul style="list-style-type: none"> Throughout the year Throughout the year
Media	<ul style="list-style-type: none"> Media releases and interviews on property updates 	<ul style="list-style-type: none"> Quarterly, ad hoc
Local communities/ Non-governmental organisations	<ul style="list-style-type: none"> CSR initiatives Division charitable initiatives PropNex Cares Programme Sponsor-A-Child Programme 	<ul style="list-style-type: none"> Throughout the year Throughout the year Throughout the year Throughout the year

SUSTAINABILITY REPORT

EMPLOYMENT



Our commitment to sustainability extends beyond environmental concerns and encompasses our responsibility to our community. The Group recognises the importance of operating in a way that supports and uplifts the community we serve, as well as our employees, salespersons, customers, and stakeholders. In this section of our Sustainability Report, we delve into the various initiatives and programmes we have implemented throughout the year to promote social responsibility. Through these efforts, we aim to foster a culture of social responsibility and contribute to a more equitable and sustainable future.

EMPLOYMENT

(GRI 401: Employment; GRI 403: Occupational Health and Safety; GRI 405: Diversity and Equal Opportunity; GRI 406: Non-Discrimination)

Joining Our PropNex Family

The collective sum of our people – including their life experiences, knowledge, creativity, and talent – represents the PropNex culture, reputation and achievements. The Group is committed to recruiting, cultivating and retaining staff and salespersons that believe in and practise our core values, and who consistently strive to provide service that our customers trust.

Recruitment of Staff

Our Group's Recruitment & Selection Policy and Diversity Policy guide our employee recruitment process. We embrace and encourage diversity in age, colour, ethnicity, marital status, gender, national origin, political affiliation, race, religion, sexual orientation, and other unique characteristics that our employees bring to the table.

At PropNex, we take cultivating a culture of diversity and inclusion seriously. Employees who believe they have been subjected to discrimination in conflict with our Diversity Policy are encouraged to seek assistance from their immediate superior or the Human Resources Department. Any employee found to have exhibited any inappropriate conduct or behaviour against others may be subject to disciplinary action.

Additionally, our referral programme incentivises our staff to refer suitable candidates for job openings at PropNex. Referees who refer successful candidates will receive a referral fee upon the candidate's appointment and confirmation in the position.

SUSTAINABILITY REPORT

EMPLOYMENT

Recruitment of Salespersons

Our cultivation of salespersons begins even before they become a PropNexian and extends to helping new real estate salespersons ("RES") candidates. Any person interested in becoming a RES is welcome to participate in our Real Estate Programme in RES Study Groups and we train and guide new RES candidates in preparation for the RES exam. Once they pass the RES exam, they will be eligible to participate in our recruitment programme.

All conditions, including responsibilities and the split of commission, are stated in the Associate Agreement that our salespersons sign with us. We require our salespersons to review their contract with us at least once every two years to ensure that they are reminded of and fully understand their terms and conditions. For our Team Leaders, we ask that they sign an additional contract when they become Team Leaders to ensure they understand their role and responsibilities.

BENEFITS

Staff

PropNex provides a suite of benefits to ensure that our staff members are well taken care of, including:

- Festive advance for salaries and festive leave for staff's choice of festive period.
- Birthday leave and vouchers.
- Discounted medical consultation and health screenings for staff and their family through Make Health Connect Corporate Programme.
- Discounts and promotion schemes for telecommunication services.
- Discounted premium rates for group term life and personal accident insurance.

Salespersons

There are also various benefits which PropNex salespersons enjoy, including:

- Discounted premium rates for group term life and personal accident insurance.
- 10-year pension scheme programme for performing Team Leaders.
- Legacy Planning Programme for Team Leaders to receive passive income after retirement.
- Spouse protection scheme for deceased Team Leaders.
- Discounted medical consultation fees for our salespersons and dependents at over 500 participating clinics.
- PX MediCare app for salespersons to access medical services with ease.
- Professional indemnity insurance that includes individual coverage.
- Discounts and promotion schemes for telecommunication services; portals and group discounts for digital onboarding.
- Special advertising rates in the classified sections of local publications.

PropNex Real Estate Salespersons Chapter was set up in 2021, first real estate agency to have a formalised framework supported by Singapore Industrial & Services Employees' Union ("SISEU"), which looks into the welfare, promoting professionalism in enhancing the business and industry practices and provides a platform for raising issues and protecting real estate salespersons. The internal representative committee of the PropNex Real Estate Chapter, which comprises of salespersons, serve as the voice for our salespersons. PropNex will also adopt applicable Tripartite Guidelines issued by the Tripartite Partners – National Trades Union Congress, the Ministry of Manpower (Singapore) and the Singapore National Employers Federation.

SUSTAINABILITY REPORT EMPLOYMENT

Recognition

We believe in recognising and rewarding the contributions and achievements of our staff and salespersons. We have put in place the following schemes to showcase our gratitude towards staff

and salespersons who exhibit excellence and dedication. We also have monthly, quarterly and yearly performance recognition for our salespersons.

The table below discloses the schemes we have to recognise and reward the contributions and achievements of our staff and salespersons:

Table 7: Performance recognition schemes for staff and salespersons

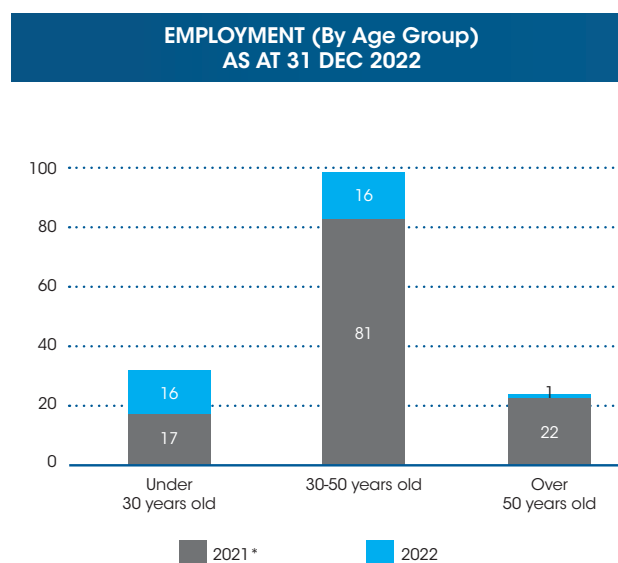
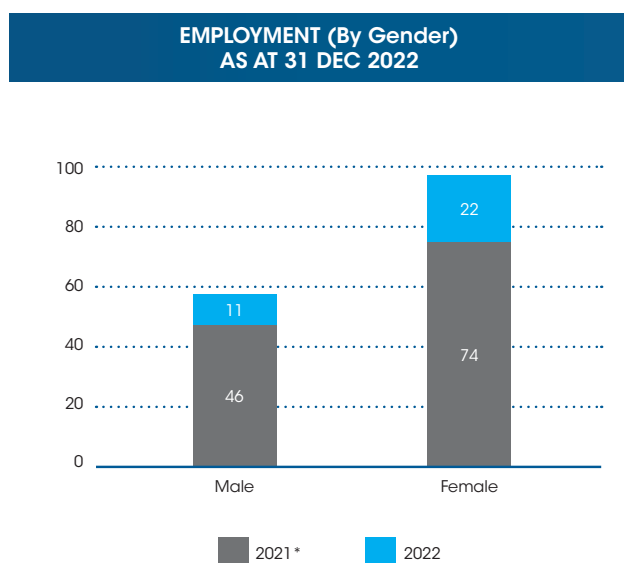
SERVICE AWARDS FOR STAFF
<ul style="list-style-type: none"> Staff who have served the Company for at least 4.5 years are awarded the Good Service Award trophy and a crossed cheque of \$500. Staff who have served the Company for at least 9.5 years are awarded the Long Service Award trophy and a gift item valued at \$1000. Staff who have served the Company for at least 14.5 years are awarded the Long Service Award trophy and a gift item valued at \$1500.

PROPnex AMBASSADORS FOR SALESPERSONS
<p>PropNex Ambassadors are salespersons who have:</p> <ul style="list-style-type: none"> Been with PropNex for 5, 10, 15 or 20 years Established a niche for themselves in the real estate industry Contributed to business continuity and client engagement; and Actively participated in PropNex’s CSR initiatives. <p>PropNex Ambassadors are recognised and presented with their charity plaques and a prestigious Ambassador badge at our quarterly mega conventions.</p>

FY2022 Performance and Future Targets:

We at PropNex encourage a workforce that is diverse in gender and age. The following table discloses the age and gender diversity of our employees of PropNex Limited group of companies including PropNex Realty, PropNex International:

Table 8: Gender and Age Diversity statistics for FY2022



* 2021 figures are not inclusive of staff in PropNex International

SUSTAINABILITY REPORT

EMPLOYMENT

Diversity within organisation's Board members

Gender Group	Number
Male	5
Female	0

Diversity within organisation's Management

Gender Group	Number
Male	12
Female	2

Our employees-related data is updated on a monthly basis using internal reports and data collection processes to monitor and track our performance against data requirements.

The table below discloses the absolute and annual monthly rate of new employee hires and turnover as well as the number of salespersons recruited for FY2022, and also compares our performance with FY2021:

Table 9: Employment statistics for FY2021 and FY2022

Employment	2022	2021
Number of new employee hires ¹	33	44
Number of employee turnover ²	30	22

Table 10: Statistics for Salespersons Joined in FY2021 and FY2022

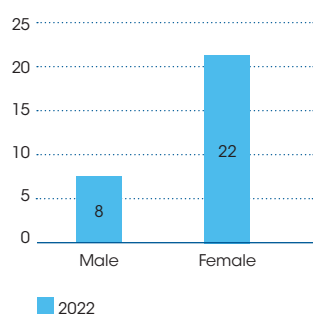
Recruitment	2022	2021
Number of salespersons recruited	871	1,878

In the past year, the Group achieved a similar level of staff retention and recruited over 871* new and experienced salespersons, working towards the vision of having 15,000 salespersons in 2025.

Additionally, there have been no incidents of discrimination, no fatalities, and no recorded work-related injuries during FY2022 for our company.

The table below discloses our targets and action plan for FY2023:

EMPLOYEE TURNOVER (AS AT 31 DEC 2022)



EMPLOYEE TURNOVER (By Age Group) AS AT 31 DEC 2022

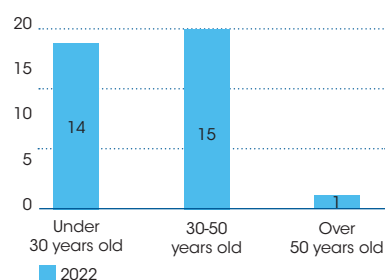


Table 10: Targets and Action Plan for FY2023

Employment Targets for 2023	
FY2023 Target	Action Plan
Continue to retain and attract talent that is diverse in terms of age and gender, and inclusive.	Continue to provide benefits, recognition, and incentives to attract and retain employees and salespersons

¹ The total number and rate of new employee hires and employee turnover disclosed in this report are independent of gender, age group and region.

² Annual rate of new employee hires/employee turnover = total number of employees hired/resigned ÷ total number of employees as of 31 December for the FY.

SUSTAINABILITY REPORT

TRAINING & EDUCATION (STAFF)

TRAINING AND DEVELOPMENT

(GRI 404: Training and Education)

Continuous self-improvement is a core value at PropNex, as regular training and education for our employees and salespersons are critical to the growth and sustainability of our business. We offer customised and comprehensive training programmes to help our people to reach their full potential, both professionally and individually.

Upskilling our Staff and Salespersons

Staff

We provide various training programmes for our staff to ensure they have the necessary skills to perform their job to the best of their abilities. We discuss their projected career path with them, identify any challenges they may face, and monitor their training progress during the annual performance review. The Human Resources Department consolidates the training needs of our employees for discussion and coordinates the relevant training.



The table below discloses training programmes we have provided for our staff in FY2022:

Table 11: Training programmes for our staff

	<p>ORIENTATION PROGRAMME</p> <p>Introduction to PropNex's core values, organisational structure, welfare and benefits, Code of Conduct, Staff Handbook and internal systems and platforms.</p>
	<p>BUILT TO LAST PROGRAMME</p> <p>A customised six session training programme personally facilitated by our CEO to align our staff with PropNex's values and to equip our staff with practice continual innovation.</p>
	<p>CUSTOMER SERVICE TRAINING PROGRAMME</p> <p>This programme is offered annually to ensure that our staff are adequately trained to provide excellent service, including management of challenging internal and external customers.</p>
	<p>SUPERVISORY TRAINING PROGRAMME</p> <p>Head of Department/Supervisors are trained on effective communication, coaching, supervisory and delegation skills to enable them to be effective supervisors.</p>
	<p>PROPERTY-RELATED TRAINING PROGRAMME</p> <p>Staff members are required to complete property-related training based on and related to their job scope, such as property laws, through the Life Mastery Academy.</p>
	<p>PERSONAL ENRICHMENT PROGRAMME</p> <p>This is a series of personal development programmes that emphasise the use of positive psychology to realise an individual's natural potential to achieve their career, family and life goals. The Human Resources Department identifies key management and supervisory staff to attend such trainings annually.</p>

SUSTAINABILITY REPORT






TRAINING & EDUCATION (SALESPERSONS)

Salespersons

We have developed a comprehensive world-class training roadmap for our salespersons, providing a clear path for professional progression. Each roadmap can be customised based on the individual needs, level of experience, and career aspirations of each salesperson. Our impressive training program focuses on three main aspects: market segment and specialised skills, policies and regulations, and mindset training. For experienced salespersons or those who have chosen to become a Team Leader through the Dual Career Path Scheme, advanced training programs are also available.

The table below discloses training programmes we have provided for our salespersons in FY2022:

Table 12: Training programmes for our salespersons

	<p>MASTERCLASSES</p> <p>Trainings in advanced concepts such as asset progression and wealth management including hands-on Workshops.</p>
	<p>CONTINUOUS TRAININGS</p> <p>Talks that provide updates on latest policies such as Legal Insider programme or the KEO insider programme. Monthly Tech Insider or Sales Insider programme to sharpen the skills of our experienced salespersons.</p>
	<p>MARKET SEGMENT AND SPECIALISED SKILLS TRAININGS</p> <p>Courses on project presentation, closing techniques, digital prospecting and more. Quarterly updates on market outlook, including development in specific regions and of specific projects.</p>
	<p>DUAL CAREER PATH SCHEME</p> <p>Salespersons who have completed specific training courses and achieved certain commission targets may be elected to become a Team Manager and may subsequently be promoted to Team Leader. Team Managers and Leaders are responsible for recruiting, supervising and mentoring salespersons.</p>
	<p>CONTINUING PROFESSIONAL DEVELOPMENT (CPD) COURSES</p> <p>All salespersons are required to attend a CPD courses under Professional Competencies and Generic Competencies (previously referred to as non-core course). Professional Competencies courses provide salespersons with opportunities to develop and deepen their knowledge in estate agency work covering laws and regulations, property markets, and other real estate knowledge. Generic Competencies courses contribute to salespersons' overall personal development, sharpening their soft skills in critical core areas such as digital fluency, communication and people development. These skills are grouped into three clusters: Thinking Critically, Interacting with Others and Staying Relevant.</p> <p>As per the current framework, salespersons must achieve a minimum of six CPD credits per cycle, with four CPD credits from Professional Competencies courses and two from Generic Competencies courses.</p>

SUSTAINABILITY REPORT

TRAINING & EDUCATION

FY2022 Performance and Future Targets

The table below discloses the average training hours completed by our staff in FY2022.

Table 13: Staff Average training hours for FY2022

Training and Development	
Category	FY2022
Staff Average training hours (overall)	8.22

2022 Performance against 2022 Targets: Average training hours for our staffs remain similar to 2021 and we have shifted many of the physical training to be conducted online via webinar over the weekends and during working hours due to the COVID situation.

However, our salespersons' trainings were increased.

The table below discloses our targets and action plan for FY2023:

Table 14: Targets and Action Plan for FY2023

Training & Development Targets for 2023	
FY2023	Target Action Plan
To continue developing our human capital in setting World Class Service Standards	Revamping our trainings of all staff in better serving our internal stakeholders as well as clients. To review and update our salespersons' training roadmaps and provide comprehensive training programmes in adapting to the current market sentiments.

SUSTAINABILITY REPORT

CONSUMER EMPOWERMENT



SERVING OUR CUSTOMERS

CONSUMER EMPOWERMENT

Our mission is to enhance customers' quality of life through value-added professional service. Property purchases are important life decisions and we are committed to share our knowledge with our customers and consumers at large to help them make the right choices.

As Singapore's largest listed home-grown real estate agency, we pride ourselves on being in the best position to give consumers relevant and timely advice

on all aspects of property investment. We have been empowering homebuyers and investors since 2013 by giving advice on the latest property trends, outlook of the real estate market, and sharing knowledge and strategies to navigate the dynamic real estate landscape.

We also actively engage and empower consumers, as well as prospective and existing customers, through the following existing and new channels last year:



CONSUMER EMPOWERMENT SEMINARS/WEBINARS

Keynote speakers from our management team including our Executive Chairman and CEO Mr. Ismail Gafoor and Executive Director Mr. Kelvin Fong, share valuable tips, insights to market sentiments, risks and investment opportunities in the current property market, and knowledge on specific property segments such as Core Central Regions with consumers.



PROPERTY WEALTH SYSTEMS (MASTERCLASS)

Taking the consumer seminars to the next level, PropNex designed a more intensive programme in 2022 that provide consumers with a greater in-depth look into the market and property investment strategies. Coined Property Wealth System (PWS) Master Class, the full two-day programme covers essential property investment strategies, tips for asset progression, including how to identify opportunities, exit strategies and more.



SG PROPERTY XPO 2022

Since 2019, PropNex started the Property XPO in offering a platform and venue for homebuyers to hear of the different choices in the market and hear of our speakers' analysis of the various developments. In 2022, we had: 16 developers & partners • 25 Power Hybrid Workshops • 20 Keynote & Invited Speakers • 3 Levels of Learning (First-timer, Upgrader & Investor) • Guest-of Honour: Mr Tan Kiat How (Senior Minister of State, Ministry of Communications and Information & Ministry of National Development)

SUSTAINABILITY REPORT

CONSUMER EMPOWERMENT



PROPnex FRIENDS MEMBERSHIP PROGRAMME

We provide insights and updates from our property experts and analysts in keeping our PropNex Friends updated on property related news, policies and market outlook. Special deals and property related news such as monthly property reports are included in the fortnightly newsletter.



PROPnex MONOPOLY CHAMPIONSHIP 2022

An exciting 4-month intensive financial literacy programme where participants could use their real estate skills to outbid others to emerge as the overall champion with the highest asset value. This aims to introduce insights of the Singapore residential market and financial literacy in a fun manner. Close to 10,000 registrants joined this programme and this is the first of such Monopoly championship ever conducted on a nationwide scale with prizes over \$300,000 for winners.

	FY2022	FY2021
Number of Consumer Empowerment Seminars/Webinars held	99	82

2022 Performance against 2022 Targets: As it was still partial restrictions in Singapore in 2022, we could only plan the activities in second half of the year.

Social Targets for 2023

FY2023	Target Action Plan
Continue to hold engagement sessions for existing and potential clients	Conduct consumer empowerment webinars and seminars including the other engagement sessions, with increased frequency as COVID restrictions are fully lifted.

SUSTAINABILITY REPORT

COMPLIANCE & GOVERNANCE



COMPLIANCE WITH LAWS AND REGULATIONS

(GRI 205: Anti-corruption, GRI 206: Anti-competitive Behaviour, GRI 418: Customer Privacy)

We believe the key to achieving this is to conduct our business ethically, honestly and with integrity, thereby serving as a role model for others. PropNex does not tolerate any acts of fraud and corruption, and follows all laws and regulations relevant to our business.

Like other real estate practitioners, PropNex adheres to the regulatory framework of the Estate Agents Act, guided by the **Council of Estate Agencies** ("CEA"), a government agency under the Ministry of National Development, committed to raising the professionalism of the real estate agency industry. PropNex regularly collaborates with CEA on industry development programmes and supports them in protecting the interests of the consumers through targeted public education schemes.

The Group holds a firm stance against corruption and does not tolerate any malpractice, impropriety or statutory noncompliance in the course of business. The Group has a set of Company Rules and

Regulations which requires all employees to act in accordance with the highest standards of personal and professional integrity. All employees of the Group are required to read, understand and comply with the purposes and provisions of the Company Rules and Regulations when they are onboarded.

To avoid any conflicts of interest, we have a Conflict of Interest policy in place at PropNex that must be adhered to by all employees. For FY2022, there were no incidents of conflict of interest reported.

The Group has implemented an internal complaint handling process for complaints received against our salespersons on the possible breach of the Estate Agents Act (including the Code of Ethics and Professional Client Care). The process is overseen by our Key Executive Officer and includes internal investigation, counselling and coaching by PropNex's compliance officers. A formal report detailing the investigation will be submitted to the CEA within 2 weeks from the date the complaint is received. In cases where the respondent salesperson is found to have fallen short of the expected professional standard, a Letter of Advice will be served as warning.

SUSTAINABILITY REPORT

COMPLIANCE & GOVERNANCE

All salespersons have access to CEA's Practice Guidelines ("PG01-19") on the **Prevention of Anti-Money Laundering ("AML") and Countering the Financing of Terrorism ("CFT")**. Briefings are conducted by the Key Executive Officer ("KEO") and Assistant Vice President ("AVP") and updates were communicated via email to all salespersons including at conventions and trainings. Training materials and resources on AML/CFT are also available to all salespersons via the virtual office. The Group has subscribed to AML Check App for salespersons to conduct due diligence for its clients.

Being a service-oriented company working closely with customers, PropNex also closely abides by the **Personal Data Protection Act**, ensuring the security of our customers' private data.

Furthermore, our employees and salespersons must abide by the PropNex Code of Conduct, Staff Handbook, Associate Agreements and various corporate policies, such as the Conflict of Interest Policy. They must also conduct themselves in a professional and ethical manner. For our salespersons, we have implemented the Annual CEA License Renewal Exercise Policy to check and verify their license to practice. To avoid any conflicts of interest, we have a Conflict of Interest policy in place at PropNex that must be adhered to by all employees. For FY2022, there were no incidents of conflict of interest reported.

All departments have also put in place policies and processes to ensure that our operations comply with applicable laws and regulations. Our Compliance Department is responsible for monitoring our performance on regulatory compliance. Internal audits are conducted annually to evaluate the effectiveness of compliance controls in place.

Our **Whistleblowing Policy**, for both employees and salespersons, details the proper channels and procedures by which they can raise their concerns about possible improprieties and misconduct. We regularly provide relevant briefings and trainings to update our staff and salespersons on changes in laws and regulations. Staff and salespersons are also educated via compulsory monthly Morning Parade briefings, circulars, e-mail broadcasts, and company announcements in our Virtual Office.

2022 Performance against 2022 Targets: Achieved. There were no non-compliant incidents with relevant laws and regulations that resulted in significant fines or legal actions against the Group. There was no letter of complaints against the Group from Personal Data Protection Commission ("PDPC") concerning breaches of customer privacy and losses of customer data. The Group had no incidents of corruption in 2022.

The Group conducted 22 compliance trainings and legal clinics with professionals and lawyers as speakers and the Group created videos to educate our salespersons.

Targets for 2023

FY2023 Target	Target Action Plan
<p>Maintain zero non-compliant incidents with relevant laws and regulations that resulted in significant fines or legal actions against the Group.</p> <p>Maintain zero letter of complaints against the Group from authorities like Personal Data Protection Commission ("PDPC") concerning breaches of customer privacy and losses of customer data.</p> <p>Maintain zero incidents of fraud or corruption.</p>	<p>To continue to conduct various programmes in raising professionalism standards of our sales force and using case-studies to educate salespersons.</p>

SUSTAINABILITY REPORT

EMBRACING THE COMMUNITY



PropNex strives to be a positive corporate citizen and influence, both for our society today as well as future generations. We do this by championing our core values of respect and concern for others, in reaching out and helping less privileged communities.

Since 2000, we have been involved in various charitable events and championed numerous meaningful causes, in Singapore and overseas. Our CSR Philosophy, "Empowering Future Generations through Education", guides our CSR initiatives. We review current initiatives and plan for future CSR direction and initiatives during our strategic meetings.

PropNex firmly believes in contributing back to the communities around us and in which we operate, at the company, team and individual levels. We can only truly help our communities when a culture of giving is instilled in each and every one of our employees and salespersons. PropNex has established programmes and initiatives to enable everyone within the PropNex family to easily be involved with and contribute to our CSR initiatives.

SUSTAINABILITY REPORT

EMBRACING THE COMMUNITY



SHARE PROGRAMME

Monthly deduction of commission or salaries from salespersons or staff who have opted in for this programme.



SPONSOR-A-CHILD PROGRAMME

Pairing contributing and participating staff and salespersons with a child whom they have sponsored, to spend time and enjoy a day of engagement together.



DIVISION CHARITY INITIATIVES

Team centric charity initiatives are undertaken by divisions within PropNex to organise charity events on a regular basis.

PropNex has adopted Community Chest as its main charity beneficiary since 2013. Through Community Chest, as we have also expressed a preference for adopting schools and centres that cater to children with special needs and disabilities as beneficiaries, to further align our contribution with our CSR philosophy.

Continuing our commitment of an annual \$500,000 in donations since 2015, our salespersons and the Group contributed \$1.34m in 2022 through our monthly SHARE and Sponsor-A-Child programme

for beneficiaries of Community Chest – Montfort Care, Children's Aid Society, Malay Youth Literary Association, Life Community Services Society, SHINE Children and Youth Services, Fei Yue Family Service Centre, Care Corner Singapore and Chen Su Lan Children's Methodist Home.

For the Group's philanthropic efforts, PropNex was recognised as the Community Chest Diamond Partner in 2022.

	FY2022	FY2021*
Monetary contribution to local community initiatives	\$1,340,384	\$1,122,398

2022 Performance against 2022 Targets: Achieved, the Group's and salespersons' 2022 cumulative contribution crossed the \$5 million-mark total contribution to charity ahead of our initial target to raise this amount by 2023 for communities in need.

Social Targets for 2023	
FY2023	Target Action Plan
Contribute to Community Chest adopted charity beneficiaries at least a total of \$1 million annually and a target of a minimum of 1,000 volunteer hours in Year 2023.	Continue to raise funds for the under privileged and plan for volunteering time.

* For 2021, the contribution of \$1.122 million does not include a one-off \$1 million contribution made by the CEO, Ismail Gafoor.

SUSTAINABILITY REPORT

INNOVATING ON THE DIGITAL FRONT





Technology in the real estate realm has disrupted and transformed how business is conducted, and will continue to play a pivotal role in the way corporations conduct their business. One of our key strategies is the empowerment of our people by enhancing our technological capabilities. We are committed to improving our salespersons' productivity by providing relevant and reliable technological support. This in turn helps them to provide better customer service for their clients.

Our Tech Development Working Committee has developed the PropNex IT Roadmap to guide our future investments in technological and digital innovation. In consultation with our salespersons, we identified their needs and challenges.

PropNex's utmost priority is to ensure all of our salespersons have access to powerful digital tools as well as the tech literacy to fully make use of these tools, allowing them to efficiently access mass amounts of information at their fingertips to obtain useful insights. As of 2022, PropNex has a team of 40 full-time app developers who developed several technological solutions and tools including our two signature apps: PropNex Sales Suite and the PropNex Investment Suite.

SUSTAINABILITY REPORT INNOVATING ON THE DIGITAL FRONT

PropNex Investment Suite App (Launched in March 2022)	Continuous improvement of the features of the PropNex Sales Suite App in 2022
	
<p>Geared towards helping agents identify market trends across various property segments. The app was created to provide in-depth analysis of historical data detailing the price trends, rental yields, recent transactions, comparisons with nearby properties, and more with a click of a button</p>	<p>Help salespersons find properties that match what clients are looking for, they can use the app to easily filter through property listings via multiple criteria, including budget, location, size, number of bedrooms and distance to key amenities. The app also functions as a customer relationship management platform, allowing agents to engage with clients and keep track of communications, simplifying a normally time-consuming, manual process</p>

Targets for 2023	
FY2023	Target Action Plan
Increased productivity for the sales force	More trainings and adoption of the apps for salespersons to close deals much faster



SUSTAINABILITY REPORT

ENVIRONMENT FRONT



Environment

Rampant use of energy from non-renewable sources can cause global warming and, through the resultant melting of the polar ice caps, subsequent sea levels rise. As a small island state, climate change can adversely impact Singapore and the main business of PropNex: real estate.

Energy Consumption and GHG Emissions

(GRI 302: Energy, GRI 305: Emissions)

As the COVID-19 restrictions were relaxed from April 2022 onwards, we saw our staff and salespersons returning to our offices. Our staff has always been mindful of energy conservation and take measures to ensure we do not consume more energy than required at our premises.

Our Energy Use and Resulting Emissions

We have recorded our electrical consumption captured at various corporate premises, including HDB Hub Levels 10, 11 and 18, Branch Office and General Magnetic Building. The tabulations were based on utility bills from the electricity supplier.¹

In total 501,936kWh (501.94 MWh) of electricity was used, which translates to 203.64 tonnes of CO₂e. Our energy use and emissions increased by 2.38% in FY2022 from FY2021. FY2021 was a partial-Covid year, and our offices were closed during the lockdown period, resulting in lower electricity used and emissions generated.



¹ All electricity is purchased from the national grid and is produced almost entirely by the combustion of natural gas, which is classified as a Scope 2 emission source. To calculate our Scope 2 emission for FY2022, the emission factor for electricity generation was obtained from the Energy Market Authority (EMA) for 2021.

SUSTAINABILITY REPORT

ENVIRONMENT FRONT

Since 2022, after all our staff returned to work in the office, we have made sure that all meeting rooms in the office that are not being utilised have their lights switched-off in order to save energy. To further reduce our environmental footprint, we have also switched to LED lightings and cut down on printed handouts for trainings. Additionally:

- PropNex has made a Green Nation Pledge for 2023, to adopt the use of energy efficient appliances, avoid the use of single-use bottled or packaged bottle for meetings and events, cease or reduce the usage of single-use disposables, track our carbon footprint, and publish the sustainability report.

- The Group has pledged to introduce digital name cards for staff and salespersons and is advocating our salespersons in activities such as green movements and tree-planting initiatives to drive awareness of reducing our carbon footprint.

- The Group has onboarded vendors that are aligned with our green movement.

No incidents of non-compliance with environmental laws and regulations were identified within the reporting year.

FY2022 Performance and Future Targets

The table below discloses our energy consumption and emissions for FY2022, and also compares our performance with FY2021:

Table 4: Energy and Emissions performance for FY2022

Energy Consumption and GHG Emissions		
Category	FY2022	FY2021
Total Electricity consumed (MWh)	501.94	490.25
Energy-use Intensity (MWh/m ²)	0.1289	0.1259
Total Emissions (Scope 2; tCO ₂ e)	203.64	198.89 ²
Gross Floor Area (m ²)	3893.1	3893.1
Emission Intensity (tCO ₂ e/m ²)	0.052	0.051

The table below discloses our targets and action plan for FY2023:

Table 5: Targets and Action Plan for FY2023

Environmental Targets for FY2023	
FY2023 Target	Action Plan
<ul style="list-style-type: none"> • Undertake further initiatives to promote environmental sustainability 	<ul style="list-style-type: none"> • The Group will explore and consider various initiatives such as reducing the spaces and effectively using energy efficient appliances, motion sensors for lights, among others

2 This information has been restated from our FY2021 Sustainability Report as we have used the emission factor for electricity generation that was obtained from the Energy Market Authority (EMA) for 2021 to recompute the data.

SUSTAINABILITY REPORT

ENVIRONMENT FRONT



TCFD

Climate change poses a financial risk to businesses, and there is a need to understand and manage key climate risks and opportunities. As such, we have committed to adopt the TCFD recommendations in order to enhance our disclosures for future reporting years. The roadmap below illustrates our gradual adoption of the TCFD disclosures for the next 3 years.

Table 6: Our Roadmap for adopting the TCFD Disclosures

TCFD pillar	Climate-related disclosures consistent with TCFD recommendations		
	FY2023 (Year 1)	FY2024 (Year 2)	FY2025 (Year 3)
1. Governance	Describe the climate governance structure, including Board oversight and management's role	Aligned with TCFD recommendation To review and update any changes to the governance structures	
2. Strategy	Climate-related risks identified	Climate-related risks and opportunities identified across different time horizons Qualitative climate impact assessment	Scenario analysis with more quantitative outcomes
3. Risk Management	Describe the processes for identifying climate-related risks	Describe the processes for managing climate-related risks and mitigation measures	Integration of climate-related risks into overall risk management
4. Metrics and Targets	Impacts in qualitative terms	Metrics used for assessment Impacts in more quantitative terms Targets in qualitative terms	Impacts in quantitative terms Targets in quantitative terms
	Scope 1 and 2 GHG emissions	Scope 1 and 2 GHG emissions and their related risks	Scope 1, 2, and 3 emissions and their related risk

SUSTAINABILITY REPORT

ECONOMIC PERFORMANCE



Economic

As Singapore's largest real estate agency, PropNex fulfils an important role within the real estate sector by facilitating the buying, selling, renting and leasing of properties in Singapore. In line with our vision of having the strength of a big company and our status as a listed entity on the Singapore Exchange, PropNex also contributes to the economy by providing gainful employment to thousands of employees and salespersons.

Economic Performance

(GRI 201: Economic Performance)

The Group's revenue increased by 7.5% year-on-year for the full year ended 31 December 2022 ("FY2022") to \$1.0 billion from \$957.5 million in 2021. The Group's salesforce grew from 10,796 as at 1 January 2022, to 11,667 as at 1 January 2023.

You may refer to our financial results announcements on SGXNET or PropNex's corporate website for more information.

No incident of non-compliance with socio-economic laws and regulations were identified within the reporting year.

SUSTAINABILITY REPORT

APPENDIX A: GRI INDEX

GRI Standard	Disclosure	Location	
GRI 2: General Disclosures 2021	2-1	Organisational details	Page 18
	2-2	Entities included in the organization's sustainability reporting	Page 18
	2-3	Reporting period, frequency and contact point	Page 18
	2-4	Restatements of information	Page 37, 41
	2-5	External assurance	Page 18
	2-6	Activities, value chain and other business relationships	Page 6-7, 18
	2-7	Employees	Page 25-28
	2-8	Workers who are not employees	Page 25-28
	2-9	Governance structure and composition	Page 21; 46
	2-10	Nomination and selection of the highest governance body	Page 21; 50
	2-11	Chair of the highest governance body	Page 21; 51
	2-12	Role of the highest governance body in overseeing the management of impacts	Page 21
	2-13	Delegation of responsibility for managing impacts	Page 21
	2-14	Role of the highest governance body in sustainability reporting	Page 21
	2-15	Conflicts of interest	Page 35; 47
	2-16	Communication of critical concerns	Page 35; there were no critical concerns raised during the reporting period
	2-17	Collective knowledge of the highest governance body	Page 49; The Board of Directors have attended the sustainability training courses for Directors prescribed by SGX.
	2-18	Evaluation of the performance of the highest governance body	Page 54-55
	2-19	Remuneration policies	Page 55-60
	2-20	Process to determine remuneration	Page 55-60; market benchmarking, compare internally through internal equity report; and attractive benefits for new joiners.
	2-21	Annual total compensation ratio	Not disclosed
	2-22	Statement on sustainable development strategy	Page 20-23; 42

SUSTAINABILITY REPORT

APPENDIX A: GRI INDEX

GRI Standard	Disclosure	Location
	2-23 Policy commitments	Page 25; 34-35
	2-24 Embedding policy commitments	Page 25; 34-35
	2-25 Processes to remediate negative impacts	Page 35
	2-26 Mechanisms for seeking advice and raising concerns	Page 35
	2-27 Compliance with laws and regulations	Page 34-35; 41
	2-28 Membership associations	Page 34
	2-29 Approach to stakeholder engagement	Page 24
	2-30 Collective bargaining agreements	Page 26; 34
GRI 3: Material Topics	3-1 Process to determine material topics	Page 22
	3-2 List of material topics	Page 22-23
GHG Emissions and Energy Consumption		
GRI 3: Material Topics	3-3 Management of material topics	Page 22-23, 40
GRI 302: Energy	302-1 Energy consumption within the organization	Page 40-41
	302-4 Reduction of energy consumption	Page 40-41
GRI 305: Emissions	305-2 Energy indirect (Scope 2) GHG emissions	Page 40-41
Economic Performance		
GRI 3: Material Topics	3-3 Management of material topics	Page 22-23, 40
GRI 201: Economic Performance	201-1 Direct economic value generated and distributed	Page 43
Compliance with Laws and Regulations		
GRI 3: Material Topics	3-3 Management of material topics	Page 22-23, 34
GRI 205: Anti-corruption	205-2 Communication and training about anti-corruption policies	Page 34-35
	205-3 Confirmed incidents of corruption and actions taken	Page 34-35
GRI 206: Anti-competitive Behaviour	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Page 35
GRI 418: Customer Privacy	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 35
Employment		
GRI 3: Material Topics	3-3 Management of material topics	Page 22-23, 25
GRI 401: Employment	401-1 New employee hires and employee turnover	Page 27-28
GRI 403: Occupational Health and Safety	403-9 Work-related injuries	Page 28
GRI 405: Diversity and Equal Opportunity	405-1 Diversity of governance bodies and employees	Page 28
GRI 406: Non-Discrimination	406-1 Incidents of discrimination and corrective actions taken	Page 28

SUSTAINABILITY REPORT

APPENDIX A: GRI INDEX

GRI Standard	Disclosure	Location	
Local Communities			
GRI 3: Material Topics	3-3	Management of material topics	Page 22-23, 36
GRI 413: Local Communities	413-1	Operations with implemented local community engagement, impact assessments, and/or development programs	Page 36-37
Training and Development			
GRI 3: Material Topics	3-3	Management of material topics	Page 22-23, 29
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Page 31
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 29-30
Consumer Empowerment (Non-GRI Topic)			
GRI 3: Material Topics	3-3	Management of material topics	Page 22-23, 32-33
Technological and Digital Innovation (Non-GRI Topic)			
GRI 3: Material Topics	3-3	Management of material topics	Page 22-23, 38-39

CORPORATE INFORMATION



BOARD OF DIRECTORS:

Mr Mohamed Ismail S/O Abdul Gafoore
(Executive Chairman and CEO)

Mr Kelvin Fong Keng Seong
(Executive Director)

Dr Ahmad Bin Mohamed Magad
(Lead Independent Director)

Mr Kan Yut Keong
(Independent Director)

Mr Low Wee Siong
(Independent Director)

AUDIT COMMITTEE:

Mr Kan Yut Keong (Chairman)
Dr Ahmad Magad
Mr Low Wee Siong

NOMINATING COMMITTEE:

Mr Low Wee Siong (Chairman)
Mr Kan Yut Keong
Dr Ahmad Magad

REMUNERATION COMMITTEE:

Dr Ahmad Magad (Chairman)
Mr Kan Yut Keong
Mr Low Wee Siong

COMPANY SECRETARIES:

Lotus Isabella Lim Mei Hua, FCIS,
FCS, MBA
Kong Wei Fung, ACS

REGISTERED OFFICE AND PRINCIPAL OFFICE:

480 Lorong 6 Toa Payoh
#10-01 HDB Hub
Singapore 310480
Tel: (65) 6820 8000
Fax: (65) 6829 6600

SHARE REGISTRAR AND SHARE TRANSFER OFFICE:

Tricor Barbinder Share Registration Services
80 Robinson Road #02-00
Singapore 068898

INDEPENDENT AUDITORS:

KPMG LLP
12 Marina View
#15-01 Asia Square Tower 2
Singapore 018961

Partner-in-charge: Shelley Chan Hoi Yi
(Chartered Accountant, a member of the Institute of
Singapore Chartered Accountants)
Appointed since 2019

STOCK CODE:

SGX: OYY
Bloomberg: PROP:SP

COMPANY WEBSITE:

www.propnex.com

INVESTOR RELATIONS ADVISOR:

Citigate Dewe Rogerson Singapore Pte Ltd
158 Cecil Street #05-01
Singapore 069545

CORPORATE GOVERNANCE

The Board of Directors (the "**Board**") of PropNex Limited is committed to maintaining high standards of corporate governance and places importance on maintaining sound internal controls and system so as to ensure transparency, accountability, to protect and to enhance long-term shareholder value.

This report outlines the Company's corporate governance practices for FY2022 with specific reference to principles of the Code of Corporate Governance 2018 (last amended 11 January 2023) (the "**Code**") issued by the Monetary Authority of Singapore on 6 August 2018.

The Board have taken steps to align the governance framework with the provisions of the Code, and to explain the deviations from the Code where applicable.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies and financial performance and assesses key risks identified by the management of the Group (the "**Management**") as well as the adequacy of internal controls and risk management system. Day-to-day management and implementation of business strategies are delegated to the Executive Directors.

Each director and the Board are required to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interests of the Company. The Board has implemented policies that established appropriate cultural values and ethical standard of conduct at all levels of the Group. The Board's principal functions include:

- to review and advise on the Group's policies and procedures;
- to review and approve financial results and announcements;
- to review and approve significant acquisitions and disposals;
- to approve material borrowings and fund-raising exercises;
- to establish and maintain a sound risk management framework;
- to review performance and succession planning of the key management personnel; and
- to monitor and ensure compliance with the Listing Rules, laws and regulations relevant to the Group.

Matters and transactions that require the Board's approval include the followings:

- significant acquisitions and disposals of assets;
- major investments, divestments or capital expenditure;
- material borrowings and fund-raising exercises;
- share issuance;
- declaration of interim dividends and proposal of final dividends;
- financial results and press release, annual report and audited financial statements;
- annual budgets and financial plans of the Company;
- convening of shareholders' meetings;
- appointment of directors and key management staff, including the review of performance and remuneration packages; and
- material interested person transactions.

Conflict of Interest

The Company has in place a policy that where a Director's personal or business interest interferes, or even appears to interfere, in any way with the interests of the Company, the Director must promptly disclose such interest at a meeting of the Directors or by sending a written notice to Company Secretary containing details of the interest and the nature of the conflict and recuse themselves from participating in any discussion and decision on the transaction or proposed transaction.

CORPORATE GOVERNANCE

Board Committees

The Board has delegated certain responsibilities to the Audit Committee (the "AC"), the Remuneration Committee (the "RC") and the Nominating Committee (the "NC") (collectively, the "Board Committees") with clearly defined terms of reference. The terms of reference of each Board Committee set out the compositions, authorities, duties and responsibilities of the Board Committees, conduct of meetings including quorum and voting requirements. The terms of reference are reviewed by each Board Committee from time to time to ensure relevance.

As at the date of this Annual Report, the compositions of the Board Committees are as follows:

Table 1.1 - Composition of the Board Committees			
	AC	NC	RC
Chairman	Mr. Kan Yut Keong	Mr. Low Wee Siong	Dr. Ahmad Bin Mohamed Magad
Member	Mr. Low Wee Siong	Dr. Ahmad Bin Mohamed Magad	Mr. Kan Yut Keong
Member	Dr. Ahmad Bin Mohamed Magad	Mr. Kan Yut Keong	Mr. Low Wee Siong

The Board accepts that while these Board Committees have the authority to examine particular issues and report to the Board with their decisions and/or recommendations, the ultimate responsibility lies with the Board.

Board Attendance

The Board meets on a quarterly basis, and when necessary, to address any specific significant matters that may arise. Dates of Board, Board Committee and annual general meetings are scheduled in advance in consultation with every Director. To ensure Board and Board Committee meetings are held regularly with maximum Directors' participation, the Company's Constitution allows for telephone and video-conferencing meetings. The Board and Board Committees also approve transactions by way of written resolutions, which are circulated to the Board and Committee members together with all relevant information regarding the proposed resolutions/transactions.

During the financial year under review, the number of meetings held and attended by each Director is as follows:

Table 1.2	Board	AC	RC	NC	AGM
No. of meetings held	4	4	1	1	1
Directors	Number of meetings attended				
Mr. Mohamed Ismail S/O Abdul Gafoore	4	4*	1*	1*	1
Mr. Kelvin Fong Keng Seong	4	4*	1*	1*	1
Dr. Ahmad Bin Mohamed Magad	4	4	1	1	1
Mr. Kan Yut Keong	4	4	1	1	1
Mr. Low Wee Siong	4	4	1	1	1

* Attendance by invitation.

CORPORATE GOVERNANCE

Training for Directors

All newly appointed Directors will undergo an orientation programme where the Director will be briefed on the Group's strategic direction, governance practices, business and organisation structure as well as the expected duties of director of a listed company. To obtain a better understanding of the Group's business, the Director will also be given the opportunity to visit the Group's operational offices and meet with key management personnel. Any new director appointed by the Board, who has no prior experience as a director of an issuer listed on the SGX-ST, must undergo mandatory training in his roles and responsibilities as prescribed by the SGX-ST. All Directors are required to undergo a one-time training on sustainability. In 2022, all Directors have completed the mandatory sustainability training courses as prescribed by SGX.

The Directors are updated, from time to time, when new laws or regulations affecting the Group are introduced. Updates on relevant legal, regulatory and technical developments may be in writing or disseminated by way of briefings, presentations and/or handouts on a timely basis. Where necessary, the Company arranges for presentations by external professionals, consultants and advisers on topics that would have an impact on the relevant regulations, accounting standards and the implications on responsibilities of the Directors.

The Directors are encouraged to attend seminars, conference and training courses at the Company's expenses that will assist them in developing their skills and knowledge, executing their obligations to the Company and effectively discharge their duties as directors. Trainings attended by Directors in FY2022 included those provided by Singapore Institute of Directors, Institute of Singapore Chartered Accountants and Singapore universities. The CEO updates the Board at each meeting on the business and strategic development of the Group. During FY2022, the Board had been briefed and updated on changes or amendments to the Listing Rules and the Code. In addition, the members of the AC were briefed by the external auditors on changes or amendments to accounting standards.

Access to complete, adequate and timely information

Each Director has unrestricted access to the Management, Company Secretary, or external advisers (where necessary) at the Company's expense.

The Board and Management are given opportunities to engage in open and constructive debate. All Board members are supplied with relevant, adequate and timely information prior to Board meetings and on an on-going basis to enable them to make informed decisions. Directors may challenge Management's assumptions and also extend guidance to Management. Directors may, at any time, request for further explanation, briefings or informal discussions on any aspect of the Group's operations or business issues from Management.

The Board is provided with quarterly financial accounts and progress reports of the Group's business operations. The Board also receives regular updates on the industry and technological developments to enable the Board to keep abreast of key issues and developments in the industry, as well as challenges and opportunities.

The Company Secretary works closely with the respective Chairman in setting the agenda for Board and Board Committee meetings, attends all Board and Board Committee meetings, provides secretarial support to the Board, ensures that Board procedures and all applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flow within the Board and its Board Committees, and between Management and non-executive Directors. The Company Secretary also provides updates and advises Directors on all governance matters. The appointment and removal of the Company Secretary is subject to the approval of the Board.

CORPORATE GOVERNANCE

Principle 2: Board Composition and Guidance

As at the date of this Annual report, the Board comprises two Executive Directors and three Independent Directors. There is therefore a strong and independent element on the Board, with Independent Directors making up a majority of the Board. The Company complies with provision 2.2 of the Code which provides that independent director to make up a majority of the Board as the Chairman of the Board is not an independent director and provision 2.3 of the Code which provides that non-executive director to make up a majority of the Board. The Board has noted that no individual or small group of individuals are able to dominate the Board's decision making and that there is a strong and independent element in the Board.

Board diversity policy

The Company has adopted a formal Board diversity policy, where the size of the Board should be appropriate with no individual or group dominating the Board's decision-making process. In addition, the Board should comprise directors who can provide the appropriate range, balance and mix of skills, knowledge, experience, and other aspects of diversity relevant to the industry. No appointment to the Board shall be based on race, language, religion or gender, but will be based on the merits of selected candidate, the needs of the Board and the potential contributions that the selected candidate will bring to the Board.

The NC is responsible for examining the size and composition of the Board and Board Committees. The composition of the Board and Board Committees are reviewed on an annual basis by the NC and the Board, taking into account, *inter alia*, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, and professional experience in order to provide the Board access to an appropriate range and balance of skills, experience and backgrounds. The NC reviews the Board Diversity Policy annually or from time to time as appropriate to ensure the effectiveness of the policy. Any revisions, as required, would be recommended to the Board for consideration and approval.

To ensure the composition of the Board remains appropriately diverse, the Board has set targets to at all times, maintain a majority of independent board and overall balance in competencies. Such competencies include financial and accounting, business or management experience, relevant industry knowledge, sustainability, legal and industry background. This is beneficial to the Company and its management as decisions by, and discussions with, the Board are enriched by the broad range of views and perspectives and the breadth of experience of our Directors. The current Board composition meets the independence and competency targets. The NC and the Board have taken the following steps to maintain or enhance its balance and diversity:

- (a) annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board;
- (b) annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the expertise which is lacking on the Board; and
- (c) annual review of the size and composition of the Board and Board Committees taking into account, *inter alia*, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity based on its Board Diversity Policy, including but not limited to gender, age, and professional experience in order to provide the board access to an appropriate range and balance of skills, experience and backgrounds.

The Board will continue to review opportunities to refresh the Board with a view to expanding the skills, experience, and diversity of the Board as a whole.

CORPORATE GOVERNANCE

Having considered the scope and nature of the Group's businesses and the requirements of the business, the Board concurred with the NC that the current size and the existing composition of the Board and Board Committees effectively serve the Group. The present Board members provides sufficient diversity with the mix of nationality, appropriate balance and mix of experience, skills, competencies and knowledge such as financial, accounting, business or management experience, sustainability, legal and industry backgrounds who are able to contribute their area of expertise in leading the Group, regardless of gender, ethnicity or race. The Independent Non-Executive Directors contribute accounting and finance knowledge, legal expertise and business management experience to the Group, and provide the Executive Directors and the Management with diverse and objective perspectives on issues considered by the Board. Accordingly, the NC and Board are of the view that the Board has the appropriate level of independence and mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making even though that the Board lack of female director at the moment. Please refer to their profiles under "Board of Directors" section in this Annual Report.

Independence of Directors

As part of the annual process, the NC requires each Independent Directors, Dr. Ahmad Bin Mohamed Magad, Mr. Kan Yut Keong and Mr. Low Wee Siong to complete and execute declaration forms in relation to their independence. These declarations are drawn up based on the provision of the Code and Practice Guidance to the Code. The NC has reviewed the declarations and confirmed their independence in accordance with the Code. Taking into account the views of the NC, the Board determined that the said Directors are independent in conduct, character and judgement and there are no relationships or circumstances with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, the said Directors' exercise of independent business judgement in the best interests of the Company.

There are no Directors who are deemed independent by the Board notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent. Each member of the NC and of the Board recused themselves from deliberations on his independence.

There are no Independent Directors who has served beyond nine years since the date of first appointment.

The Independent Directors discuss and/or meet on a need-basis without the presence of the Management on matters such as the Group's financial performance, corporate governance initiatives, board processes, succession planning as well as leadership development and the remuneration of the Executive Directors. The chairman of such meetings provides feedback to the Board where necessary. Notably, the Independent Directors has also met and discussed with the external and internal auditors respectively in the absence of Management in FY2022.

Principle 3: Chairman and Chief Executive Officer ("CEO")

The Board recognises the Code's recommendation that the Chairman and the CEO should be separate persons to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

While the Company has not adopted Provision 3.1 of the Code which requires the Chairman and the CEO to be separate persons, the Board is of the opinion that accountability and independence have not been compromised despite the Chairman and CEO being the same person and the present Group structure and business scope does not warrant a meaningful split of the roles of the Chairman and the CEO. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual exercising considerable concentration of power or influence, which is consistent with the intent of Principle 3 of the Code.

CORPORATE GOVERNANCE

Mr. Mohamed Ismail S/O Abdul Gafoore is the Executive Chairman and CEO of the Company. The Executive Chairman; (a) leads the Board to ensure its effectiveness on all aspects of its role; (b) sets the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues; (c) ensures effective communication with shareholders; (d) exercises control over the quality, quantity and timeliness of the flow of information between Management and the Board; and (e) promotes high standards of corporate governance.

As the CEO, Mr Mohamed Ismail S/O Abdul Gafoore is responsible for (a) running the day-to-day business of the Group within the authorities delegated to him by the Board; (b) ensuring implementation of policies and strategy across the Group as set by the Board; and (c) leading the development of the Group's future strategy including identifying and assessing risks and opportunities for the growth of its business and reviewing the performance of its existing business.

Since the roles of Chairman and CEO are combined, the division of responsibilities has not been set in writing. All major decisions made by the Executive Chairman and CEO are reviewed by the Board and his remuneration package is reviewed periodically by the RC.

Dr. Ahmad Bin Mohamed Magad as the Lead Independent Director, co-ordinates and leads the Independent Directors to provide a non-executive perspective and contribute to a balance of viewpoints on the Board. He is the principal liaison on board issues between the Independent Directors and the Chairman. His responsibilities include carrying out the functions of the Chairman in relation to any matter where it would be inappropriate for the Chairman to serve in such capacity, or if he is unable to do so. Dr. Ahmad Magad is available to shareholders with concerns, when contact through the normal channels via the Chairman and CEO has failed to provide satisfactory resolution, or when such contact is inappropriate or inadequate.

Principle 4: Board Membership

Please refer to Table 1.1 on the names of the members and the composition of the NC. The NC meets at least once a year to discuss and carry out their duties. The terms of reference of the NC include the followings:

- review the composition, structure and size of the Board and the Board Committees annually to ensure that they provide an appropriate balance and diversity of skills, expertise and knowledge, and core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- determine the process and criteria for evaluating the performance of the Board, the Board Committees and Directors;
- review and recommend the nomination or re-nomination of Directors;
- determine the independence of a Director annually;
- determine if a Director with board representations on various companies has been adequately carrying out his duties to the Group;
- review and approve employment of related persons and the proposed terms of their employment; and
- review succession plans for directors, in particular, the Chairman, the CEO and key management personnel as well as the training and professional development programs for the Board.

CORPORATE GOVERNANCE

Process for selection, appointment and re-appointment

1.	Determine selection criteria	<ul style="list-style-type: none"> The NC, in consultation with the Board, identifies the current needs of the Board in terms of skills/experience/knowledge to complement and strengthen the Board.
2.	Search for suitable candidates	<ul style="list-style-type: none"> The NC considers candidates proposed by the Directors, key management personnel or substantial shareholders, and engages external search consultants to contribute to discussions, deliberations and activities of the Board and Board Committees, where necessary. The NC assesses the candidates' ability to contribute to discussions, deliberations and activities of the Board and Board Committees, with consideration of the diversity aspects under the Board Diversity Policy, the existing composition of the Board, progressive renewal of the Board and Board Committees, and strives to ensure that the Board has an appropriate balance of independent directors as well as qualification and experience.
3.	Assess shortlisted candidates	<ul style="list-style-type: none"> The NC meets, interviews and assesses the suitability and potential contribution to the Board of shortlisted candidates.
4.	Recommend candidate	<ul style="list-style-type: none"> The NC recommends the selected candidate to the Board for consideration and approval.

1.	Assessment of director	<ul style="list-style-type: none"> The NC assesses the performance of the director in accordance with the performance criteria set by the Board; and The NC also considers the current needs of the Board.
2.	Re-appointment of director	<ul style="list-style-type: none"> Subject to satisfactory assessment, the NC recommends the re-appointment of the director to the Board for consideration and approval.

Pursuant to Regulation 117 of the Company's Constitution, at each Annual General Meeting ("AGM"), at least one-third of the Directors (or, if their number is not a multiple of three, the number nearest to but not less than one-third with a minimum of one) shall retire from office by rotation and stand for re-election at the Company's AGM. All directors are required to retire from office at least once every three years and submit themselves for re-election by the shareholders at the AGM pursuant to Rule 720(5). The Directors to retire each year shall be those that have been longest in office since their last re-election or appointment. A retiring Director shall be eligible for re-election.

Pursuant to Regulation 122 of the Company's Constitution, the Company may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director. Additional Directors appointed by the Board after the AGM but during the financial year, shall only hold office until the next AGM and thereafter be eligible for re-election at the AGM, which shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Mr. Kelvin Fong Keng Seong and Mr. Low Wee Siong will be retiring by rotation and seeking re-election at the forthcoming AGM pursuant to Regulation 117 of the Company's Constitution. They have consented to stand for re-election at the forthcoming AGM. The NC has assessed their contributions and performance, independence status (for independent director only), appropriate mix of core competencies and diversity for the Board to fulfill its roles and responsibilities, and recommended their re-appointment to the Board for consideration. The Board has accepted the recommendations to put forth these Directors for re-election at the forthcoming AGM.

CORPORATE GOVERNANCE

Further information of the retiring directors seeking re-election as set out in Appendix 7.4.1 of the Listing Manual can be found in the section "Additional Information on Directors Seeking Re-election" on pages 151 to 157.

The retiring Directors have abstained from the discussion and participating in the NC and Board decision in respect of their re-election as a Director.

Review of independence

The NC determines the independence of the Independent Directors annually, please refer to Principle 2 for details. None of the Independent Directors or their immediate family member is or had been employed by the Group in the current or any of the past three financial years.

Directors' commitment to discharge duties

The NC has determined that the maximum number of listed company board representations which any Director of the Company may hold is five (5) and all Directors have complied. A Director who holds more than five listed company board representations (including the appointment with Company) shall consult the Chairman of the NC before accepting any new appointments as a director of other listed company. All Directors declare their board memberships and/or principal commitments as and when practicable. The listed company directorships and principal commitments of each Director are set out below.

Director	Position	Present directorship in other listed companies	Present directorship and other principal commitments
Mohamed Ismail S/O Abdul Gafoore	Executive Chairman and Chief Executive Officer	Nil	<ul style="list-style-type: none"> PropNex group of companies P & N Holdings Pte. Ltd. and its group of companies
Kelvin Fong Keng Seong	Executive Director	Nil	<ul style="list-style-type: none"> KJ MGT Pte. Ltd. YKC Group Pte. Ltd. ISolution Investment Pte. Ltd. Champ Invest Pte. Ltd.
Ahmad Bin Mohamed Magad	Lead Independent Non-Executive Director	Second Chance Properties Ltd	<ul style="list-style-type: none"> Singapore Environment Council Stroke Support Station (S3) Dynavision Advisory Salleh Marican Foundation
Kan Yut Keong	Independent Non-Executive Director	Nam Cheong Limited	<ul style="list-style-type: none"> Cornerstone Advisors Pte. Ltd. Competition & Consumer Commission of Singapore
Low Wee Siong	Independent Non-Executive Director	Beng Kuang Marine Limited	<ul style="list-style-type: none"> Legal Practice at WongPartnership LLP.

CORPORATE GOVERNANCE

During the year, the NC has considered each Director's other board representations and principal commitments and is satisfied that each Director is able to carry out and has been adequately carrying out their duties as a Director of the Company and that each Director has given sufficient time and attention to the affairs of the Company.

The Company does not have alternate director.

Principle 5: Board Performance

The NC reviews the performance of the Board, Board Committees and individual Directors on an annual basis. The Board has a process and the criteria to assess the effectiveness of the Board as a whole and for assessing the contribution of each Director towards the Board.

Evaluation process

The annual assessment is conducted by the NC where the Directors complete the Board Performance Evaluation Questionnaire ("**Questionnaire**") seeking their views on various aspects of Board performance, such as Board composition, information and process. The NC and the Board are of the view that a separate assessment on the effectiveness of the Board Committees is not necessary as the Board Committees share common members and a section on each Board committees' performance is included in the Questionnaire. Each member of the NC shall abstain from voting on any resolutions in respect of own assessment of performance or re-nomination as a Director. The Board acts on the results of the performance evaluation, and in consultation with the NC, proposes, where appropriate, that new members be appointed to the Board or seeks the resignation of Directors.

To assess the effectiveness of the Board as a whole, the criteria evaluated by the NC include but are not limited to:

- Board structure
- Information to the Board
- Board processes
- Governance – Board risk management & internal controls
- Board accountability
- Access to Management
- Standards of conduct
- Board Committees' performance

To assess the contribution of Directors, each Director is required to complete the Individual Director Assessment Checklist (the "**Checklist**"). The factors assessed by the NC include but are not limited to:

- Attendance in meetings
- Adequacy of preparation for meetings
- Participation in discussions
- Contribution in own specialist relevant area
- Area of expertise

The performance criteria do not change from year to year. Directors also provide input on issues which do not fall under these categories, for instance, addressing specific areas where improvements can be made. Feedback and comments received from the Directors are reviewed by the NC, in consultation with the Chairman of the Board, to determine the actions required.

During the year, every Director had completed and submitted the Questionnaire to the Company Secretary. The Company Secretary summarised and circulated the responses to the NC for review before submitting to the Board for discussion and to determine areas for improvement.

CORPORATE GOVERNANCE

Having reviewed each of the Director's attendance and contribution to the Board in FY2022, the NC was of the view that the performance of the Board and the Board Committees had been satisfactory. The NC was satisfied that the Directors had each contributed to the effectiveness of the Board and the respective Board Committees, and had been able to devote adequate time and attention to the Company's affairs and to discharge their duties as Directors of the Company.

The Board had not engaged any external consultant to conduct an assessment of the effectiveness of the Board and the contribution by each individual Director. Where relevant, the NC would consider such an engagement.

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Please refer to Table 1.1 on the names of the members and the composition of the RC. The RC meets at least once a year to discuss and carry out their duties. The terms of reference of the RC include the followings:

- recommending to the Board a comprehensive remuneration policy framework and guidelines for the remuneration of the Directors and Executive Officers, and determining specific remuneration packages for each of them. The recommendations of RC shall be submitted for endorsement by the Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, termination terms and benefits-in-kind shall be covered by the RC. Each member of the RC shall abstain from voting on any resolutions in respect of own remuneration package;
- performing an annual review of the remuneration of employees who are substantial shareholders or related to a Director, CEO and a Substantial Shareholder to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increases and/or promotions for these related employees will also be subject to the review and approval of RC. In the event that a member of the RC is related to the employee under review, that member shall abstain from participating in the review;
- reviewing and approving the design of all share option plans, performance share plans and/or other equity- based plans;
- in the case of Service Contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Executive Officers contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
- approving performance targets for assessing the performance of each of the Executive Directors and Executive Officers and recommend such targets as well as employee specific remuneration packages for each of them, for endorsement by the Board.

The principal activities of the RC during FY2022 are summarised below:

- reviewed the remuneration of the Executive Directors and key executives of the Company;
- reviewed the remuneration package of employees who are substantial shareholders or immediate family members of a director, CEO and a substantial shareholder of the Company; and
- reviewed and recommended to the Board the directors' fees for FY2023.

The RC may from time to time, where necessary or required, seek expert advice from external consultants in framing the remuneration policy and determining the level and mix of remuneration for the Directors and key management personnel, so that the Group remains competitive. During FY2022, no external remuneration consultant has been engaged.

None of the members of the RC or any Director is involved in deliberation and voting in respect of any remuneration, compensation or any form of benefits to be granted to him or someone related to him.

CORPORATE GOVERNANCE

Principle 7: Level and Mix of Remuneration

The RC and the Board ensure that the level and structure of remuneration for the Board and the Management are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account its strategic objectives, long-term interests and risk management. The RC has structured remuneration packages for key management personnel on measured performance indicators, taking into account quantitative and non-quantitative factors. The Company adopts a remuneration system that is responsive to the market elements and to the performance of the Company and business divisions respectively.

The remuneration system is structured to link a significant and appropriate proportion of rewards to the Company and individual performance. The remuneration framework for Directors, CEO and key management personnel is aligned with the interest of shareholders and relevant stakeholders and is appropriate to attract, retain and motivate them for the long-term success of the Group.

Remuneration of Executive Directors and Key Management Personnel

The remuneration structure for the Executive Directors and key management personnel consists of the following components:

1. Fixed remuneration comprises basic salary, statutory employer contribution to an employee's Central Provident Fund, Skills Development Levy and fixed allowances. In determining remuneration packages, the Group takes into account employment and pay conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of the individual Director and key management personnel.
2. Variable compensation comprises performance bonus and performance incentives which are remuneration component that varies according to the Group's and the individual's performance objectives. The annual performance bonus and incentives are calculated based on the Group's audited consolidated net profit before tax (which excludes minority interest) as the RC believes that this best reflects the financial health and performance of the Group's business.
3. Other benefits which mainly medical benefits.

Executive Directors are not entitled to Directors' fees.

The Executive Directors of the Company, Mr. Mohamed Ismail S/O Abdul Gafoore and Mr. Kelvin Fong Keng Seong, have each entered into a service agreement with the Company on 13 June 2018 for a period till the fifth AGM of the Company after IPO, renewable automatically thereafter for periods of one (1) year each, unless otherwise terminated. The service agreement provides for termination by either the Executive Director or the Company upon giving no less than six (6) months' notice.

The Company currently does not have any contractual provisions which allow it to reclaim incentives from the Executive Directors and key management personnel in certain circumstances. The Board is of the view that as the Group pays performance bonuses based on the actual performance of the Group and/or Company (and not on forward-looking results) as well as the actual results of its Executive Directors and key management personnel, "claw-back" provisions in the service agreements may not be relevant or appropriate. Additionally, the Executive Directors owe a fiduciary duty to the Company. The Company should be able to avail itself to remedies against the Executive Directors in the event of such breach of fiduciary duties.

CORPORATE GOVERNANCE

Remuneration of Non-Executive Directors

The Independent Directors are paid directors' fees, subject to the approval of shareholders at the AGM. Directors' fees comprise a basic retainer fee, fees in respect of service on Board Committees, attendance fees, and, where appropriate, fees for participation in special projects and ad hoc committees. The Chairman of each Board Committee is compensated for additional responsibilities. The Directors' fees commensurate with the level of contribution, taking into account factors such as efforts and time spent, and the associated responsibilities, and that the independence of the non-executive Directors is not compromised by their compensation.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities. The RC has recommended Directors' Fees for FY2023 for the Board's endorsement. The Directors' fees are subject to shareholders' approval at the forthcoming AGM. No Director is involved in deciding own remuneration.

The Independent Directors' fee structure for FY2022 for service on the Board and Board Committees is as follows.

	S\$
Lead Independent Director	8,000
Chairman of AC	34,000
Chairman of RC	6,000
Chairman of NC	6,000
Member of AC	23,000
Member of RC	5,000
Member of NC	5,000
Basic Independent Director's annual fee	32,000
Attendance fee per meeting	1,000

For attendance fee at meetings, meetings occurring on the same day will be counted as one meeting.

CORPORATE GOVERNANCE

Principle 8: Disclosure on Remuneration

Remuneration of Directors and CEO

The breakdown for the remuneration of the Directors and CEO for FY2022 is as follows:

Table 8.1 – Directors’ Remuneration						
Name	Salary (S\$)	Bonus (S\$)	Provident Fund (S\$)	Benefits (S\$)	Director’s Fees (S\$)	Total (S\$)
Executive Directors						
Mr. Kelvin Fong Keng Seong	863,099.93	2,100,765.68	17,340.00	800.00	-	2,982,005.61
Mr. Mohamed Ismail S/O Abdul Gafoore	842,613.16	216,630.00	14,280.00	800.00	-	1,074,323.16
Independent Directors						
Dr. Ahmad Bin Mohamed Magad	-	-	-	-	78,000	78,000
Mr. Kan Yut Keong	-	-	-	-	80,000	80,000
Mr. Low Wee Siong	-	-	-	-	70,000	70,000

There were no termination, retirement and post-employment benefits granted to Directors during FY2022. No performance shares or options was granted to directors.

Remuneration of Key Management Personnel

After much deliberation, the Board is of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates, the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place and the negative impact which such disclosure may have on the Group in attracting and retaining talent for the Company on a long-term basis, it is in the best interests of the Company or its shareholders to not disclose the remuneration of the Company’s key management personnel (who are not Directors or the CEO) in remuneration bands of S\$250,000 on named basis. The remuneration of the CEO is set out above.

Notwithstanding its deviation from Provision 8.1(b) of the Code, the Company has set out information regarding its remuneration policies, procedures for setting remuneration and relationships between remuneration, performance and value creation under Principle 7 in this report. The Company, however, has disclosed (i) the aggregate remuneration paid to the Company’s key management personnel (who are not Directors or the CEO) during FY2022 in Table 8.2; (ii) remuneration of a key management personnel who is a substantial shareholder of the Company under Table 8.3 in the remuneration band of S\$100,000; and (iii) annual aggregate remuneration of Executive Directors, CEO and key management personnel is disclosed under Note 25 on pages 131 to 132 of the Financial Statements. The non-disclosure does not compromise the ability of the Company to meet the code on good corporate governance as the RC (consists of all independent directors) reviews the remuneration package of the key management personnel who are remunerated based on the remuneration framework and performance of the Group to ensure that they are fairly remunerated and is strongly linked to the achievement of the corporate and individual performance targets. The Company therefore believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of the key management personnel. Accordingly, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 7 of the Code.

CORPORATE GOVERNANCE

During FY2022, aside the CEO, the Company had four key management personnel. The breakdown for the remuneration of the Company's key management personnel (who are not Directors or the CEO) for FY2022 is as follows:

Table 8.2 – Remuneration of Key Management Personnel						
Remuneration Band	No. of KMP	Salary (%)	Bonus (%)	Provident Fund (%)	Benefits (%)	Total (%)
S\$500,000 to S\$749,999	3	60.57	36.45	2.84	0.14	100
S\$250,000 to S\$499,999	1	72.16	22.73	4.84	0.27	100
Total Aggregate Compensation				S\$2,016,234.00		

There were no termination, retirement and post-employment benefits granted to the key management personnel during FY2022. None of the key management personnel was granted performance shares or options nor were they involved in deliberating or deciding own remuneration.

Save as disclosed in Tables 8.1 and 8.3, there was no other employee who is a substantial shareholder of the Company, or an immediate family member of a director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during FY2022.

Table 8.3 – Remuneration of Substantial Shareholder	
Name	Remuneration Band
Alan Lim Tow Huat	S\$600,000 to S\$699,999

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board is responsible for the overall internal control framework and maintaining a sound system of internal controls to safeguard the interests of the Company and its shareholders. The Group's control environment provides the foundation upon which all other components of internal controls are built upon. It sets the tone of the organisation from the top and influences the control consciousness of its staff. A weak control environment foundation reduces the effectiveness of even the best designed internal control procedures.

While the Company does not have a risk management committee, Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the Directors and the AC. The AC, together with the assistance of the external and internal auditors and through an integrated approach of enterprise risk management, reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the Management on an annual basis.

The internal auditor and external auditors have, during the course of their audit, carried out a review of the adequacy and effectiveness of key internal controls within the scope of their audit. Material non-compliance and internal control weaknesses noted, if any, during their respective audits and their recommendations are reported to the AC. The AC reviews the internal auditor's comments and findings, ensures that there are adequate and effective internal controls in the Group and follow up on actions implemented.

CORPORATE GOVERNANCE

The Board has obtained a written confirmation from the CEO and the Chief Financial Officer (“CFO”) that to the best of their knowledge, the financial records of the Company and its subsidiaries had been properly maintained and the financial statements for FY2022 gave a true and fair view of the Group’s operations and finances.

The CEO, CFO and key management personnel responsible for risk management and internal control systems had also provided their confirmation that, as at 31 December 2022, the Group’s risk management and internal control systems were adequate and effective to address financial, operational, compliance and information technology risks which the Group considered relevant and material to its operations.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by management and various Board Committees as well as the said assurances received, the Board, with the concurrence of the AC, is of the opinion that the Group’s internal controls and risk management systems were adequate and effective as at 31 December 2022 to address financial, operational, compliance risks and information technology risks which the Group considered relevant and material to its operations. Pursuant to Rule 1207(10) of the SGX-ST Listing Manual, the Board is of the opinion that there were no material weaknesses identified in the Group’s internal controls or risk management systems in FY2022.

The Board recognises that the internal control system cannot preclude all errors and irregularities, it is a system designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The review of the Group’s internal control systems is a concerted and continuing process.

Principle 10: Audit Committee

Please refer to Table 1.1 on the names of the members and the composition of the AC. All AC members are Independent Directors and have sufficient accounting and/or related financial management expertise and experience. For further details on the profile of the AC members, please refer the section entitled “Board of Directors” of this Annual Report. None of the members of the AC (i) had been a former partner or director of the Company’s existing auditing firm or corporation within the previous two years and (ii) had held financial interest in that auditing firm or corporation.

The AC meets quarterly, as and when deemed appropriate, to carry out its function. The terms of reference of the AC include the followings:

- (a) review the scope of the plans of the external auditors, the results of the external and internal auditors’ examination and their evaluation of internal accounting control systems, their letter to management and the management’s response to ensure that appropriate follow-up measures are taken to satisfactorily address internal control weaknesses, if any;
- (b) review the quarterly and annual financial statements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (c) review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group’s financial performance;
- (d) review the risk profile of the Group, its internal control and risk management procedures, including financial, operation, compliance and information technology controls and the appropriate steps to be taken to mitigate and manage risks at levels determined by the Board of Directors;
- (e) ensure co-ordination between the external and internal auditors and the management and review the assistance given by the management to the auditors, and discuss problems and concerns, if any, arising from the audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

CORPORATE GOVERNANCE

- (f) commission and review the findings of investigations by internal or external auditors into matters where there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;
- (g) consider the appointment, remuneration, terms of engagement or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;
- (h) make recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approve the remuneration and terms of engagement of the external auditors;
- (i) review and recommend to the Board any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- (j) review any potential conflict of interests that may arise in respect of any Director(s) of the Company;
- (k) review the scope and results of the external audit, and the independence and objectivity of the external auditors;
- (l) review at least annually, the adequacy and effectiveness of the Group's risk management and internal audit function and ensure that a clear reporting structure is in place between the AC and the internal auditors;
- (m) review arrangements by which staff of the Group may, in confidence, raise concerns about possible impropriety in matters of financial reporting and other matters and the adequacy of procedures for independent investigation and appropriate follow-up action in response to such complaints;
- (n) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;
- (o) undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time;
- (p) assess the performance of the CFO on an annual basis and to determine continued suitability for that position;
- (q) on an annual basis or any other period that the AC deems fit, ensure that trade receivables are stated at fair value, accurately recorded in the financial statements and that credit policies are adhered to;
- (r) monitor the cash flows of the Group;
- (s) monitor and report on the use of proceeds raised from the IPO;
- (t) review and establish procedures for receipt, retention and treatment of complaints received in relation to the Group, including criminal offences involving the Group or its employees, questionable accounting, auditing, business, safety or other matters that may impact negatively on the Group and to ensure that arrangements are in place for the independent investigations of such matter and for appropriate follow-up;
- (u) review the assurance from the CEO and CFO on the financial records and financial statements; and
- (v) oversight over the measures put in place to monitor the obligations of P&N Holdings Pte. Ltd. in relation to the PropNex International shareholders' agreement.

The external auditors and the CFO also kept the AC abreast of changes to accounting standards and issues, if any, which have a direct impact on financial statements through updates and/or reports from time to time, where applicable and relevant. In addition, the AC is entitled to seek clarification from Management, the external auditors and/or independent professional advice, or attend relevant seminars and/or informative talks at the Company's expense from time to time to apprise themselves of accounting standards/financial updates.

The AC has explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of the Management and full discretion to invite any Executive Director or key management personnel to attend its meetings. The AC has adequate resources, including access to external consultants and auditors, to enable it to discharge its responsibilities properly.

CORPORATE GOVERNANCE

Whistleblowing Policy

The Company has put into place a whistle-blowing policy, endorsed by the AC. This policy provides well-defined and accessible channels in the Company where the employees of the Company may, raise concerns on any possible improprieties, misconduct or wrongdoing relating to the Company in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues, in confidence and good faith, without fear or reprisal to Management and/or the AC. All information received will be treated confidentially and the identity of whistle-blowers will be protected. The Whistleblowing Policy is communicated to all our employees and available in our PropNex Policy Portal. The Company has also publicly disclosed the purpose, scope, reporting and communication channels of the Policy on its website www.propnex.com/whistlepolicy. On an ongoing basis, the Whistleblowing Policy is covered during staff training and periodical communications to all staff as part of the Group's efforts to promote strong ethical values and fraud and control awareness.

Whistleblowing complaints or reports can be lodged via email to whistleblowing@propnex.com or via hotline at 6829 6610. Complaints or reports raised will be directed to the Receiving Officer (Compliance Department). Where the complaints relate to a senior executive and/or the CEO, the Receiving Officer will escalate these to the AC. The reports on all complaints received including outcome of investigations and actions are submitted to the AC for information. The AC oversees the administration of the policy and ensures that all concerns or complaints raised are independently investigated and appropriate follow-up actions are carried out and provides assurance that whistleblower will be protected from reprisal within the limits of the law or victimisation for whistle blowing in good faith. Anonymous reporting will also be attended to and anonymity honoured. The policy is reviewed by the AC from time to time to ensure that they remain relevant.

The AC reports to the Board on such matters at the Board meetings. Should the AC receive reports relating to serious offences and/or criminal activities in the Group, the AC and the Board have access to the appropriate external advice where necessary.

Summary of AC's activities

In line with the terms of reference of the AC, the following activities were carried out by the AC during FY2022 in the discharge of its functions and duties including the deliberation and review of:

- the unaudited interim and full year financial results of the Group, and press release prior to submission to the Board for approval and releasing via SGXNET;
- the assurance from the CEO and CFO on the financial records and financial statements;
- the assurance from the CEO and key management personnel in respect of adequacy and effectiveness of the internal controls and risk management systems;
- the external and internal auditors' plans and report in relation to audit and accounting issues arising from the audits and meeting with the external and internal auditors without presence of the executive board members and the Management;
- cooperation given by Management to the external and internal auditors;
- the internal audit findings report including internal control processes and procedures;
- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and risk management systems and reporting the findings to the Board;
- the external audit fees for FY2022;
- the recommendation to the Board on (i) the proposal to shareholders on re-appointment of the external auditors and (ii) the adequacy, effectiveness, independence, remuneration and terms of engagement of the external auditors;
- interested person transactions;
- reports on complaints received;
- compliance of P & N Holdings Pte. Ltd.'s obligations under PropNex International shareholders' agreement; and
- CEO's expenses and claims.

CORPORATE GOVERNANCE

Key Audit Matters

In its review of the financial statements of the Group for FY2022, the AC considered a number of significant matters and discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements and also considered the clarity of key disclosures in the financial statement. The AC also met with the external auditors to discuss the audit findings as well as their audit.

During the audit of the financial statements for FY2022, two key audit matters (“KAMs”) were reported by the external auditors and are set out audited financial statements of this Annual Report. The AC’s comments on the KAMs are set out below.

KAMs	AC’s comments
Valuation of trade receivables of \$220.9 million	The AC had considered the recoverability of and the Group’s exposure to trade receivables by reviewing the ageing analysis of trade receivables and their collections subsequent to the financial year. The AC also had reviewed the adopted approach and the appropriateness of the underlying assumptions used in the Expected Credit Loss model, which included the historical loss rate, adjusted for the forward-looking input in relation to GDP growth. The AC also reviewed and accepted the findings by the external auditors on this matter.
Revenue recognition for commission income from resale of HDB properties, which is included within real estate agency services	The AC is satisfied the management judgement in determining when HDB approval is granted in determining the point of revenue recognition which performance obligation is satisfied by transferring control of a promised service to the customer. Commission income is success-based arrangement where the amount of consideration is contingent on the achievement of specific outcome.

The above KAMs had been included in the independent auditors’ report for FY2022, which is included in this Annual Report.

Internal Audit

The AC’s responsibility in overseeing the Group’s risk management system and internal controls is complemented by its outsourced internal auditors, PricewaterhouseCoopers. The internal auditors report directly to the Chairman of the AC. The internal auditors plan its audit work in consultation with, but independently of, the Management, and its yearly plan is submitted to the AC for review and approval prior to the beginning of the financial year.

The internal auditors have full and unfettered access to all the Company’s documents, records, properties and personnel including access to the AC. The AC is satisfied that the internal audit function of the Group is independent, effective and the internal auditors are adequately qualified and resourced, and has the appropriate standing in the Company to discharge its duties effectively. The AC reviews, at least annually, the adequacy and effectiveness of the internal audit function. In FY2022, the AC also met with the internal auditors without the presence of the executive board members and the Management.

CORPORATE GOVERNANCE

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Engagement

Participation at general meetings

The Board supports and encourages shareholders' participation at general meetings of the Company. It believes that general meetings serve as an opportune forum for shareholders to meet the Board and Management, and to interact with them. Information on general meetings is disseminated through notices in the annual reports or circulars sent to shareholders. The notices are also released via SGXNet and published on local newspapers, as well as posted on the Company's website.

The notice of AGM with explanatory notes or circular/Appendix to the Notice of AGM on items of special business, are despatched to shareholders at least 14 days or 21 days, if any special resolutions included, before the scheduled AGM date depending on the types of business to be transacted. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.

Each item of special business included in the notice of general meetings will be accompanied by an explanation of the effects of the proposed resolution. Separate resolutions are set out on distinct issues for approval by shareholders unless the issues are interdependent and linked so as to form one significant proposal. If there are any "bundled" resolutions, explanations and material implications will be given in the notice of meeting.

General meetings, unless otherwise stated, are held at the Company's corporate office located at 480 Lorong 6 Toa Payoh, HDB Hub which is easily accessible by shareholders. The Directors ensure that the shareholders have the opportunity to participate effectively in and vote at general meetings and shareholders will be well informed of the meeting and voting procedures. All Directors and external auditors will attend general meetings of shareholders to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Directors' attendance at these meetings held during the financial year will also be disclosed in the annual report, pursuant to which, the last AGM was held via electronic means on 25 April 2022, all Directors that were in appointment at that time attended the AGM.

Conduct of general meetings

The Company will conduct its voting by poll at the general meetings in the presence of independent scrutineer. Explanation on polling procedures will be provided to shareholders before the poll voting is conducted. The total numbers and percentage of valid votes cast for or against each resolution will be announced at the general meetings and also on SGXNET after such meetings. Electronic polling may be considered taking into consideration the logistics involved, costs, and number of shareholders, amongst other factors.

After a general meeting, the Company Secretary will prepare minutes of the general meeting that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. These minutes, subsequent to approval by the Chairman, will be made available to shareholders on the Company's website.

Absentia voting

The Company's Constitution allows all shareholders to appoint proxies to attend general meeting and vote on their behalf. The Company's Constitution does not permit voting in absentia by mail, facsimile or e-mail due to the difficulty in verifying and ensuring authenticity of the vote. The Company's Constitution allows (i) a member who is not a relevant intermediary (as defined in the Companies Act) to appoint not more than two proxies; and (ii) a member who is a relevant intermediary to appoint more than two proxies, to attend, speak and vote on their behalf at the same general meeting.

CORPORATE GOVERNANCE

As a precautionary measure due to Covid-19 situation in Singapore, the 2021 AGM was convened and held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 (the “Covid-19 Temporary Measures Order”).

The alternative arrangements put in place for the conduct of the 2021 AGM included (i) attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio-only stream), (ii) submission of questions to the Chairman of the AGM in advance of the AGM, and (iii) voting by appointing the Chairman of the AGM as proxy to vote on their behalf at the AGM. The forthcoming AGM will be held in a wholly physical format at 480 Lorong 6 Toa Payoh, #18-01 HDB Hub, Singapore 310480 pursuant to the Covid-19 Temporary Measures Order, and there will be no option for shareholders to participate virtually. Shareholders may (i) participate in the AGM in person; (ii) submitting questions in advance of, or at, the AGM; and/or (iii) voting at the AGM themselves or through appointed proxy(ies). Please refer to the Company’s announcement in respect of the conduct of Annual General Meeting of the Company to be held on 25 April 2023 for details.

Dividend policy

The Company wishes to reward shareholders for participating in the growth of the Group and, accordingly, the Board intends to recommend and distribute dividends of 75% to 80% of the Group’s announced profit attributable to the owners of the Company. The dividend policy may be subject to modification (including reduction or non-declaration thereof) at the Board’s sole discretion.

In considering the form, frequency and amount of future dividends in respect of any particular financial year or period, the Board will take into account the following factors:

- (a) the financial position, results of operations and cash flow of the Group;
- (b) the ability of the subsidiaries to make dividend payment to the Company;
- (c) the expected working capital requirements and general financing condition of the Group;
- (d) the actual and projected financial performance of the Group; and
- (e) any other factors deemed relevant by the Directors.

Principles 12 & 13: Engagement with Shareholders & Stakeholders

Investor relations policy

The Company is committed to corporate governance by making information available to its stakeholders in a timely and transparent manner.

The Company currently does not have an investor relations policy. It has engaged an external investor relations adviser, Citigate Dewe Rogerson Singapore Pte Ltd, to assist in investor relations activities in tandem with its in-house corporate communications team. All material information on the performance and development of the Group and of the Company is disclosed in an accurate and comprehensive manner through SGXNET. Shareholders, the investment community, media and analysts are kept informed of the Group’s performance, progress and prospects and major developments of the Company on a timely basis through various communication such as:

- (1) Announcements, including quarterly and full-year financial results, press release, Analysts Briefing, via SGXNET;
- (2) Annual reports and notices of AGM;
- (3) Company’s general meetings;
- (4) Investor/analyst briefings; and
- (5) Corporate website of the Company at www.propnex.com.

CORPORATE GOVERNANCE

The Company also solicits feedback from and addresses the concerns of shareholders via the Company's corporate website at www.propnex.com. For investor and media enquiries, the Group's director of Marketing & Communications, Ms Carolyn Goh, can be contacted via email at carolyn@propnex.com. The Company's investor relations advisor Ms Foo Yiting from Citigate Dewe Rogerson Singapore Pte Ltd is also contactable via telephone 6534-5122 and email at PropNex@citigatedewerogerson.com.

The Company has in place a process to identify its various stakeholders and understand their viewpoints as well as actively communicating with them to align the Company's expectation and goals. The Group engages with the key stakeholders through various platforms. Details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholder, including frequency of engagement by type and by stakeholder group, key feedback or issues that have been raised through stakeholder engagement can be found in the Sustainability Report section in this Annual Report.

COMPLIANCE WITH APPLICABLE LISTING RULES		
Listing Rule	Rule Description	Company's Compliance or Explanation
712, 715 or 716 1207(6)(b)	Appointment of auditors & review of non-audit services by external auditors	The Company confirms its compliance to the Listing Rules 712 and 715. The AC undertook the annual review of the adequacy, effectiveness, independence and objectivity of the external auditors. The AC had reviewed the non-audit services provided by external auditors which were in relation to corporate tax and other statutory services rendered in FY2022, and is of the view that the nature and extent of such services did not affect the independence and objectivity of the external auditors.
1207(8)	Material contracts	Save for the service agreements between the Company and the Executive Directors, the business takeover agreement entered into with the Dennis Wee Realty Pte Ltd and the PropNex International shareholders agreement, there were no material contracts entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling shareholder of the Company which are still subsisting as at 31 December 2022. For details of the material contracts, please refer to the sections in the Prospectus entitled "General Information – Material Contracts" and "Directors, Management and Staff – Service Agreement".
1207(17)	Interested Person Transaction ("IPT")	All IPTs are subject to review by the AC at its meetings. Please refer to Principle 10 for details. No IPT (within the meaning of the Listing Manual) of S\$100,000 or more in value were entered into during the financial year. The Company does not have a general mandate from shareholders for IPT pursuant to Rule 920 of the Listing Manual.

CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE LISTING RULES																															
Listing Rule	Rule Description	Company's Compliance or Explanation																													
1207(19)	Dealing in securities	<p>The Company has adopted an internal policy to provide guidance to Directors and officers of the Group with regard to dealings in the Company's securities. The policy prohibits dealing in the Company's securities by the Company, the Directors and officers of the Group while in possession of unpublished price sensitive information.</p> <p>The Company, Directors and officers of the Group are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. In addition, the Company, Directors and officers of the Group are expected not to deal in the Company's securities on short term considerations and they are also prohibited from dealing in the Company's securities during the period beginning two weeks before the announcement of the Company's financial results for the first three quarters of the financial year and one month before the announcement of the full-year financial results.</p>																													
1207(20)	Use of proceeds	<p>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 28 February 2023.</p> <table border="1"> <thead> <tr> <th>In S\$'000</th> <th>Allocation of Net Proceeds as disclosed in the Prospectus</th> <th>Net Proceeds utilized as at the date of this announcement</th> <th>Balance of Net Proceeds as at the date of this announcement</th> </tr> </thead> <tbody> <tr> <td>Use of Net Proceeds</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy</td> <td>12,000</td> <td>631⁽¹⁾</td> <td>11,369</td> </tr> <tr> <td>Enhancement of real estate brokerage business</td> <td>11,000</td> <td>10,299⁽²⁾</td> <td>701</td> </tr> <tr> <td>Expansion in range of business services</td> <td>9,280</td> <td>8,426⁽³⁾</td> <td>854</td> </tr> <tr> <td>Enhancement of technological capabilities</td> <td>6,000</td> <td>5,110⁽⁴⁾</td> <td>890</td> </tr> <tr> <td></td> <td>38,280</td> <td>24,466</td> <td>13,814</td> </tr> </tbody> </table> <p>Notes:</p> <p>(1) These are mainly investment in overseas franchisees, business trips and due diligence expenses for existing or potential franchisees.</p> <p>(2) These are mainly renovation costs incurred for the new office at level 18 of HDB Hub and recruitment expenses for the real estate brokerage business.</p> <p>(3) These are mainly expenses incurred by Auction, En-Bloc, Corporate Leasing, Valuation and Gold Class Bungalows departments as well as funding new business initiatives.</p> <p>(4) These are 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.</p>		In S\$'000	Allocation of Net Proceeds as disclosed in the Prospectus	Net Proceeds utilized as at the date of this announcement	Balance of Net Proceeds as at the date of this announcement	Use of Net Proceeds				Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	631 ⁽¹⁾	11,369	Enhancement of real estate brokerage business	11,000	10,299 ⁽²⁾	701	Expansion in range of business services	9,280	8,426 ⁽³⁾	854	Enhancement of technological capabilities	6,000	5,110 ⁽⁴⁾	890		38,280	24,466	13,814
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CORPORATE GOVERNANCE

COMPLIANCE WITH APPLICABLE LISTING RULES		
Listing Rule	Rule Description	Company's Compliance or Explanation
		<p>The Company had on 9 March 2023 released an announcement via SGXNet the re-allocation of S\$11 million of the IPO proceeds originally allocated for the funding of local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy to:</p> <ul style="list-style-type: none"> a) Enhancement of real estate brokerage business – S\$7.00 million; b) Expansion in range of business services – S\$2.00 million; c) Enhancement of technological capabilities – S\$2.00 million. <p>Please refer to the announcement for more details.</p>

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2022

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2022.

In our opinion:

- (a) the financial statements set out on pages 81 to 148 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Mohamed Ismail S/O Abdul Gafoore	(Chief Executive Officer)
Kelvin Fong Keng Seong	(Executive Director)
Ahmad Bin Mohamed Magad	(Non-Executive Lead Independent Director)
Kan Yut Keong	(Non-Executive Independent Director)
Low Wee Siong	(Non-Executive Independent Director)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

(a) The Company

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year	Holdings at 21 January 2023
PropNex Limited			
Ordinary shares			
Mohamed Ismail S/O Abdul Gafoore - deemed interests	240,220,779	240,220,779	240,220,779
Kelvin Fong Keng Seong - deemed interests	31,911,400	32,384,600	32,384,600
Ahmad Bin Mohamed Magad - interests held	60,000	60,000	60,000

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2022

(b) Ultimate holding company

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
P & N Holdings Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - interests held	364,261	364,261

As at the date of this statement, P & N Holdings Pte. Ltd. ("**P&N**") directly holds 205,844,129 ordinary shares of the Company, while P&N is 62% owned by Mohamed Ismail S/O Abdul Gafoore. Accordingly, he is deemed interested in 205,844,129 ordinary shares held by P&N in the Company.

(c) Subsidiaries of PropNex Limited and P & N Holdings Pte. Ltd.

By virtue of Section 7 of the Act, Mohamed Ismail S/O Abdul Gafoore and Kelvin Fong Keng Seong are deemed to have interests in the whole of the issued share capital of the Company's wholly-owned subsidiaries and the shares held by the Company and/or the ultimate holding company in the following subsidiaries that are not wholly-owned by the Company and/or the ultimate holding company:

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
PropNex International Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	71,830	71,830
Kelvin Fong Keng Seong - deemed interests	71,830	71,830
PropNex International Sdn. Bhd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	49,086	49,086
Kelvin Fong Keng Seong - deemed interests	49,086	49,086
Ovy Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	231,250	231,250
Kelvin Fong Keng Seong - deemed interests	231,250	231,250

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2022

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
Preference shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	92,500	92,500
Kelvin Fong Keng Seong - deemed interests	92,500	92,500
SingCapital Pte. Ltd. Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	153,000	123,000
SingCapital Holdings Pte. Ltd. Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	102	82
SC Power Pte. Ltd. Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore - deemed interests	51	41

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2022

Audit Committee

The members of the Audit Committee during the year and at the date of this statement are:

Kan Yut Keong	(Audit Committee Chairman and Non-Executive Independent Director)
Ahmad Bin Mohamed Magad	(Audit Committee member and Non-Executive Lead Independent Director)
Low Wee Siong	(Audit Committee member and Non-Executive Independent Director)

The Audit Committee performs the function specified in Section 201B of the Act, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last Directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scopes of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- the unaudited quarterly and full year financial results of the Group, and announcements prior to submission to the Board for approval and release of the results via SGXNET;
- the assurance from the CEO and CFO on the financial records and financial statements;
- the assurance from the CEO and KMP in respect of adequacy and effectiveness of the internal controls and risk management systems;
- the external and internal auditors' plan and report in relation to audit and accounting issues arising from the audits and meeting with the external and internal auditors without presence of the executive board members and the Management;
- cooperation given by Management to the external and internal auditors;
- the internal audit findings report including internal control processes and procedures;
- the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, risk management systems and reporting the findings to the Board;
- the external audit fees for FY2022;
- the independence and recommendation to the Board on (i) the proposal to shareholders on re-appointment of the external auditors and (ii) the remuneration and terms of engagement of the external auditors;
- interested person transactions;
- compliance of P&N Holdings Pte. Ltd.'s obligations under PropNex International shareholders' agreement; and
- CEO's expenses and claims.

DIRECTORS' STATEMENT

YEAR ENDED 31 DECEMBER 2022

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the re-appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Further details regarding the Audit Committee are disclosed in the Report of Corporate Governance included in the Annual Report of the Company.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Mohamed Ismail S/O Abdul Gafoore

Director

Kelvin Fong Keng Seong

Director

31 March 2023

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

Members of the Company
PropNex Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of PropNex Limited ('the Company') and its subsidiaries ('the Group'), which comprise the statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 81 to 148.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

Valuation of trade receivables of \$220.9 million

Refer to note 2.4, 3.6(i), 11 and note 27.

The key audit matter

As at 31 December 2022, the Group has trade receivables of \$220.9 million, which represents 59% of its total assets. Judgement is required to evaluate whether any allowance should be made to reflect the risk that some of the trade receivables may not be recoverable.

The Group assessed the recoverability of trade receivables with reference to the ageing analysis of the trade receivables, adjusted for management's judgement based on the current economic and credit conditions of these trade receivables due from specific trade debtors. The Group also assessed the impairment losses on the trade receivables using expected credit loss ("ECL") model, which is based on a probability-weighted estimate of credit losses using historical loss rate, then adjusted for a forward-looking overlay, such as GDP growth in the estimate, or default rate of the sector.

As a result of the size of the trade receivable balance and the significant judgement and estimate applied by management, this is considered a key audit matter.

How the matter was addressed in our audit

We tested the accuracy of the ageing analysis of the Group's trade receivables. We reviewed management assessment of and assessed the recoverability of significant and long overdue balances, with reference to sales and collection track records. This includes ascertaining that the trade receivables are aged correctly. We also examined receipts from the customers subsequent to the year end.

We also evaluated the key assumptions used by management in the ECL model which included the review of historical loss rate against the historical record of the Group and forward-looking overlay, such as GDP growth with the available industry data or default rate of the sector.

Our findings

We found management's assessment of the recoverability of trade receivables and their estimate on the allowance for impairment loss to be within a reasonable range of our expectations. We also found that the key assumptions used by management in the ECL model to be comparable to market trends and externally derived data.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

Revenue recognition on commission income from resale of Housing Development Board ("HDB") properties

Refer to note 2.4 and note 3.9.

The key audit matter

For the year ended 31 December 2022, the Group recognised commission income from real estate agency services revenue of \$640.6m (FY21: \$519.2m). Included within this is revenue relating to commission income from resale of HDB properties.

Commission income from real estate agency services on resale of HDB properties are success-based arrangement where the amount of consideration is contingent on the achievement of specific outcome, i.e. upon transferring control of a promised service to the customer such as the legal completion of the home sale.

The completion process of HDB properties is estimated to be 8 weeks on the HDB official website. The approval of HDB is a critical factor that marks the legal completion of the HDB resale process, which is normally communicated directly to both the seller and the buyer.

Prior to Covid-19 pandemic, agents were able to attend completion appointments which provides insights around the actual completion timeline for HDB resale. Arising from the Covid-19 pandemic, agents were no longer allowed or required to attend the completion appointments. This change in circumstances along with the increase in the total commission income from HDB resale in the current year has increased the risk that management's estimate on the timing on when revenue is recognised may not be accurate, in particular cut off error around the year end. As such, we considered this to be a key audit matter.

How the matter was addressed in our audit

We have assessed the reasonableness of the key assumptions used in the Group's accounting policy for revenue recognition on commission income from resale of HDB properties. We have also reviewed the issuance of credit notes during the year as well as after the year end for cancellation patterns, if any.

Based on our understanding of the cash receipt days obtained from our data analytics and inquiries of management on industry trends and other market information on collection patterns and credit term, we have performed sensitivity analysis on the outstanding trade receivables arising from the resale of HDB properties as at 31 December 2022 to determine the impact of potential cut off error, if any.

Our findings

We found management's revenue recognition on commission income from resale of HDB properties to be within a reasonable range of our expectations.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

YEAR ENDED 31 DECEMBER 2022

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Shelley Chan Hoi Yi.

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

31 March 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 \$	2021 \$	2022 \$	2021 \$
Assets					
Plant and equipment	4	1,384,395	2,031,839	1,495	3,949
Right-of-use assets	5	5,007,069	2,888,059	-	-
Intangible assets	6	602,831	900,315	60,000	90,000
Subsidiaries	7	-	-	17,548,331	17,548,331
Associate	8	-	-	-	-
Other investments	9	361,842	361,842	-	-
Deferred tax assets	10	24	24	-	-
Non-current assets		7,356,161	6,182,079	17,609,826	17,642,280
Other investments	9	5,689,724	-	5,689,724	-
Trade and other receivables	11	223,413,524	142,738,435	2,185,173	6,945,264
Cash and cash equivalents	12	138,890,528	145,645,922	81,484,024	75,183,961
Total current assets		367,993,776	288,384,357	89,358,921	82,129,225
Total assets		375,349,937	294,566,436	106,968,747	99,771,505
Equity					
Share capital	13	57,490,729	57,490,729	57,490,729	57,490,729
Merger reserve	13	(17,663,164)	(17,663,164)	-	-
Capital reserve	13	606,615	606,615	-	-
Foreign currency translation reserve	13	4,219	140	-	-
Retained earnings		85,109,589	68,999,884	38,730,279	38,987,000
Equity attributable to owners of the Company		125,547,988	109,434,204	96,221,008	96,477,729
Non-controlling interests	14	943,981	3,142,740	-	-
Total equity		126,491,969	112,576,944	96,221,008	96,477,729
Liabilities					
Deferred tax liabilities	10	177,416	177,416	-	-
Lease liabilities	5	2,756,851	1,309,861	-	-
Non-current liabilities		2,934,267	1,487,277	-	-
Trade and other payables	15	228,320,306	164,299,175	10,575,172	3,196,490
Deferred income	16	1,541,248	1,118,814	-	-
Lease liabilities	5	2,257,130	1,598,172	-	-
Current tax liabilities		13,805,017	13,486,054	172,567	97,286
Current liabilities		245,923,701	180,502,215	10,747,739	3,293,776
Total liabilities		248,857,968	181,989,492	10,747,739	3,293,776
Total equity and liabilities		375,349,937	294,566,436	106,968,747	99,771,505

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Revenue	17	1,029,192,732	957,491,704
Cost of services rendered		(924,510,208)	(855,704,754)
Finance income	18	1,184,427	365,678
Other income	19	16,106,563	6,971,056
Gain on disposal of associate		515,948	-
Gain on disposal of discontinued operation	7	-	636,712
Staff costs	20	(18,355,089)	(16,804,795)
Depreciation of plant and equipment		(1,014,751)	(1,035,610)
Depreciation of right-of-use assets		(2,297,116)	(2,210,311)
Amortisation of intangible assets	6	(297,484)	(297,485)
Finance costs	21	(31,722)	(42,441)
Other expenses	22	(13,096,561)	(9,785,905)
Impairment losses recognised on trade and other receivables	27	(8,312,100)	(867,179)
		79,084,639	78,716,670
Share of results of associate	8	-	(47,303)
Profit before tax		79,084,639	78,669,367
Tax expense	23	(13,712,911)	(13,544,451)
Profit from continuing operations		65,371,728	65,124,916
Discontinuing operations			
Profit from discontinued operation (net of tax)		-	19,051
Profit for the year		65,371,728	65,143,967
Profit attributable to:			
Owners of the Company		62,359,705	60,028,453
Non-controlling interests	14	3,012,023	5,115,514
Profit for the year		65,371,728	65,143,967
Earnings per share			
Basic earnings per share (cents)	24	16.85	16.22
Diluted earnings per share (cents)	24	16.85	16.22

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
		<u> </u>	<u> </u>
Profit for the year		65,371,728	65,143,967
Other comprehensive income, net of tax Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		<u>4,747</u>	<u>871</u>
Other comprehensive income for the year, net of tax		<u>4,747</u>	<u>871</u>
Total comprehensive income for the year		<u><u>65,376,475</u></u>	<u><u>65,144,838</u></u>
Total comprehensive income attributable to:			
Owners of the Company		<u>62,363,784</u>	60,029,201
Non-controlling interests	14	<u>3,012,691</u>	<u>5,115,637</u>
Total comprehensive income for the year		<u><u>65,376,475</u></u>	<u><u>65,144,838</u></u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

		Attributable to owners of the Company							
Note	Share capital \$	Merger reserve \$	Capital reserve \$	Foreign currency translation reserve		Retained earnings \$	Total \$	Non-controlling interests \$	Total equity \$
				\$	\$				
At 1 January 2021	57,490,729	(17,663,164)	606,615	(608)	44,121,431	84,555,003	3,031,939	87,586,942	
Profit for the year	-	-	-	-	60,028,453	60,028,453	5,115,514	65,143,967	
Other comprehensive income									
Foreign currency translation differences – foreign operations	-	-	-	748	-	748	123	871	
Total other comprehensive income, net of tax									
	-	-	-	748	-	748	123	871	
Total comprehensive income for the year									
	-	-	-	748	60,028,453	60,029,201	5,115,637	65,144,838	
Transaction with owners, recognised directly in equity									
Dividends	-	-	-	-	(35,150,000)	(35,150,000)	(5,070,600)	(40,220,600)	
Changes in ownership interests in subsidiaries									
Disposal of discontinued operation with non-controlling interest	-	-	-	-	-	-	(42,263)	(42,263)	
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	-	108,027	108,027	
Total transactions with owners of the Company	-	-	-	-	-	-	65,764	65,764	
At 31 December 2021	57,490,729	(17,663,164)	606,615	140	68,999,884	109,434,204	3,142,740	112,576,944	

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

	Attributable to owners of the Company							
	Share capital	Merger reserve	Capital reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Note	\$	\$	\$	\$	\$	\$	\$	\$
At 1 January 2022	57,490,729	(17,663,164)	606,615	140	68,999,884	109,434,204	3,142,740	112,576,944
Profit for the year	-	-	-	-	62,359,705	62,359,705	3,012,023	65,371,728
Other comprehensive income								
Foreign currency translation differences – foreign operations	-	-	-	4,079	-	4,079	668	4,747
Total other comprehensive income, net of tax	-	-	-	4,079	-	4,079	668	4,747
Total comprehensive income for the year	-	-	-	4,079	62,359,705	62,363,784	3,012,691	65,376,475
Transaction with owners, recognised directly in equity								
Distributions to owners	-	-	-	-	(46,250,000)	(46,250,000)	(5,211,450)	(51,461,450)
Dividends	-	-	-	-	(46,250,000)	(46,250,000)	(5,211,450)	(51,461,450)
Total transactions with owners of the Company	-	-	-	-	85,109,589	125,547,988	943,981	126,491,969
At 31 December 2022	57,490,729	(17,663,164)	606,615	4,219	85,109,589	125,547,988	943,981	126,491,969

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Profit for the year		65,371,728	65,143,967
Adjustments for:			
Amortisation of intangible assets	6	297,484	297,485
Bad debts written off	22	330,521	201,918
Depreciation of plant and equipment	4	1,014,751	1,037,223
Depreciation of right-of-use assets	5	2,297,116	2,213,067
Derecognition of trade payables	19	(7,806,278)	-
Fair value loss on investment securities	22	182,263	-
Gain on disposal of associate		(515,948)	-
Gain on disposal of discontinued operation	7	-	(636,712)
Gain on disposal of plant and equipment	22	(2,506)	(114)
Impairment losses recognised on trade and other receivables	27	8,312,100	867,179
Interest expense		31,722	42,523
Interest income	18	(1,184,427)	(365,678)
Loss on disposal of other investment	22	-	29,410
Plant and equipment written off	22	100	17
Share of results of associate	8	-	47,303
Tax expense	23	13,712,911	13,544,451
		82,041,537	82,422,039
Changes in:			
- trade and other receivables		(89,489,035)	(63,417,088)
- trade and other payables		71,832,156	70,478,931
- deferred income		422,434	656,809
Cash generated from operations		64,807,092	90,140,691
Tax paid		(13,422,952)	(7,067,023)
Tax refunded		29,004	5,676
Net cash from operating activities		51,413,144	83,079,344
Cash flows from investing activities			
Net cash outflows arising from acquisition of a subsidiary	7	-	(978,992)
Acquisition of plant and equipment	4	(368,726)	(537,095)
Addition in other investments		(5,865,631)	-
Deposits pledged		(62)	(153)
Disposal of discontinued operation, net of cash disposed	7	-	585,349
Interest received		1,178,071	365,678
Net proceeds from disposal of associate		687,273	-
Proceeds from disposal of plant and equipment		3,825	114
Net cash used in investing activities		(4,365,250)	(565,099)
Cash flows from financing activities			
Dividends paid to owners	13	(46,250,000)	(35,150,000)
Dividends paid to non-controlling interests	5	(5,211,450)	(5,243,134)
Interest paid	5	(31,722)	(42,523)
Payment of lease liabilities	5	(2,310,178)	(2,234,276)
Net cash used in financing activities		(53,803,350)	(42,669,933)
Net (decrease)/increase in cash and cash equivalents		(6,755,456)	39,844,312
Cash and cash equivalents at 1 January		145,584,279	105,739,967
Cash and cash equivalents at 31 December	12	138,828,823	145,584,279

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 March 2023.

1 DOMICILE AND ACTIVITIES

PropNex Limited is incorporated in the Republic of Singapore on 10 January 2018. The address of the Company's registered office is 480 Lorong 6 Toa Payoh, HDB Hub East Wing, #10-01, Singapore 310480.

The financial statements of the Group as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries and the Group's interest in equity-accounted investees.

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

The ultimate holding company is P & N Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)s**").

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2 BASIS OF PREPARATION (CONTINUED)

2.4 Use of estimates and judgements (Continued)

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 financial year are:

- Note 27 – Measurement of ECL allowance for trade receivables, specifically the key assumptions in determining the weighted-average loss rate and forward-looking overlay adjustment; and
- Note 17 – Revenue recognition on commission income from the resale of HDB properties which is included within real estate agency services, where management judgement is applied in determining when HDB approval is granted, representing when legal completion have taken place therefore determining the point of revenue recognition. The Group has used their past experience as well as other publicly available information to estimate the expected legal completion date. However, changes in circumstances arising from the Covid-19 pandemic may cause the estimate used by management to no longer be representation of the actual legal completion date.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses and documents the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of SFRS(I), including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 27 – financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

2 BASIS OF PREPARATION (CONTINUED)

2.5 Changes in significant accounting policies

New standards and amendments

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 January 2022:

- *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*

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets in a business, the Group assess whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(i) *Business combinations* (Continued)

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by SFRS(I)s.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (Continued)

(iii) *Acquisition from entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or; if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) *Investment in associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investment in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) *Subsidiaries and associates in the separate financial statements*

Investment in subsidiaries and associates are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Foreign currency

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss.

(ii) *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in associate that includes a foreign operation while retaining significant influence, the relevant portion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the foreign currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments

(i) *Recognition and measurement*

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) *Classification and subsequent measurement*

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financials assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) *Classification and subsequent measurement* (Continued)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. This information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) *Classification and subsequent measurement* (Continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest (Continued)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessment whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(ii) *Classification and subsequent measurement* (Continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) *Derecognition*

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
 - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
 - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Financial instruments (Continued)

(v) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

(vi) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

3.4 Plant and equipment

(i) *Recognition and measurement*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the asset to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain and loss on disposal of an item of plant and equipment is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Plant and equipment (Continued)

(ii) *Subsequent costs*

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Office equipment	5 years
Computers	3 years
Furniture and fittings	5 years
Renovation	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

Intangible assets that are acquired by the Group are stated in the statement of financial position at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated based on the cost of the acquired trademark, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of acquired trademarks from the date that it is available for use. The estimated useful life for trademark and technology is 20 years and 4 years respectively.

Trademark is not amortised while their useful lives are assessed to be indefinite. The trademark is registered in Indonesia where the right to use the trademark is indefinite in nature. Any conclusion that the useful life is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful lives assessment from indefinite to finite is accounted for prospectively from the date of change and is charged to profit or loss on a straight-line basis over the assets' estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Intangible assets (Continued)

Technology that is acquired by the Group through business combination and has finite useful life is measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Impairment

(i) *Non-derivative financial assets*

The Group recognises loss allowances for ECL on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables due from individual customers of real estate agency services. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(i) *Non-derivative financial assets* (Continued)

General approach (Continued)

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 365 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Impairment (Continued)

(i) **Non-derivative financial assets** (Continued)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) **Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow or economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.9 Revenue

Revenue from sale of services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised services. The individual stand-alone selling price of a service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Government grants

Grants that compensate the Group for expenses incurred are recognised in profit or loss as "other income" on a systematic basis in the same periods in which the expenses are recognised.

3.11 Finance income and finance costs

The Group's finance income and finance costs includes:

- interest income;
- interest expense; and
- dividend income.

Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

The "effective interest rate" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.12 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(i) As a lessee (Continued)

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 Leases (Continued)

(i) As a lessee (Continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

COVID-19-related rent concessions

The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes; if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.14 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (the chief operating decision maker) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and intangible assets.

3.16 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new SFRS(I)s, interpretations and amendments to SFRS(I)s are not expected to have a significant impact on the Company's financial statements.

- *SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)*
- *Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)*
- *Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to SFRS(I) 1-12)*
- *Initial Application of SFRS(I) 17 and SFRS(I) 9-Comparative Information (Amendments to SFRS(I) 17) and SFRS(I) 9)*
- *Lease Liability in a Sale and Leaseback (Amendments to SFRS(I) 16)*
- *Non-current Liabilities with Covenants (Amendments to SFRS(I) 1-1)*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)*

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PLANT AND EQUIPMENT

Group	Office equipment \$	Computers \$	Furniture and fittings \$	Renovation \$	Total \$
Cost					
At 1 January 2021	833,573	2,073,358	378,561	3,216,609	6,502,101
Additions	82,542	119,418	2,939	332,196	537,095
Disposals	(935)	(48,667)	-	-	(49,602)
Written off	(2,196)	(18,530)	(12,350)	(144,687)	(177,763)
Disposal of discontinued operation	(7,752)	(49,877)	(3,000)	(54,518)	(115,147)
At 31 December 2021	905,232	2,075,702	366,150	3,349,600	6,696,684
Additions	68,399	46,589	43,470	210,268	368,726
Disposals	(15,681)	-	-	-	(15,681)
Written off	(4,200)	(9,698)	(5,715)	(42,512)	(62,125)
At 31 December 2022	953,750	2,112,593	403,905	3,517,356	6,987,604
Accumulated depreciation					
At 1 January 2021	429,366	1,622,795	204,537	1,652,116	3,908,814
Depreciation for the year	161,025	255,082	63,928	557,188	1,037,223
Disposals	(935)	(48,667)	-	-	(49,602)
Written off	(2,196)	(18,513)	(12,350)	(144,687)	(177,746)
Disposal of discontinued operation	(7,335)	(38,966)	(3,000)	(4,543)	(53,844)
At 31 December 2021	579,925	1,771,731	253,115	2,060,074	4,664,845
Depreciation for the year	170,728	163,134	68,489	612,400	1,014,751
Disposals	(14,362)	-	-	-	(14,362)
Written off	(4,200)	(9,698)	(5,715)	(42,412)	(62,025)
At 31 December 2022	732,091	1,925,167	315,889	2,630,062	5,603,209
Carrying amounts					
At 1 January 2021	404,207	450,563	174,024	1,564,493	2,593,287
At 31 December 2021	325,307	303,971	113,035	1,289,526	2,031,839
At 31 December 2022	221,659	187,426	88,016	887,294	1,384,395

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

4 PLANT AND EQUIPMENT (CONTINUED)

Company	Office equipment \$	Computers \$	Total \$
Cost			
At 1 January 2021	1,437	4,558	5,995
Additions	-	2,567	2,567
At 31 December 2021 and 31 December 2022	1,437	7,125	8,562
Accumulated depreciation			
At 1 January 2021	574	1,164	1,738
Depreciation for the year	287	2,588	2,875
At 31 December 2021	861	3,752	4,613
Depreciation for the year	287	2,167	2,454
At 31 December 2022	1,148	5,919	7,067
Carrying amounts			
At 1 January 2021	863	3,394	4,257
At 31 December 2021	576	3,373	3,949
At 31 December 2022	289	1,206	1,495

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Leases as lessee (SFRS(I) 16)

The Group leases office premises. The leases typically run for a period of 2 to 3 years, with an option to renew the lease after that date. Lease payments are renegotiated at renewal to reflect market rentals.

The Group also leases certain office premises and equipment, which are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Group	Leased office premises \$
At 1 January 2021	3,156,045
Additions	2,063,600
Depreciation charge for the year	(2,213,067)
Disposal of discontinued operation	(118,519)
At 31 December 2021	2,888,059
Additions	4,416,126
Depreciation charge for the year	(2,297,116)
At 31 December 2022	5,007,069

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Lease liabilities

	Group	
	2022	2021
	\$	\$
Non-current liabilities		
Lease liabilities	2,756,851	1,309,861
Current liabilities		
Lease liabilities	2,257,130	1,598,172
	<u>5,013,981</u>	<u>2,908,033</u>

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

				2022		2021	
	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
				\$	\$	\$	\$
Group							
Lease liabilities	SGD	0.81% - 0.88%	2023 - 2025	<u>5,062,780</u>	<u>5,013,981</u>	<u>2,937,800</u>	<u>2,908,033</u>

The Group's exposures to interest rate and liquidity risk related to lease liabilities are disclosed in Note 27.

Amounts recognised in consolidated statement profit or loss

	2022	2021
	\$	\$
Interest on lease liabilities	31,722	42,441
Expenses relating to short-term leases	5,112	5,112
Expenses relating to leases of low-value assets	<u>13,903</u>	<u>13,618</u>

Amounts recognised in consolidated statement of cash flows

	2022	2021
	\$	\$
Total cash outflow for leases	<u>(2,310,178)</u>	<u>(2,234,276)</u>

Extension options

Some property leases contain extension options exercisable by the Group up to 3 months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. These extension options are subject to the approval by the lessors upon the request of the Group, which is not within the control of the Group.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

5 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Lease liabilities \$	Dividends payable to non-controlling shareholder \$	Total \$
At 1 January 2021		3,194,546	172,534	3,367,080
Changes from investing cash flows				
- Disposal of discontinued operation		(115,837)	-	(115,837)
Total changes from investing cash flows		(115,837)	-	(115,837)
Changes from financing cash flows				
- Dividends paid to non-controlling interests		-	(5,243,134)	(5,243,134)
- Interest paid		(42,523)	-	(42,523)
- Payment of lease liabilities		(2,234,276)	-	(2,234,276)
Total changes from financing cash flows		(2,276,799)	(5,243,134)	(7,519,933)
Other changes				
- Dividends declared to non-controlling interests	13	-	5,070,600	5,070,600
- New leases		2,063,600	-	2,063,600
- Interest expense		42,523	-	42,523
Total other changes		2,106,123	5,070,600	7,176,723
At 31 December 2021		2,908,033	-	2,908,033
At 1 January 2022		2,908,033	-	2,908,033
Changes from financing cash flows				
- Dividends paid to non-controlling interests		-	(5,211,450)	(5,211,450)
- Interest paid		(31,722)	-	(31,722)
- Payment of lease liabilities		(2,310,178)	-	(2,310,178)
Total changes from financing cash flows		(2,341,900)	(5,211,450)	(7,553,350)
Other changes				
- Dividends declared to non-controlling interests	13	-	5,211,450	5,211,450
- New leases		4,416,126	-	4,416,126
- Interest expense	21	31,722	-	31,722
Total other changes		4,447,848	5,211,450	9,659,298
At 31 December 2022		5,013,981	-	5,013,981

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

6 INTANGIBLE ASSETS

Group	Trademark \$	Technology \$	Total \$
Cost			
At 1 January 2021	607,862	-	607,862
Additions	-	1,069,938	1,069,938
At 31 December 2021 and 31 December 2022	607,862	1,069,938	1,677,800
Accumulated amortisation			
At 1 January 2021	480,000	-	480,000
Amortisation for the year	30,000	267,485	297,485
At 31 December 2021	510,000	267,485	777,485
Amortisation for the year	30,000	267,484	297,484
At 31 December 2022	540,000	534,969	1,074,969
Carrying amounts			
At 1 January 2021	127,862	-	127,862
At 31 December 2021	97,862	802,453	900,315
At 31 December 2022	67,862	534,969	602,831

The remaining amortisation period is 2 to 3 years (2021: 3 to 4 years).

Company	Trademark \$
Cost	
At 1 January 2021, 31 December 2021 and 31 December 2022	600,000
Accumulated amortisation	
At 1 January 2021	480,000
Amortisation for the year	30,000
At 31 December 2021	510,000
Amortisation for the year	30,000
At 31 December 2022	540,000
Carrying amounts	
At 1 January 2021	120,000
At 31 December 2021	90,000
At 31 December 2022	60,000

The remaining amortisation period of the trademark is 2 years (2021: 3 years).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7 SUBSIDIARIES

	Company	
	2022	2021
	\$	\$
Equity investments at cost	<u>17,548,331</u>	<u>17,548,331</u>

Details of the subsidiaries are as follows:

Name of subsidiaries	Operating segments	Principal place of business/country of incorporation	Ownership interest	
			2022 %	2021 %
PropNex Realty Pte. Ltd.	Real estate agency services	Singapore	100	100
PropNex International Pte. Ltd.	Real estate project marketing services	Singapore	71.83	71.83
PropNex Grandeur Homes Pte. Ltd.	Administrative support services	Singapore	100	100
Life Mastery Academy Pte. Ltd.	Training	Singapore	100	100
<i>Subsidiary of PropNex International Pte. Ltd.</i>				
PropNex International Sdn. Bhd.	Real estate project marketing services	Malaysia	100	100
<i>Subsidiary of PropNex Grandeur Homes Pte. Ltd.</i>				
Ovvy Pte. Ltd.	Web portals	Singapore	70	70

KPMG LLP is the auditors of all significant Singapore-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Disposal of subsidiary

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7 SUBSIDIARIES (CONTINUED)

Disposal of subsidiary (Continued)

Effect of Disposal

Details of assets and liabilities of the subsidiary disposed were as follows:

	2021
	\$
Plant and equipment	61,303
Right-of-use assets	118,519
Trade and other receivables	360,820
Cash and cash equivalents	44,201
Deferred tax liabilities	(1,980)
Lease liabilities	(115,837)
Trade and other payables	(280,462)
Current tax liabilities	(17,513)
Net assets	169,051
Non-controlling interests	(42,263)
Identified net assets	126,788
Gain on disposal of discontinued operation, recognised in the consolidated statement of profit or loss	636,712
Selling proceeds	763,500
Selling proceeds are represented by:	
- Cash consideration received	629,550
- Deferred consideration to be received	133,950
	763,500
Net cash outflows arising from the disposal of discontinued operation:	
- Cash consideration received	629,550
- Cash and cash equivalents disposed off	(44,201)
	585,349

The statement of profit or loss of subsidiary for discontinued operation is as follow:

	2021
	\$
Discontinued operation	
Revenue	177,076
Cost of services rendered	(102,122)
Finance income	-
Other income	1,205
Staff costs	(42,667)
Depreciation of plant and equipment	(1,613)
Depreciation of right-of-use assets	(2,756)
Finance costs	(82)
Other expenses	(9,990)
Profit before tax	19,051
Tax expense	-
Profit from discontinued operation (net of tax)	19,051

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

7 SUBSIDIARIES (CONTINUED)

Acquisition of subsidiary

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

	2021 \$
Purchase consideration	
Cash consideration paid	1,000,000
<u>Assets and liabilities acquired</u>	
Cash and cash equivalents	21,008
Trade and other receivables	26,508
Trade and other payables	(9,427)
Technology	1,069,938
Non-controlling interests on acquisition	(108,027)
Total purchase consideration	<u>1,000,000</u>
Cash flows relating to acquisition	
Cash considerations	1,000,000
Less: Cash and cash acquired	(21,008)
Net cash outflows arising from acquisition of a subsidiary	<u>978,992</u>

8 ASSOCIATE

	Group	
	2022 \$	2021 \$
Interests in associate	<u>-</u>	<u>-</u>

Details of the associate are as follows:

Name of associate	Operating segment	Principal place of business/country of incorporation	Ownership interests	
			2022 %	2021 %
Soreal Prop Pte. Ltd. ("Soreal Prop")	Real estate investment	Singapore	-	31.69

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

8 ASSOCIATE (CONTINUED)

Disposal of equity interest in associate

In October 2022, the Group disposed its entire 31.69% equity interests in Soreal Prop Pte. Ltd. ("Soreal Prop") for a cash consideration of \$798,223. Consequently, Soreal Prop ceased to be an associate of the Company.

	2021
	\$
Revenue	1,093,527
Loss for the year	(852,907)
Other comprehensive income	-
Total comprehensive income	(852,907)
Attributable to investee's shareholders	(852,907)
Current assets	53,288
Current liabilities	(756,936)
Net liabilities	(703,648)
Group's interest in net assets of investee at end of the year	-
Group's interest in net assets of investee at beginning of the year	47,303
- loss after tax	(47,303)
- other comprehensive income	-
- total comprehensive income	(47,303)
Group's interest in net assets of investee at end of the year	-

The results of Soreal Prop is equity accounted for the period from 1 January 2022 to 5 October 2022. Thereafter, the Group discontinued further equity accounting as the Group's share of losses has exceeds its initial investment in Soreal Prop and there is no obligation on the Group to continue to fund the losses beyond its initial investment invested.

9 OTHER INVESTMENTS

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Non-current investment				
Other investments – at FVOCI	361,842	361,842	-	-
Current investment				
Other investments – mandatorily at FVTPL	5,689,724	-	5,689,724	-

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

9 OTHER INVESTMENTS (CONTINUED)

Disposal of other investment

On 1 November 2021, the Company disposed of and transferred the entire equity interest in PropNex Realty (Vietnam) Company Limited ("**PropNex Vietnam**") to a third party for a nominal sum consideration of \$1 based on the terms of the Deed. Following the completion of this transfer, the Company ceased to have any equity interest in PropNex Vietnam.

Other investments designated at FVOCI

The Group designated the below equity investment as other investments at FVOCI because the equity investment represents the Group's intention to hold for long-term strategic purposes.

	Fair value	
	2022	2021
	\$	\$
Investment in PropNex Realty Sdn. Bhd. (" PropNex Malaysia ")	<u>361,842</u>	<u>361,842</u>

The Group assessed that it does not have significant influence in its investment in PropNex Malaysia notwithstanding the Group holds 20% equity interest, because the Group does not have any representative on the Board of Directors of the investee.

Other investments mandatorily at FVTPL

Other investments below are mandatorily measured at FVTPL because the investments are held for trading.

	Group and Company Fair value	
	2022	2021
	\$	\$
Debt investments	3,211,663	-
Quoted equity investments	2,412,509	-
Forward exchange contracts	65,552	-
	<u>5,689,724</u>	<u>-</u>

Debt investments have stated interest rates of 3.1% to 8.3% and are held for trading. Quoted equity investments are based on the quoted closing market prices on the last day of the financial year.

Information about the Group's and Company's fair value measurement is included in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

10 DEFERRED TAX ASSETS/(LIABILITIES)

	At 1 January 2021 \$	Recognised in profit or loss (Note 23) \$	Disposal of discontinued operation \$	At 31 December 2021 \$
Group				
Plant and equipment	(183,760)	(19,849)	2,040	(201,569)
Trade and other receivables	4,388	19,849	(60)	24,177
	<u>(179,372)</u>	<u>-</u>	<u>1,980</u>	<u>(177,392)</u>
Company				
Trade and other receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		At	Recognised	At
		1 January	in profit	31 December
		2022	or loss	2022
		\$	(Note 23)	\$
Group				
Plant and equipment		(201,569)	(15,241)	(216,810)
Trade and other receivables		24,177	15,241	39,418
		<u>(177,392)</u>	<u>-</u>	<u>(177,392)</u>
Company				
Trade and other receivables		<u>-</u>	<u>-</u>	<u>-</u>

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off deferred tax assets against deferred tax liabilities and when the deferred taxes relate to the same tax authority on the same taxable entity. The following amounts, determined after appropriate offsetting are as follows:

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Deferred tax assets	24	24	-	-
Deferred tax liabilities	<u>(177,416)</u>	<u>(177,416)</u>	<u>-</u>	<u>-</u>
	<u>(177,392)</u>	<u>(177,392)</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

11 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables				
- third parties	230,766,922	142,669,631	-	-
Impairment losses	(9,819,817)	(1,749,672)	-	-
	220,947,105	140,919,959	-	-
Other receivables:				
- third parties	471,912	827,799	-	133,950
- subsidiaries (non-trade)	-	-	1,890,239	6,505,438
- related corporations (non-trade)	8	24	-	-
- associate (non-trade)	-	85,325	-	-
Deposits	412,440	404,464	244,273	254,216
	884,360	1,317,612	2,134,512	6,893,604
Impairment losses	(19,885)	(100,697)	(4,446)	(4,425)
	864,475	1,216,915	2,130,066	6,889,179
	221,811,580	142,136,874	2,130,066	6,889,179
Prepayments	1,601,944	601,561	55,107	56,085
	223,413,524	142,738,435	2,185,173	6,945,264

The non-trade amounts due from subsidiaries, related corporations and an associate are unsecured, interest-free and repayable on demand.

Other receivables comprised mainly advance payments to its property agents.

The Group's exposure to credit risk and impairment losses related to trade and other receivables is disclosed in Note 27.

12 CASH AND CASH EQUIVALENTS

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Cash at bank and on hand	58,559,430	103,395,062	4,178,251	35,280,529
Brokerage account	454,231	-	454,231	-
Fixed deposits	79,876,867	42,250,860	76,851,542	39,903,432
Cash and cash equivalents in the statements of financial position	138,890,528	145,645,922	81,484,024	75,183,961
Deposits pledged	(61,705)	(61,643)	-	-
Cash and cash equivalents in the statement of cash flows	138,828,823	145,584,279	81,484,024	75,183,961

Deposits pledged represent bank balances of a subsidiary pledged as security to obtain credit facilities. The effective interest rate on fixed deposits of the Group was 0.78% to 4.60% (2021: 0.32% to 1.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

13 CAPITAL AND RESERVES

Share capital

	Number of shares		Amount	
	2022	2021	2022	2021
			\$	\$
Group and Company				
Fully paid ordinary shares, with no par value:				
At 1 January and 31 December	<u>370,000,000</u>	<u>370,000,000</u>	<u>57,490,729</u>	<u>57,490,729</u>

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

Merger reserve

Merger reserve represents the difference between the nominal value of the shares of \$18,098,166 issued by the Company in exchange for the nominal value of shares of subsidiaries totalling \$435,002 acquired during the restructuring exercise, which is accounted for as a business combination under common control.

Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations.

Capital reserve

	Group	
	2022	2021
	\$	\$
Gain arising from the debt waived by a related corporation	207,119	207,119
Gain on acquisition of non-controlling interests	399,496	399,496
	<u>606,615</u>	<u>606,615</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

13 CAPITAL AND RESERVES (CONTINUED)

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and the Company:

	Group and Company	
	2022	2021
	\$	\$
Paid to the owners		
<u>PropNex Limited</u>		
Final dividends for financial year ended 31 December 2021 – \$0.7 per ordinary share	25,900,000	-
Final dividends for financial year ended 31 December 2020 – \$0.04 per ordinary share	-	14,800,000
Interim dividends for financial year ended 31 December 2022 – \$0.055 per ordinary share	20,350,000	-
Interim dividends for financial year ended 31 December 2021 – \$0.055 per ordinary share	-	20,350,000
	<u>46,250,000</u>	<u>35,150,000</u>

Paid 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	3,098,700	-
Final dividends for financial year ended 31 December 2020 – \$180 per ordinary share	-	5,070,600
Interim dividends for financial year ended 31 December 2022 – \$45 per ordinary share	1,267,650	-
Second interim dividends for period ended 31 October 2022 – \$30 per ordinary share	845,100	-
	<u>5,211,450</u>	<u>5,070,600</u>

After the respective reporting dates, the following (one-tier dividends) were proposed by the directors. These exempt (one-tier) dividends have not been provided for.

	Company	
	2022	2021
	\$	\$
Final dividends – \$0.08 (2021: \$0.07) per ordinary share	<u>29,600,000</u>	<u>25,900,000</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

14 NON-CONTROLLING INTERESTS

The following subsidiaries have NCI that are material to the Group.

Name	Principal place of business/Country of incorporation	Operating segment	Ownership interests held by NCI	
			2022	2021
			%	%
PropNex International Pte. Ltd.	Singapore	Real estate project marketing services	28.17	28.17
Ovy Pte. Ltd.	Singapore	Web portals	30	30

The following summarises the financial information prepared in accordance with SFRS(I), modified for fair value adjustments on acquisition and differences in the Group accounting policies.

Group	PropNex International Pte. Ltd.	Ovy Pte. Ltd.	Total
	\$	\$	\$
31 December 2022			
Revenue	383,743,887	22,668	383,766,555
Profit for the year	10,991,696	(281,126)	10,710,570
Total comprehensive income	10,994,069	(281,126)	10,712,943
Attributable to NCI:			
- Profit for the year	3,096,361	(84,338)	3,012,023
- Total comprehensive income	3,097,029	(84,338)	3,012,691
Non-current assets	270,587	161,000	431,587
Current assets	123,449,264	68,156	123,517,420
Non-current liabilities	(35,883)	-	(35,883)
Current liabilities	(120,121,189)	(428,002)	(120,549,191)
Net assets	3,562,779	(198,846)	3,363,933
Net assets attributable to NCI	1,003,635	(59,654)	943,981
Cash flows from/(used in) operating activities	5,000,584	(1,961)	4,998,623
Cash flows used in investing activities	(20,121)	-	(20,121)
Cash flows used in financing activities	(13,442,450)	-	(13,442,450)
- Dividends to NCI	(5,211,450)	-	(5,211,450)
Net decrease in cash and cash equivalents	(13,673,437)	(1,961)	(13,675,398)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

14 NON-CONTROLLING INTERESTS (CONTINUED)

Group	PropNex International Pte. Ltd. \$	PropNex Property Management Consultants Pte. Ltd. \$	Ovvy Pte. Ltd. \$	Total \$
31 December 2021				
Revenue	435,533,260	177,076	9,255	435,719,591
Profit for the year	18,438,388	19,051	(277,809)	18,179,630
Total comprehensive income	18,438,824	19,051	(277,809)	18,180,066
Attributable to NCI:				
- Profit for the year	5,194,094	4,762	(83,342)	5,115,514
- Total comprehensive income	5,194,217	4,762	(83,342)	5,115,637
Non-current assets	51,606	-	241,500	293,106
Current assets	98,082,972	-	79,492	98,162,464
Non-current liabilities	(8,374)	-	-	(8,374)
Current liabilities	(87,057,494)	-	(238,712)	(87,296,206)
Net assets	11,068,710	-	82,280	11,150,990
Net assets attributable to NCI	3,118,056	-	24,684	3,142,740
Cash flows from operating activities	24,696,706	-	40,324	24,737,030
Cash flows used in investing activities	(2,824)	-	-	(2,824)
Cash flows used in financing activities	(12,929,400)	-	-	(12,929,400)
- Dividends to NCI	(5,070,600)	-	-	(5,070,600)
Net increase in cash and cash equivalents	6,693,882	-	40,324	6,734,206

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

15 TRADE AND OTHER PAYABLES

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
Trade payables:				
- third parties	194,668,914	132,625,809	47,021	40,281
- related corporations	-	11,076	-	-
- non-controlling shareholder of a subsidiary	-	4,841	-	-
Other payables:				
- third parties	2,908,881	1,904,164	998	-
- subsidiaries (non-trade)	-	-	1,524,154	-
- shareholder (non-trade)	90,000	45,000	-	-
Loan from subsidiary	-	-	6,000,000	-
GST payables	19,104,187	17,964,942	146,438	218,663
Performance commission payables	5,909,227	6,308,672	-	-
Performance bonus payables	4,137,967	3,897,967	2,405,776	2,405,776
Accrued expenses	884,485	943,581	252,988	343,828
Refundable deposits	230,855	245,323	-	-
Liability for short-term accumulating compensated absences	385,790	347,800	197,797	187,942
	228,320,306	164,299,175	10,575,172	3,196,490

Refundable deposits are paid by agents to the Group for the rental of office spaces and are returned upon termination.

The non-trade amounts due to subsidiaries and shareholder are unsecured, interest-free and repayable on demand.

The Group's exposures to liquidity risk related to trade and other payables are disclosed in Note 27.

16 DEFERRED INCOME

	Group	
	2022 \$	2021 \$
Deferred income	1,541,248	1,118,814

Deferred income mainly relates to receipts from the advanced sale of convention tickets and real estate related courses and training programmes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

17 REVENUE

	Group	
	2022	2021
	\$	\$
Commission income from real estate agency services	640,620,803	519,239,862
Commission income from real estate project marketing services	383,743,887	435,533,260
Administrative support fee income	1,826,664	1,286,936
Courses and related fee income from training services	2,942,445	1,422,391
Technology platform income from services providers	22,667	9,255
Dividend income	36,266	-
	<u>1,029,192,732</u>	<u>957,491,704</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Commission income from real estate agency services and real estate project marketing services

Nature of services	The Group provides real estate agency services and real estate project marketing services to its customers.
When revenue is recognised	<p>The services are success-based fee arrangement where the amount of consideration is contingent on the achievement of specific outcome, i.e. upon transferring control of a promised service to the customers.</p> <p>Management judgement is applied in estimating when legal completion have taken place therefore determining the point of revenue recognition.</p> <p>The Group also enters into certain co-broking arrangements with third party co-brokers in the provision of real estate agency services and real estate project marketing services. The Group recognises the commission income with co-broking arrangements on a net basis as the Group is unable to entirely control or satisfy the performance obligation performed by the third party co-brokers.</p>
Significant payment terms	Payment is due when services are delivered to the customers.

Administrative support fee income

Nature of services	The Group provides administrative support services to its customers.
When revenue is recognised	Revenue is recognised upon transferring control of a promised service to the customers.
Significant payment terms	Invoices are issued on a monthly basis and are payable within the credit terms granted for administrative support services.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

17 REVENUE (CONTINUED)

Courses and related fee income from training services

Nature of services	The Group provides real estate related courses and training programmes to its customers.
When revenue is recognised	Revenue is recognised upon transferring control of a promised service to the customers.
Significant payment terms	Payments are collected in advance and prior to the services rendered to the customers.

Disaggregation of revenue from contracts with customers

In the following table, the Group's revenue from contracts with customers is disaggregated by timing of revenue recognition.

	Group	
	2022	2021
	\$	\$
Timing of revenue recognition		
Services transferred at a point in time	1,027,919,012	956,205,366
Services transferred over time	1,273,720	1,286,338
	<u>1,029,192,732</u>	<u>957,491,704</u>

The Group's revenue is substantially derived from Singapore, geographic market information in relation to revenue of the Group is not presented.

Contract balances

The following table provides information about receivables and deferred income from contracts with customers.

	Note	Group	
		2022	2021
		\$	\$
Trade receivables	11	220,947,105	140,919,959
Deferred income	16	<u>(1,541,248)</u>	<u>(1,118,814)</u>

The deferred income primarily relates to advance consideration from customers prior to the transferring control of a promised service to the customers.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

17 REVENUE (CONTINUED)

Contract balances (Continued)

Significant changes in deferred income during the year are as follows:

	Group	
	2022	2021
	\$	\$
Revenue recognised that was included in deferred income balance at the beginning of the year	1,118,814	462,005
Increases due to cash received, excluding amounts recognised as revenue during the year	<u>(1,541,248)</u>	<u>(1,118,814)</u>

Transaction price allocated to the remaining performance obligations

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

	2023	2024	2025	Total
	\$	\$	\$	\$
31 December 2022				
Administrative support fee income	2,379,140	1,177,976	475,061	4,032,177
Courses and related fee income from training services	<u>209,521</u>	-	-	<u>209,521</u>
	<u>2,588,661</u>	<u>1,177,976</u>	<u>475,061</u>	<u>4,241,698</u>
	2022	2023	2024	Total
	\$	\$	\$	\$
31 December 2021				
Administrative support fee income	1,151,204	59,652	49,710	1,260,566
Courses and related fee income from training services	<u>377,225</u>	-	-	<u>377,225</u>
	<u>1,528,429</u>	<u>59,652</u>	<u>49,710</u>	<u>1,637,791</u>

18 FINANCE INCOME

	Group	
	2022	2021
	\$	\$
Interest income	<u>1,184,427</u>	<u>365,678</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

19 OTHER INCOME

	Group	
	2022	2021
	\$	\$
Corporate event income	66,463	26,503
Other income-derecognition of trade payables*	7,806,278	-
E-stamping income	4,475	4,051
Government grants	432,289	520,769
Management fee income	163,475	154,708
Marketing fee income	2,720,166	829,772
Merchandising income	212,303	162,014
Referral fee income	2,418,856	3,087,487
Sponsorship income	378,469	437,375
Training and seminar income	27,904	49,343
Valuation income	548,059	559,498
Others	1,327,826	1,139,536
	16,106,563	6,971,056

* During the year, the Group has identified impairment loss in trade receivables that were more than 365 past due (Note 22). This derecognition relates to commission payables written off for the corresponding impaired trade receivables as the Group does not have the obligation to pay the agents upon the recognition of the impairment loss on trade receivables.

20 STAFF COSTS

	Group	
	2022	2021
	\$	\$
Salaries, wages and related costs	16,998,429	15,617,179
Contributions to defined contribution plan	1,318,669	1,151,023
Increase in liability for short-term accumulating compensated absences	37,991	36,593
	18,355,089	16,804,795

21 FINANCE COSTS

	Group	
	2022	2021
	\$	\$
Interest expense on lease liabilities	31,722	42,441

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

22 OTHER EXPENSES

	Note	Group	
		2022	2021
		\$	\$
Audit fees paid to:			
- auditors of the Company		263,700	201,700
- other auditors		406	227
Non-audit fees paid to auditors of the Company		43,100	40,738
Bad debts written off		330,521	201,918
Corporate events		1,461,529	585,055
Directors' fee		228,000	228,000
Donation		34,000	-
Fair value loss on other investments		182,263	-
Gain on disposal of plant and equipment		(2,506)	(114)
General office expenses		426,672	337,973
Loss on disposal of other investment		-	29,410
Marketing expenses		2,470,411	1,135,418
Net foreign exchange loss		20,641	11,799
Operating lease expenses		19,015	18,730
Plant and equipment written off		100	17
Recruitment expenses		2,576,612	2,199,971
Referral fee expenses		1,300,682	1,739,609
Others		3,741,415	3,055,454
		13,096,561	9,785,905

23 TAX EXPENSE

		Group	
		2022	2021
		\$	\$
<i>Current tax expense</i>			
Current year		13,790,679	13,471,250
(Over)/Under provision in prior years		(87,351)	62,756
Withholding tax		9,583	10,445
		13,712,911	13,544,451
<i>Deferred tax expense</i>			
Origination and reversal of temporary differences		(53,113)	(60,221)
Under provision in prior years		53,113	60,221
		-	-
Total tax expense		13,712,911	13,544,451

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

23 TAX EXPENSE (CONTINUED)

Reconciliation of effective tax rate

	Group	
	2022	2021
	\$	\$
Profit before tax	<u>79,084,639</u>	<u>78,669,367</u>
Tax using Singapore tax rate of 17% (2021: 17%)	13,444,389	13,373,792
Non-deductible expenses	361,312	167,399
Non-taxable income	(8,355)	(97,902)
Tax-exempt income	(89,169)	(69,700)
Tax incentives and rebates	(5,102)	(3,876)
(Over)/Under provision in prior years		
- current tax	(87,351)	62,756
- deferred tax	53,113	60,221
Withholding tax	9,583	10,445
Current year losses for which no deferred tax assets was recognised	34,491	41,316
	<u>13,712,911</u>	<u>13,544,451</u>

Unrecognised deferred tax asset

Deferred tax asset has not been recognised in respect of the following items:

	Group	
	2022	2021
	\$	\$
Tax losses	<u>202,440</u>	<u>167,949</u>

Deferred tax asset has not been recognised in respect of the above item because it is not certain that future taxable profits will be available against which the Group can utilise the benefits. The tax losses are subject to agreement by the tax authority and compliance with the tax regulations.

24 EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

Profit attributable to ordinary shareholders

	Group	
	2022	2021
	\$	\$
Profit for the year, attributable to the owners of the Company	<u>62,359,705</u>	<u>60,028,453</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

24 EARNINGS PER SHARE (CONTINUED)

Weighted average number of ordinary shares

	Group	
	2022 Number of shares	2021 Number of shares
At 1 January and 31 December	<u>370,000,000</u>	<u>370,000,000</u>

Diluted earnings per share

Diluted earnings per share are the same as basic earnings per share as there were no potential dilutive ordinary shares at the end of the financial year.

25 RELATED PARTIES

For the purpose of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Transactions with related parties

Other than disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties during the financial year are as follows:

	Group	
	2022 \$	2021 \$
Related corporations		
Administrative support fee income	(101,016)	(44,305)
Corporate gift income	-	(1,197)
Rental fee income	(540)	-
Trainer fee expense	<u>6,000</u>	<u>6,447</u>
Non-controlling shareholder of a subsidiary		
Commission fee expense	<u>-</u>	<u>60,524</u>
Directors		
Administrative support income	(5,184)	(5,184)
Commission fee income	<u>(15,317)</u>	<u>(41,729)</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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

25 RELATED PARTIES (CONTINUED)

Transactions with key management personnel (Continued)

Key management personnel compensation comprised:

	Group	
	2022	2021
	\$	\$
Salaries and other short-term employee benefits	5,977,702	5,676,241
Post-employment benefits (including contributions to defined contribution plan)	94,861	91,801
	<u>6,072,563</u>	<u>5,768,042</u>

26 OPERATING SEGMENTS

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

26 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments

Group	Continued operations					Total \$
	Agency services \$	Project marketing services \$	Administrative support services \$	Training services \$	Others \$	
2022						
Revenue	993,099,867	383,743,887	3,745,610	2,944,041	55,087,890	1,438,621,295
Inter-segment revenue	(352,479,064)	-	(1,918,946)	(1,596)	(55,028,957)	(409,428,563)
External revenues	640,620,803	383,743,887	1,826,664	2,942,445	58,933	1,029,192,732
Finance income	144,602	22,464	701	108	1,016,552	1,184,427
Depreciation expense	(946,828)	(183,690)	(2,060,916)	(117,979)	(2,454)	(3,311,867)
Amortisation expense	-	-	-	-	(297,484)	(297,484)
Finance costs	-	(1,728)	(29,198)	(796)	-	(31,722)
Segment profit before tax	63,226,642	13,253,204	420,454	1,968,354	215,985	79,084,639
Other material non-cash items:						
- Bad debts written off	196,571	-	-	-	133,950	330,521
- Impairment losses on trade and other receivables	1,876,820	6,433,112	2,808	(661)	21	8,312,100
- Derecognition of trade payables	(2,860,362)	(4,945,916)	-	-	-	(7,806,278)
- Gain on disposal of plant and equipment	(2,506)	-	-	-	-	(2,506)
- Net foreign exchange loss	-	20,307	-	-	334	20,641
- Plant and equipment written off	100	-	-	-	-	100
Reportable segment assets	163,063,006	117,876,940	5,064,116	1,212,574	88,133,301	375,349,937
Capital expenditure	318,491	42,585	-	7,650	-	368,726
Reportable segment liabilities	234,877,525	3,715,248	6,257,236	680,926	3,327,033	248,857,968

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

26 OPERATING SEGMENTS (CONTINUED)

Information about reportable segments (Continued)

Group	Continued operations					Discontinued operation Property management services	Total
	Agency services \$	Project marketing services \$	Administrative support services \$	Training services \$	Others \$		
2021							
Revenue	919,388,159	435,533,260	3,176,763	1,532,918	66,868,100	1,426,676,276	
Inter-segment revenue	(400,148,297)	-	(1,889,827)	(110,527)	(66,858,845)	(469,007,496)	
External revenues	519,239,862	435,533,260	1,286,936	1,422,391	9,255	957,668,780	
Finance income	48,295	7,988	-	153	309,242	365,678	
Depreciation expense	(964,715)	(35,471)	(2,124,151)	(118,708)	(2,876)	(3,250,290)	
Amortisation expense	-	-	-	-	(297,485)	(297,485)	
Finance costs	-	-	(40,888)	(1,553)	-	(42,523)	
Share of loss of associate	(47,303)	-	-	-	-	(47,303)	
Segment profit before tax	55,188,759	22,255,591	(32,210)	523,070	734,157	78,688,418	
Other material non-cash items:							
- Bad debts written off	201,918	-	-	-	-	201,918	
- Impairment loss on investment in other	29,410	-	-	-	-	29,410	
- Impairment losses on trade and other receivables	768,254	91,308	1,317	2,220	4,080	867,179	
- Gain on disposal of plant and equipment	(114)	-	-	-	-	(114)	
- Net foreign exchange loss	-	11,495	-	-	304	11,799	
- Plant and equipment written off	17	-	-	-	-	17	
Reportable segment assets	115,076,999	98,104,977	3,420,120	1,364,660	76,599,681	294,566,437	
Capital expenditure	502,273	10,812	-	21,443	2,567	537,095	
Reportable segment liabilities	169,138,626	5,075,126	3,611,812	799,461	3,364,468	181,989,493	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

26 OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

The information related to the reportable segment revenues, profit or loss, assets and liabilities are disclosed in the table above.

Geographic information

As the Group's revenue is substantially derived from Singapore, geographic segment information in relation to revenue of the Group is not presented.

In presenting information on the basis of geographical segments, segment assets are based on the geographical location of the assets.

	Group	
	2022	2021
	\$	\$
Singapore	12,684,043	5,820,237
Other countries	361,842	361,842
	<u>13,045,885</u>	<u>6,182,079</u>

Major customer

There is no single customer who contributed more than 5% of the Group's total revenue.

27 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives and policies for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Risk management framework (Continued)

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets represent the Group's and the Company's maximum exposures to credit risk. The Group and the Company do not require any collateral in respect of their financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2022	2021
	\$	\$
Impairment losses on trade and other receivables	<u>8,312,100</u>	<u>867,179</u>

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry in which customers operate, as these factors may have an influence on credit risk.

The Group limits its exposure to credit risk from trade receivables by establishing certain credit terms for its customers of administrative support services, while no credit term is granted to customers of real estate agency services, real estate project marketing services and property management services.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are a non-recurring individual or recurring individual/corporate customer, trade history with the Group, ageing profile, maturity and existence of previous financial difficulties.

The Group does not require collateral in respect of trade receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

The exposure to credit risk for trade and other receivables (excluding prepayments) at the reporting date was:

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade receivables				
- real estate agency services	111,857,421	63,372,711	-	-
- real estate project marketing services	118,896,300	79,279,409	-	-
- administrative support services	13,147	15,461	-	-
- training services	54	2,050	-	-
Other receivables and deposits				
- real estate agency services	511,559	714,149	-	-
- real estate project marketing services	34,914	2,623	-	-
- training services	91,798	202,508	-	-
- others	246,089	398,332	2,134,512	6,893,604
Total gross carrying amount	231,651,282	143,987,243	2,134,512	6,893,604
Less: Impairment losses	(9,839,702)	(1,850,369)	(4,446)	(4,425)
Net carrying amount	221,811,580	142,136,874	2,130,066	6,889,179

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables of real estate agency services as at 31 December:

Group	Weighted average loss rate	Gross carrying amount	Impairment loss allowance		
	%	\$	Credit-impaired \$	Not credit-impaired \$	Total \$
31 December 2022					
Past due					
- Past due 1 to 30 days	0.00	73,025,344	-	(3,462)	(3,462)
- Past due 31 to 90 days	0.04	22,459,692	-	(9,690)	(9,690)
- Past due 91 to 180 days	0.05	8,570,171	-	(4,198)	(4,198)
- Past due 181 to 270 days	0.59	2,531,833	-	(15,000)	(15,000)
- Past due more than 270 days	1.17	5,270,381	(3,231,286)	(23,923)	(3,255,209)
		<u>111,857,421</u>	<u>(3,231,286)</u>	<u>(56,273)</u>	<u>(3,287,559)</u>
31 December 2021					
Past due					
- Past due 1 to 30 days	0.01	32,535,297	-	(1,380)	(1,380)
- Past due 31 to 90 days	0.06	20,176,865	-	(11,885)	(11,885)
- Past due 91 to 180 days	0.08	6,193,496	-	(4,859)	(4,859)
- Past due 181 to 270 days	0.37	1,763,592	-	(6,476)	(6,476)
- Past due more than 270 days	0.76	2,703,461	(1,617,171)	(8,285)	(1,625,456)
		<u>63,372,711</u>	<u>(1,617,171)</u>	<u>(32,885)</u>	<u>(1,650,056)</u>

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

Scalar factors are based on actual and forecast gross domestic products at 1.35 (2021: 0.97) for Singapore.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

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 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 as at 31 December:

	Weighted average loss rate %	Gross carrying amount \$	Impairment loss allowance		
			Credit- impaired \$	Not credit- impaired \$	Total \$
Group					
31 December 2022					
Past due					
- Past due 1 to 30 days	0.15 - 1.82	35,676,053	-	(52,072)	(52,072)
- Past due 31 to 90 days	0.15 - 1.82	49,285,015	-	(71,784)	(71,784)
- Past due 91 to 180 days	0.15 - 1.82	8,366,045	-	(12,193)	(12,193)
- Past due 181 to 270 days	0.15 - 1.82	14,662,843	-	(21,370)	(21,370)
- Past due more than 270 days	0.15 - 1.82	10,919,545	(6,368,180)	(6,659)	(6,374,839)
		<u>118,909,501</u>	<u>(6,368,180)</u>	<u>(164,078)</u>	<u>(6,532,258)</u>
31 December 2021					
Past due					
- Past due 1 to 30 days	0.13 - 1.14	36,617,746	-	(46,031)	(46,031)
- Past due 31 to 90 days	0.13 - 1.14	25,576,832	-	(32,118)	(32,118)
- Past due 91 to 180 days	0.13 - 1.14	12,182,937	-	(15,298)	(15,298)
- Past due 181 to 270 days	0.13 - 1.14	4,026,762	-	(5,050)	(5,050)
- Past due more than 270 days	0.13 - 1.14	892,643	-	(1,119)	(1,119)
		<u>79,296,920</u>	<u>-</u>	<u>(99,616)</u>	<u>(99,616)</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

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 \$	Impairment loss allowance Credit- impaired \$	Not credit- impaired \$	Total \$
Group					
31 December 2022					
Not past due					
Other receivables and deposits	2.24	<u>884,360</u>	<u>-</u>	<u>(19,885)</u>	<u>(19,885)</u>
		<u>884,360</u>	<u>-</u>	<u>(19,885)</u>	<u>(19,885)</u>
31 December 2021					
Not past due					
Other receivables and deposits	1.14	<u>1,317,612</u>	<u>(85,325)</u>	<u>(15,372)</u>	<u>(100,697)</u>
		<u>1,317,612</u>	<u>(85,325)</u>	<u>(15,372)</u>	<u>(100,697)</u>
Company					
31 December 2022					
Not past due					
Other receivables and deposits	1.82	<u>244,273</u>	<u>-</u>	<u>(4,446)</u>	<u>(4,446)</u>
Amounts due from subsidiaries	0.00	<u>1,890,239</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,134,512</u>	<u>-</u>	<u>(4,446)</u>	<u>(4,446)</u>
31 December 2021					
Not past due					
Other receivables and deposits	1.14	<u>388,166</u>	<u>-</u>	<u>(4,425)</u>	<u>(4,425)</u>
Amounts due from subsidiaries	0.00	<u>6,505,438</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>6,893,604</u>	<u>-</u>	<u>(4,425)</u>	<u>(4,425)</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Credit risk (Continued)

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

	Group		Company	
	2022 \$	2021 \$	2022 \$	2021 \$
At 1 January	1,850,369	1,451,953	4,425	345
Impairment loss recognised	8,312,100	867,179	21	4,080
Amounts written off against receivables	(322,767)	(468,407)	-	-
Disposal of discontinued operation	-	(356)	-	-
At 31 December	9,839,702	1,850,369	4,446	4,425

Cash and cash equivalents

The Group and the Company held cash and cash equivalents at 31 December 2022. The cash and cash equivalents are held with bank and financial institution counterparties, which are regulated.

The Group and the Company assessed the impairment on cash and cash equivalents based on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Based on the assessment, the Group and the Company considered that the amount of the allowance on cash and cash equivalents was negligible.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Liquidity risk (Continued)

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and exclude the impact of netting agreements:

	Carrying amount \$	Contractual cash flows		Within 1 to 5 years \$
		Total \$	Within 1 year \$	
Group				
31 December 2022				
Trade and other payables*	227,934,516	(227,934,516)	(227,934,516)	-
Lease liabilities	5,013,981	(5,062,780)	(2,289,240)	(2,773,540)
	<u>232,948,497</u>	<u>(232,997,296)</u>	<u>(230,223,756)</u>	<u>(2,773,540)</u>
31 December 2021				
Trade and other payables*	163,951,375	(163,951,375)	(163,951,375)	-
Lease liabilities	2,908,033	(2,937,800)	(1,618,000)	(1,319,800)
	<u>166,859,408</u>	<u>(166,889,175)</u>	<u>(165,569,375)</u>	<u>(1,319,800)</u>
Company				
31 December 2022				
Trade and other payables*	10,377,375	(10,377,375)	(10,377,375)	-
31 December 2021				
Trade and other payables*	3,008,548	(3,008,548)	(3,008,548)	-

* Excludes liability for short-term accumulating compensated absence.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

At the reporting date, the Group is not exposed to any significant foreign currency risk as its transactions are primarily denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Market risk (Continued)

Interest rate risk

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of total equity. The Board of Directors monitors the return on capital, as well as the level of dividends to ordinary shareholders.

The Group monitors capital using a net debt to equity ratio, which is "net debt" divided by "equity". For this purpose, net debt is defined as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

The Group's net debt to equity ratio at the reporting date was as follows:

	Group		Company	
	2022	2021	2022	2021
	\$	\$	\$	\$
Lease liabilities	5,013,981	2,908,033	-	-
Other liabilities	243,843,987	179,081,459	10,747,739	3,293,776
Total liabilities	248,857,968	181,989,492	10,747,739	3,293,776
Less: Cash and cash equivalents	(138,890,528)	(145,645,922)	(81,484,024)	(75,183,961)
Net debt/(cash)	109,967,440	36,343,570	(70,736,285)	(71,890,185)
Total equity	126,491,969	112,576,944	96,221,008	96,477,729
Net debt to equity ratio	0.87	0.32	N/A	N/A

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, the fair value disclosure of lease liabilities is also not required.

Group	Note	FVOCI – other investments \$	FVTPL – other investments \$	Carrying amount		Fair value			
				Financial assets at amortised cost \$	Other financial liabilities \$	Total \$	Level 1 \$	Level 2 \$	Level 3 \$
31 December 2022									
Financial assets measured at fair value									
	9	361,842	-	-	-	361,842	-	-	361,842
	9	-	5,689,724	-	-	5,689,724	5,689,724	-	-
		<u>361,842</u>	<u>5,689,724</u>	<u>-</u>	<u>-</u>	<u>6,051,566</u>			
Financial assets not measured at fair value									
	11	-	-	221,811,580	-	221,811,580	-	-	-
	12	-	-	138,890,528	-	138,890,528	-	-	-
		<u>-</u>	<u>-</u>	<u>360,702,108</u>	<u>-</u>	<u>360,702,108</u>			
Finance liabilities not measured at fair value									
	15	-	-	-	(227,934,516)	(227,934,516)	-	-	-
	5	-	-	-	(5,013,981)	(5,013,981)	-	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>(232,948,497)</u>	<u>(232,948,497)</u>			

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Accounting classifications and fair values (Continued)

	Note	Carrying amount			Total	Fair value
		FVOCI - other investments	Financial assets at amortised cost	Other financial liabilities		Level 3
		\$	\$	\$	\$	\$
Group						
31 December 2021						
Financial assets measured at fair value						
Other investments - at FVOCI	9	361,842	-	-	361,842	361,842
Financial assets not measured at fair value						
Trade and other receivables*	11	-	142,136,874	-	142,136,874	
Cash and cash equivalents	12	-	145,645,922	-	145,645,922	
		-	287,782,796	-	287,782,796	
Finance liabilities not measured at fair value						
Trade and other payables^	15	-	-	(163,951,375)	(163,951,375)	
Lease liabilities	5	-	-	(2,908,033)	(2,908,033)	
		-	-	(166,859,408)	(166,859,408)	

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management (Continued)

Accounting classifications and fair values (Continued)

			Carrying amount			Fair value
	Note	FVTPL – other investments	Financial assets at amortised cost	Other financial liabilities	Total	Level 1
Company						
31 December 2022						
Financial assets measured at fair value						
Other investments – mandatorily at FVTPL	9	<u>5,689,724</u>	<u>-</u>	<u>-</u>	<u>5,689,724</u>	5,689,724
Financial assets not measured at fair value						
Trade and other receivables*	11	-	<u>2,130,066</u>	-	<u>2,130,066</u>	
Cash and cash equivalents	12	-	<u>81,484,024</u>	-	<u>81,484,024</u>	
		<u>-</u>	<u>83,614,090</u>	<u>-</u>	<u>83,614,090</u>	
Finance liabilities not measured at fair value						
Trade and other payables [^]	15	-	-	<u>(10,377,375)</u>	<u>(10,377,375)</u>	
31 December 2021						
Financial assets not measured at fair value						
Trade and other receivables*	11	-	6,889,179	-	6,889,179	
Cash and cash equivalents	12	-	75,183,961	-	75,183,961	
		-	82,073,140	-	82,073,140	
Finance liabilities not measured at fair value						
Trade and other payables [^]	15	-	-	<u>(3,008,548)</u>	<u>(3,008,548)</u>	

* Excludes prepayments.

[^] Excludes liability for short-term accumulating compensated absence.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

27 FINANCIAL INSTRUMENTS (CONTINUED)

Measurement of fair values

The following tables show the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
2022			
Other investments – at FVOCI	The fair value is calculated using the net asset value of the investee entity adjusted for the fair value of the underlying assets, where applicable.	Net asset value of the investee entity.	The higher/(lower) of the net asset value of the investee entity, the higher/(lower) of the fair value.
2021			
Other investments – at FVOCI	The fair value is calculated using the net asset value of the investee entity adjusted for the fair value of the underlying assets, where applicable.	Net asset value of the investee entity.	The higher/(lower) of the net asset value of the investee entity, the higher/(lower) of the fair value.

Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Note	Group	
		2022 \$	2021 \$
At 1 January		361,842	391,253
Disposal		-	(29,411)
At 31 December		<u>361,842</u>	<u>361,842</u>

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

28 SUBSEQUENT EVENT

Bonus issue

After the reporting date, the board is proposing to undertake a bonus issue ("**Proposed Bonus Issue**") on the basis of one bonus share to be credited as fully paid for every one existing PropNex share held.

The Proposed Bonus Issue is subject to the approval of shareholders of the Company at an Extraordinary General Meeting to be convened and approval by the Singapore Exchange Securities Trading Limited.

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2023

Issued and paid-up share capital	:	SGD58,983,167.00
Number of issued and paid-up shares excluding treasury shares and subsidiary holdings	:	370,000,000
Class of share	:	Ordinary shares fully paid
Voting rights	:	One vote for each ordinary share
Number and percentage of treasury shares and subsidiary holdings held	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	1	0.04	77	0.00
100 – 1,000	451	19.37	333,400	0.09
1,001 – 10,000	1,386	59.54	6,696,830	1.81
10,001 – 1,000,000	480	20.62	25,988,379	7.02
1,000,001 AND ABOVE	10	0.43	336,981,314	91.08
TOTAL	2,328	100.00	370,000,000	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	248,604,979	67.19
2	CITIBANK NOMINEES SINGAPORE PTE LTD	22,959,122	6.21
3	RAFFLES NOMINEES (PTE) LIMITED	20,636,153	5.58
4	DBS NOMINEES PTE LTD	20,354,600	5.50
5	OCBC SECURITIES PRIVATE LTD	17,331,821	4.68
6	IFAST FINANCIAL PTE LTD	1,994,200	0.54
7	PHILLIP SECURITIES PTE LTD	1,738,439	0.47
8	TIGER BROKERS (SINGAPORE) PTE. LTD	1,246,900	0.34
9	ONG WAI MENG	1,100,000	0.30
10	SRI PTE LTD	1,015,100	0.27
11	CHIA CHIOU KUAN	928,800	0.25
12	HSBC (SINGAPORE) NOMINEES PTE LTD	786,138	0.21
13	ABN AMRO CLEARING BANK N.V	750,400	0.20
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	652,500	0.18
15	OCBC NOMINEES SINGAPORE PTE LTD	636,000	0.17
16	PHILIP ENG CHER TIEW	547,100	0.15
17	WANG TONG PENG @WANG TONG PANG	500,500	0.14
18	NISHALANI WONG HUI	500,000	0.14
19	CHOW MEI LIN	441,000	0.12
20	LAWRENCE FEBRUARY MILA MANALA C	355,000	0.10
	TOTAL	343,078,752	92.74

SHAREHOLDING STATISTICS

AS AT 15 MARCH 2023

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2023

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
P & N Holdings Pte. Ltd.	-	-	205,844,129 ¹	55.63
Mohamed Ismail S/O Abdul Gafoore	-	-	240,220,779 ²	64.92
Lim Tow Huat	-	-	222,620,350 ³	60.17
Kelvin Fong Keng Seong	-	-	32,384,600 ⁴	8.75

Notes:-

- The shares are held by P & N Holdings Pte. Ltd. ("P&N") through its nominee account maintained with UOB Kay Hian Private Limited ("UOB Kay Hian").
- The deemed interest in 240,220,779 shares includes:-
 - 205,844,129 shares held by P&N (62% owned by Mr Ismail Gafoore); and
 - 34,376,650 shares held by him through the nominee accounts maintained with UOB Kay Hian.
- The deemed interest in 222,620,350 shares includes:-
 - 205,844,129 shares held by P&N (38% owned by Mr Lim); and
 - 16,776,221 shares held by him through the nominee account maintained with OCBC Securities Private Ltd.
- The deemed interest in 32,384,600 shares includes:-
 - 32,284,600 shares held by him through the nominee account maintained with Citibank Nominees Singapore Pte Ltd and DBS Nominees Pte Ltd; and
 - 100,000 shares held by his spouse, Madam Lim Bee Hua Janet.

SHARES HELD BY PUBLIC

To the best knowledge of the Company and based on the Shareholders' Information provided to the Company as at 15 March 2023, approximately 20.09% of the issued and paid-up ordinary shares of the Company (excluding treasury shares and subsidiary holdings) are held in the hands of the public as defined in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"). Accordingly, the Company has complied with Rule 723 of the Listing Manual.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the SGX-ST Listing Manual, the additional information as set out in Appendix 7.4.1 to the SGX-ST Listing Manual relating to the retiring Directors who are submitting themselves for re-election, is disclosed below and to be read in conjunction with their respective biographies under the section entitled "Board of Directors" in the Annual Report 2022:

	Kelvin Fong Keng Seong	Low Wee Siong
Date of Appointment	13 June 2018	13 June 2018
Date of last re-appointment	28 April 2021	26 June 2020
Age	48	46
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The re-election of Mr Kelvin Fong was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his overall contribution and performance.	The re-election of Mr Low was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his independence, overall contribution and performance.
Whether appointment is executive, and if so, the area of responsibility	Executive. He oversees the Group's training development curriculum and spearheads the sales and leadership training programmes. He also administers the development of IT strategies and technology innovations to improve the Group's competitive edge in the industry.	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee
Professional Qualifications	<ul style="list-style-type: none"> • Bachelor Degree in Business Administration from La Trobe University, Australia • Diploma in Electronics Engineering from Singapore Polytechnic 	<ul style="list-style-type: none"> • Master of Laws from King's College London • Bachelor of Laws from the National University of Singapore • Bachelor of Accountancy from Nanyang Technological University • Advocate and Solicitor of the Supreme Court of Singapore • Solicitor on the Roll of Solicitors of England and Wales • Chartered Accountant of Singapore

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Kelvin Fong Keng Seong	Low Wee Siong
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None, except that he is Executive Director of the Company and substantial shareholder of the Company with a total interest of 8.75% in the Company.	None
Conflict of interests (including any competing business)	No	No
Working experience and occupation(s) during the past 10 years	Mr Kelvin Fong joined as a PropNex salesperson in 2003. He was one of the top Team Leaders and his team of salespersons has a strong track record for outstanding sales performance and excellent customer service. Mr Kelvin Fong was appointed as an executive director (non-statutory) of PropNex Realty on 9 March 2016 and appointed to the Board of PropNex Limited on 13 June 2018.	Mr Low is currently in legal practice as a Partner with WongPartnership LLP, focusing on mergers and acquisitions. He also has prior legal and financial experience in capital markets and finance. He has been regularly recognised as a recommended lawyer in <i>The Legal 500: Asia Pacific – The Client's Guide to the Asia Pacific Legal Profession</i> rankings for Capital Markets and Banking and Finance. He is also currently the lead independent director of Beng Kuang Marine Limited.
Undertaking has been submitted to the listed issuer in the form of Appendix 7.7 under Rule 720(1)	Yes	Yes
Shareholding interest in the listed issuer and its subsidiaries	Deemed interest: 32,384,600 ordinary shares representing 8.75% interest in PropNex Limited	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Kelvin Fong Keng Seong	Low Wee Siong
Other Principal Commitments Including Directorships: Past (for the last 5 years)	<p><u>Directorships:</u></p> <ul style="list-style-type: none"> • Mega Force (S) Pte. Ltd. • MPS Pte. Ltd. • MRS Pte. Ltd. • ZAG Investment Private Limited • ZAG Investprop Private Limited • Zest Invest Private Limited • IAPPS Pte. Ltd. • Zest Consultancy Pte. Ltd. • Affluence Venture Pte. Ltd. • Affluence Invest Pte. Ltd. • Affluence Group Pte. Ltd. • KF Investment Group Pte. Ltd. • KJPS Consultancy Pte. Ltd. • KJPS Invest Pte. Ltd. • Seventy5 Management Pte. Ltd. • I7 International Pte. Ltd. • IAPPS Holdings Pte. Ltd. • Zest Guru Pte. Ltd. • Absolutum Soleil Pte. Ltd. • TREK01 Pte. Ltd. • Zest Consultants Pte. Ltd. • Zest Academy Group Pte. Ltd. • MPS Invest Pte. Ltd. <p><u>Other Principal Commitment:</u> Nil</p>	<p><u>Directorships:</u></p> <ul style="list-style-type: none"> • Wong Tan & Molly Lim LLC • Republic Healthcare Limited <p><u>Other Principal Commitment:</u></p> <ul style="list-style-type: none"> • Legal Practice at Wong Tan & Molly Lim LLC (Director) • Legal Practice at CNPLaw LLP (Partner)
Present	<p><u>Directorships:</u></p> <ul style="list-style-type: none"> • KJ MGT Pte. Ltd. • YKC Group Pte. Ltd. • ISolution Investment Pte. Ltd. • Champ Invest Pte. Ltd. <p><u>Other Principal Commitment:</u> Nil</p>	<p><u>Directorships:</u></p> <ul style="list-style-type: none"> • Beng Kuang Marine Limited <p><u>Other Principal Commitment:</u></p> <ul style="list-style-type: none"> • Legal Practice at WongPartnership LLP (Partner)
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Kelvin Fong Keng Seong	Low Wee Siong
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Kelvin Fong Keng Seong	Low Wee Siong
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Kelvin Fong Keng Seong	Low Wee Siong
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or</p> <p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>	<p>No</p> <p>No</p> <p>No</p> <p>No</p>

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Kelvin Fong Keng Seong	Low Wee Siong
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**”) of PropNex Limited (the “**Company**”) will be held at 480 Lorong 6 Toa Payoh, #18-01 HDB Hub, Singapore 310480 on Tuesday, 25 April 2023 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2022 and the Directors’ Statement and Auditor’s Report thereon. **(Resolution 1)**
2. To declare a final one-tier tax exempt dividend of 8.0 Singapore cents per ordinary share for the year ended 31 December 2022. **(Resolution 2)**
3. To approve the Directors’ Fees of up to S\$228,000 for the financial year ending 31 December 2023, payable half-yearly in arrears (2022: S\$228,000). **(Resolution 3)**
4. To re-elect the following Directors who are retiring by rotation pursuant to Regulation 117 of the Company’s Constitution, and being eligible, offer themselves for re-election:
 - (a) Kelvin Fong Keng Seong **(Resolution 4)**
 - (b) Low Wee Siong **(Resolution 5)**
5. To re-appoint Messrs KPMG LLP as Auditor of the Company and to authorise the Directors to fix its remuneration. **(Resolution 6)**

SPECIAL BUSINESS

To consider and, if thought fit, to pass, the following as ordinary resolutions, with or without modifications:

6. **Authority to Allot and Issue Shares** **(Resolution 7)**

That authority be and is hereby given to the Directors to:

 - (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
 - (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

 - (b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with subparagraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:
 - (i) new Shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards, provided the share options or awards were granted in compliance with the Listing Manual of the SGX-ST; and
 - (iii) any subsequent bonus issue or consolidation or sub-division of Shares,provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options and share awards which were issued and are outstanding or subsisting at the time of the passing of this Resolution;
- (3) in this Resolution, "subsidiary holdings" shall have the meaning ascribed to it in the Listing Manual of the SGX-ST;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable requirements under the Companies Act 1967 and the Constitution of the Company for the time being; and
- (5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

NOTICE OF ANNUAL GENERAL MEETING

7. Renewal of Share Buy-Back Mandate

(Resolution 8)

That:

(a) Authority be and is hereby given to the Directors, in accordance with Sections 76C and 76E of the Companies Act 1967 of Singapore (the "**Companies Act**") and Part XIII of Chapter 8 of the Listing Manual of the SGX-ST, to purchase or otherwise acquire issued ordinary shares in the share capital of the Company ("**Shares**") ("**Share Buy-Back Mandate**") not exceeding in aggregate the Maximum Limit (as defined below), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:

- (i) on-market purchases ("**Market Purchases**") transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other securities exchange on which the Shares may, for the time being, be listed and quoted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (ii) off-market purchases ("**Off-Market Purchases**") in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST;

and in accordance with all applicable laws, regulations and rules;

(b) any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act;

(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the proposed Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and during the period commencing from the passing of this resolution and expiring on the earliest of:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

NOTICE OF ANNUAL GENERAL MEETING

In this resolution:

“Maximum Limit” means the number of Shares representing ten percent (10%) of the total issued ordinary share capital (excluding treasury shares and subsidiary holdings, if any) of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act;

“Maximum Price” in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price; and

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day on which the purchase was made.

BY ORDER OF THE BOARD

Kong Wei Fung
Company Secretary
Singapore, 4 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory notes:

Resolution 2 – is to approve the final dividend. The Share Transfer Books and Register of Members of the Company will be closed on 2 May 2023 at 5.00 p.m. for the purpose of determining the entitlement of shareholders of the Company to the final dividend. Duly completed registrable transfers of ordinary shares of the Company received up to 5.00 p.m. on 2 May 2023 will be entitled to the final dividend. If approved at the AGM, the final dividend will be paid on 12 May 2023.

Resolution 3 – the proposed resolution if passed, will facilitate the payment of Directors' fees during the financial year ending 31 December 2023, in which the fees are incurred. The Directors' fees are calculated based on the assumption that the existing non-executive Directors will hold office until the end of the financial year and the anticipated number of Board and Board Committee meetings.

Resolution 4 – Mr Kelvin Fong will, upon re-election, continue his office as Executive Director of the Company.

Resolution 5 – Mr Low will, upon re-election, remain as Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. The Board considers Mr Low to be independent for the purpose of Rule 704(8) of the Listing Rule.

Further information of the retiring directors can be found under "Board of Directors", "Corporate Governance" and "Additional Information on Directors Seeking Re-election" sections of the Company's Annual Report.

Resolution 7 – the proposed resolution 7 in item 6 above, if passed, will authorise and empower the Directors of the Company from the date of the AGM to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, of which the total number of shares that may be issued other than on a pro-rata basis to shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time the resolution is passed. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

Resolution 8 – the proposed Resolution 8 proposed in item 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM to repurchase ordinary shares of the Company by way of Market Purchase or Off-Market Purchase of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the share capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix to this notice dated 4 April 2023 in relation to the Proposed Renewal of the Share Buy-Back Mandate ("**Appendix**").

Notes:

1. This Annual General Meeting ("**AGM**") will be held in a wholly physical format pursuant to the Covid-19 (Temporary measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debentures Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on the Company's website at the URL <https://investor.propnex.com/> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to attendance at the AGM by shareholders, including CPF and SRS investors, submission of questions in advance of, or at, the AGM, addressing of substantial and relevant questions prior to, or at, the AGM, and voting at the AGM by shareholders, including CPF and SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 4 April 2023. The announcement, this Notice of AGM, proxy form, Annual Report and the Appendix have been made available on the Company's website at the URL <https://investor.propnex.com/> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 ("**Companies Act**").
4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
5. A proxy needs not be a member of the Company. A member can appoint the Chairman of the AGM as its/his/her proxy but this is not mandatory.
6. CPF and SRS investors (a) may attend and vote at the AGM if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case, they should approach their CPF Agent Banks or SRS Operators to submit their voting instructions by 5.00 p.m. on 13 April 2023.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy or proxies, duly executed, must be submitted in the following manner:
- (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898; or
 - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,

in either case, no later than 10 a.m. on 22 April 2023 (being not less than seventy-two (72) hours before the time appointed for holding the AGM). Completion and return of the form of proxy by a member will not prevent him from attending, speaking and voting at the AGM if he/she so wishes. In such event, the relevant proxy form will be deemed to be revoked.

A member who wishes to submit an instrument of proxy or proxies must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument.
9. A depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the AGM in order for the depositor to be entitled to attend, speak and vote at the AGM.
10. Members may submit questions related to the resolutions to be tabled for approval at the AGM or in advance of the AGM by email to the Company's investor relation at investor_relations@propnex.com by 13 April 2023.

The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's website and on SGX website by 19 April 2023. Any subsequent clarifications sought, or follow-up questions, or substantial and relevant questions received after the cut-off date will be consolidated and addressed at the AGM.

11. The Annual Report, Notice of AGM, Appendix and proxy form have been published on the Company's website at the URL <https://investor.propnex.com/> and SGX website at the URL <https://www.sgx.com/securities/company-announcements>. Printed copies of these documents **will not be** despatched to shareholders. The Company reserves the right to take such precautionary measures as may be appropriate at the AGM, including any precautionary measures as may be required or recommended by government agencies or the Singapore Exchange Regulation from time to time, at short notice. Shareholders are advised to check the Company's website or announcements released on SGXNet regularly for updates.

Personal data privacy

By (a) submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof; or (b) submitting any question prior to, or at, the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof), addressing substantial and relevant questions from members received prior to, or at, the AGM, preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PROPnex LIMITED

Company Registration No. 201801373N
(Incorporated in the Republic of Singapore)

PROXY FORM

IMPORTANT

1. The Annual General Meeting ("AGM") will be held in a wholly physical format pursuant to the Covid-19 (Temporary measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debentures Holders) Order 2020. **There will be no option for shareholders to participate virtually.** Printed copies of this proxy form will not be sent to members. Instead, proxy form will be sent to members by electronic means via publication on the Company's website at the URL <https://investor.propnex.com> and on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Arrangements relating to attendance at the AGM by shareholders, including CPF/SRS investors, submission of questions in advance of, or at the AGM, addressing of substantial and relevant questions in advance of, or at, the AGM, and voting at the AGM by Shareholders, including CPF/SRS investors, or (where applicable) duly appointed proxy(ies), are set out in the accompanying Company's announcement dated 4 April 2023. The announcement may be accessed at the Company's website at the URL <https://investor.propnex.com> and the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
3. This Proxy Form is not valid for use by investors who buy the Company's shares using CPF or SRS monies and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM.
4. Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of a proxy(ies).

*I/We, _____ (Name and NRIC/Passport/Company Registration No.)
of _____ (Address)
being a *member/members of PropNex Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/them, the Chairman of the AGM, as *my/our proxy to attend and to vote for *me/us on *my/our behalf at the AGM to be held at 480 Lorong 6 Toa Payoh, #18-01, HDB Hub, Singapore 310480 on Tuesday, 25 April 2023 at 10.00 a.m. (Singapore Time) and at any adjournment thereof. *I/We direct *my/our proxy/proxies to vote for or against or to abstain from voting on the resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion.

No.	Ordinary Resolutions relating to:	For [#]	Against [#]	Abstain [#]
Ordinary Business				
1.	Adoption of the Audited Financial Statements and the Directors' Statement and Auditor's Report thereon			
2.	Declaration of Final Dividend			
3.	Approval of Directors' Fees for financial year ended 31 December 2023			
4.	Re-election of Kelvin Fong Keng Seong as Director			
5.	Re-election of Low Wee Siong as Director			
6.	Re-appointment of KPMG LLP as Auditor and authorisation to Directors to fix its remuneration			
Special Business				
7.	Authority to allot and issue Shares			
8.	Renewal of Share Buy-Back Mandate			

* Delete whichever is inapplicable.

Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate so with a "X" within the relevant box. Alternatively, please indicate the number of votes "For" or "Against" each resolution. If you wish your proxy or proxies to abstain from voting on a resolution, please indicate with "X" in the "Abstain" box for a particular resolution. Alternatively, please indicate the number of shares that your proxy or proxies is/are directed to abstain from voting in the "Abstain" box for a particular resolution.

Dated this _____ day of _____ 2023.

Total Number of Shares held (Note 1)

Signature(s) of Members(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF



Notes:

1. Please insert the total number of shares in the share capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.
2. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 ("**Companies Act**").
3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of its/his/her appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.
4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.
5. A member can appoint the Chairman of the AGM as its/his/her proxy, but this is not mandatory.
6. A proxy needs not be a member of the Company.
7. The instrument appointing a proxy or proxies, duly executed, must be submitted in the following manner:
 - a) if submitted by post, be lodged at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898; or
 - b) if submitted electronically, be submitted via email to the Company's Share Registrar at sg.is.proxy@sg.tricorglobal.com,in either case, no later than 10 a.m. on 22 April 2023 (being not less than seventy-two (72) hours before the time appointed for holding the AGM).

A member who wishes to submit an instrument appointing a proxy or proxies must first complete and sign this proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.
8. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending, speaking and voting at the AGM if he/she so wishes. The appointment of a proxy or proxies shall be deemed to be revoked if the member attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the AGM.
9. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument.
10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
11. For CPF/SRS investors, this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors (a) should approach their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies; and (b) may appoint the Chairman of AGM as proxy to vote on their behalf at the AGM, in which case, they should approach their respective CPF Agent Banks/SRS Operators to submit their voting instructions by 5.00 p.m. on 13 April 2023, being seven (7) working days before the AGM.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of a member whose Shares are entered against his/her name in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member is not shown to have any Shares as entered against his/her name in the Depository Register at seventy-two (72) hours before the time fixed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy or proxies and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2023.

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PropNex
®
Service You Trust
SINGAPORE
PROPNE X LIMITED

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