



Company Registration Number: 201801373N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2020

<u>TABLE OF CONTENTS</u>	<u>PAGE</u>
1 (a) (i) Consolidated Statement of Profit or Loss	2
1 (a) (ii) Consolidated Statement of Comprehensive Income	3
1 (a) (iii) Notes to Consolidated Statement of Profit or Loss	3
1 (b) (i) Statement of Financial Position	4
1 (b) (ii) Group Borrowings and Debt Securities	5
1 (c) Consolidated Statement of Cash Flows	6
1 (d) (i) Consolidated Statement of Changes in Equity	7
1 (d) (ii) Share Capital	10
1 (d) (iii) Total Number of Issued Shares	10
1 (d) (iv) Treasury Shares	10
2 Audit	10
3 Auditors' Report	10
3 (a) Auditors' Opinion	10
4 Accounting Policies	11
5 Changes in Accounting Policies	11
6 Earnings Per Ordinary Share	11
7 Net Asset Value Per Share	11
8 Review of Group Performance	12
9 Use of Proceeds Raised from the Initial Public Offering of Shares ("IPO")	16
10 Variance from Prospect Statement	16
11 Prospects	17
12 Dividend	17
13 Dividend Statement	18
14 Interested Person Transactions ("IPT")	18
15 Confirmation Pursuant to the Rule 705(5) of the Listing Manual	18
16 Confirmation that the Issuer has procured Undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual	18
17 Segment Information	19
18 Breakdown of Sales	21
19 Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year	21
20 Disclosure of person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer (in the format set out in paragraph 19 of Appendix 7.2) pursuant to Rule 704(13)	21

PROPnex LIMITED

Company Registration Number: 201801373N

**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED
31 DECEMBER 2020 (“4Q2020” AND “FY2020”)**

The Board of Directors (the “**Board**”) of PropNex Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the following unaudited results of the Group for the fourth quarter and full year ended 31 December 2020.

1(a)(i) Consolidated Statement of Profit or Loss

	Group					
	4Q2020 S\$'000	4Q2019 S\$'000	Change (%)	FY2020 S\$'000	FY2019 S\$'000	Change (%)
Revenue	155,618	131,015	18.8	515,634	419,837	22.8
Cost of services rendered	(140,015)	(116,135)	20.6	(459,102)	(375,528)	22.3
Gross profit	15,603	14,880	4.9	56,532	44,309	27.6
Finance income	99	299	(66.9)	730	1,198	(39.1)
Finance costs	(30)	(31)	(3.2)	(89)	(78)	14.1
Other income	1,812	1,343	34.9	7,232	5,739	26.0
Staff costs	(4,022)	(3,515)	14.4	(14,654)	(12,811)	14.4
Depreciation of plant and equipment	(278)	(288)	(3.5)	(1,150)	(1,123)	2.4
Depreciation of right-of-use assets	(563)	(664)	(15.2)	(2,556)	(2,675)	(4.4)
Amortisation of trademark	(7)	(7)	-	(30)	(30)	-
Other expenses	(3,372)	(2,179)	54.7	(8,785)	(8,984)	(2.2)
Gain on disposal of associate	-	-	-	-	33	NM
Share of loss of associate	(72)	-	NM	(72)	-	NM
Profit before tax	9,170	9,838	(6.8)	37,158	25,578	45.3
Tax expense	(1,157)	(1,706)	(32.2)	(5,934)	(4,459)	33.1
Profit for the period/year	8,013	8,132	(1.5)	31,224	21,119	47.8
Profit attributable to:						
Owners of the Company	7,494	8,225	(8.9)	29,089	20,040	45.2
Non-controlling interests	519	(93)	658.1	2,135	1,079	97.9
Profit for the period/year	8,013	8,132	(1.5)	31,224	21,119	47.8

NM – Not meaningful

1(a)(ii) Consolidated Statement of Comprehensive Income

	Group					
	4Q2020 S\$'000	4Q2019 S\$'000	Change (%)	FY2020 S\$'000	FY2019 S\$'000	Change (%)
Profit for the period/year	8,013	8,132	(1.5)	31,224	21,119	47.8
Other comprehensive income, net of tax						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operation	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period/year	<u>8,013</u>	<u>8,132</u>	<u>(1.5)</u>	<u>31,224</u>	<u>21,119</u>	<u>47.8</u>
Total comprehensive income attributable to:						
Owners of the Company	7,494	8,225	(8.9)	29,089	20,040	45.2
Non-controlling interests	519	(93)	658.1	2,135	1,079	97.9
Total comprehensive income for the period/year	<u>8,013</u>	<u>8,132</u>	<u>(1.5)</u>	<u>31,224</u>	<u>21,119</u>	<u>47.8</u>

NM – not meaningful

1(a)(iii) Notes to Consolidated Statement of Profit or Loss

Profit for the period is derived after charging/(crediting) the following:

	Group			
	4Q2020 S\$'000	4Q2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000
Amortisation of trademark	7	7	30	30
Bad debts written off	159	85	299	329
Depreciation of plant and equipment	278	288	1,150	1,123
Depreciation of right-of-use assets	563	664	2,556	2,675
Foreign exchange loss	5	12	14	3
Impairment loss on investment in associate	501	-	501	-
Impairment losses/(reversal of impairment losses) on trade and other receivables	162	(30)	501	644
Loss on disposal of plant and equipment	14	-	13	-
Interest expense	30	31	89	78
Interest income	(99)	(299)	(730)	(1,198)
Plant and equipment written off	218	1	227	53
Over provision of prior years' tax	<u>(143)</u>	<u>(40)</u>	<u>(140)</u>	<u>(40)</u>

1(b)(i) Statements of Financial Position

	Group		Company	
	31 Dec 20	31 Dec 19	31 Dec 20	31 Dec 19
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Plant and equipment	2,593	3,499	4	2
Trademark	128	158	120	150
Right-of-use assets	3,156	5,320	-	-
Subsidiaries	-	-	18,098	18,098
Associates	47	-	-	-
Other investments	391	393	-	-
Deferred tax assets	-	1	-	1
Non-current assets	6,315	9,371	18,222	18,251
Trade and other receivables	80,591	63,466	4,965	6,204
Cash and cash equivalents	105,802	81,607	52,731	47,568
Total current assets	186,393	145,073	57,696	53,772
Total assets	192,708	154,444	75,918	72,023
Equity				
Share capital	57,491	57,491	57,491	57,491
Merger reserve	(17,663)	(17,663)	-	-
Translation reserve	(1)	(1)	-	-
Capital reserve	607	607	-	-
Retained earnings	44,122	28,908	15,743	8,844
Equity attributable to owners of the Company	84,556	69,342	73,234	66,335
Non-controlling interests	3,032	2,553	-	-
Total equity	87,588	71,895	73,234	66,335
Liabilities				
Deferred tax liabilities	179	187	-	-
Lease liabilities	1,046	2,859	-	-
Non-current liabilities	1,225	3,046	-	-
Trade and other payables	94,265	71,702	2,567	5,603
Current tax liabilities	7,020	4,322	117	85
Deferred income	462	994	-	-
Lease liabilities	2,148	2,485	-	-
Current liabilities	103,895	79,503	2,684	5,688
Total liabilities	105,120	82,549	2,684	5,688
Total equity and liabilities	192,708	154,444	75,918	72,023

1(b)(ii) Group's Borrowings and Debt Securities

(a) The amount repayable in one year or less, or on demand

Nil

(b) The amount repayable after one year

Nil

(c) Whether the amounts are secured or unsecured

Not applicable

(d) Details of any collaterals

Not applicable

1(c) Consolidated Statements of Cash Flows

	Group			
	4Q2020 S\$'000	4Q2019 S\$'000	FY2020 S\$'000	FY2019 S\$'000
Cash flows from operating activities				
Profit for the period/year	8,013	8,132	31,224	21,119
Adjustments for:				
Amortisation of trademark	7	7	30	30
Bad debts written off	159	85	299	329
Depreciation of plant and equipment	278	288	1,150	1,123
Depreciation of right-of-use assets	563	664	2,556	2,675
Gain on disposal of associate	-	-	-	(33)
Impairment loss on investment in associate	501	-	501	-
Impairment losses/(reversal of impairment losses) on trade and other receivables	162	(30)	501	644
Interest expense	30	31	89	78
Interest income	(99)	(299)	(730)	(1,198)
Loss on disposal of plant and equipment	14	-	13	-
Plant and equipment written off	218	1	227	53
Share of loss of associate	72	-	72	-
Tax expense	1,157	1,706	5,934	4,459
	11,075	10,585	41,866	29,279
Changes in:				
- trade and other receivables	222	(1,328)	(18,529)	(981)
- trade and other payables	2,279	(897)	22,390	5,941
- deferred income	(185)	(151)	(532)	66
Cash generated from operations	13,391	8,209	45,195	34,305
Tax paid	(1,599)	(41)	(3,243)	(5,016)
Tax refunded	-	41	-	41
Net cash from operating activities	11,792	8,209	41,952	29,330
Cash flows from investing activities				
Acquisition of plant and equipment	(282)	(429)	(488)	(1,881)
Addition in other investments	-	(377)	(14)	(377)
Interest received	99	299	730	1,198
Proceeds from sale of associate	-	-	-	17
Proceeds from sale of plant and equipment	3	-	4	-
Net cash (used in)/from investing activities	(180)	(507)	232	(1,043)
Cash flows from financing activities				
Dividends paid to owners	-	-	(13,875)	(17,575)
Dividends paid to non-controlling interests	-	-	(1,483)	(2,047)
Interest paid	(30)	(31)	(89)	(78)
Repayment of lease liabilities	(562)	(652)	(2,542)	(2,651)
Net cash used in financing activities	(592)	(683)	(17,989)	(22,351)
Net increase in cash and cash equivalents	11,020	7,019	24,195	5,936
Cash and cash equivalents at beginning of the financial period/year	94,721	74,527	81,546	75,610
Cash and cash equivalents at end of the financial period/year	105,741	81,546	105,741	81,546
<u>Additional information:</u>				
Cash at bank and on hand	105,802	81,607	105,802	81,607
Less: bank deposits pledged	(61)	(61)	(61)	(61)
Total cash and cash equivalents	105,741	81,546	105,741	81,546

1(d)(i) Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000		
Group - 2020								
As at 1 January 2020	57,491	(17,663)	607	(1)	28,908	69,342	2,553	71,895
Profit for the year	-	-	-	-	29,089	29,089	2,135	31,224
Other comprehensive income								
– Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	29,089	29,089	2,135	31,224
Transaction with owner, recognised directly in equity								
Distributions to owners								
Dividend paid	-	-	-	-	(13,875)	(13,875)	(1,656)	(15,531)
Total transaction with owners of the Company	-	-	-	-	(13,875)	(13,875)	(1,656)	(15,531)
As at 31 December 2020	57,491	(17,663)	607	(1)	44,122	84,556	3,032	87,588

1(d)(i) Consolidated Statement of Changes in Equity (Cont'd)

Group - 2019	Attributable to owners of the Company							Total equity S\$'000
	Share capital S\$'000	Merger reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	
As at 1 January 2019	57,491	(17,663)	607	(1)	26,443	66,877	3,521	70,398
Profit for the year	-	-	-	-	20,040	20,040	1,079	21,119
Other comprehensive income								
- Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	20,040	20,040	1,079	21,119
Transaction with owner, recognised directly in equity								
Distributions to owners								
Dividend paid	-	-	-	-	(17,575)	(17,575)	(2,047)	(19,622)
Total transaction with owners of the Company	-	-	-	-	(17,575)	(17,575)	(2,047)	(19,622)
As at 31 December 2019	57,491	(17,663)	607	(1)	28,908	69,342	2,553	71,895

1(d)(i) Consolidated Statement of Changes in Equity (Cont'd)

COMPANY - 2020	Attributable to owners of the Company		
	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
As at 1 January 2020	57,491	8,844	66,335
Profit for the period	-	20,774	20,774
Total comprehensive income	-	20,774	20,774
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividend paid	-	(13,875)	(13,875)
Total transaction with owners of the Company	-	(13,875)	(13,875)
As at 31 December 2020	57,491	15,743	73,234

COMPANY - 2019	Attributable to owners of the Company		
	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
As at 1 January 2019	57,491	14,792	72,283
Profit for the period	-	11,627	11,627
Total comprehensive income	-	11,627	11,627
Transaction with owner, recognised directly in equity			
Contribution by owners			
Dividends paid	-	(17,575)	(17,575)
Total transaction with owners of the Company	-	(17,575)	(17,575)
As at 31 December 2019	57,491	8,844	66,335

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

There were no changes in the share capital of the Company in FY2020. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 31 December 2020 and 31 December 2019.

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

As at 31 December 2020 and 31 December 2019, the Company's issued ordinary shares was 370,000,000. The Company did not have any treasury shares as at 31 December 2020 and 31 December 2019.

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

Not applicable.

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

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

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).**

Not applicable.

- 3(a) Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -**
(a) Updates on the efforts taken to resolve each outstanding audit issue.
(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

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

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

The Group had applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2019 except for the changes in accounting policies as disclosed in Item 5 below.

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

The Group had adopted the following new SFRS(I)s, interpretations and amendments to SFRS(I)s on 1 January 2020. However, these new amendments to SFRS(I)s had no significant impact on the Group’s financial statements.

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Definition of a Business (Amendments to SFRS(I) 3)
- Definition of Material (Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8)
- Interest Rate Benchmark Reform (Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7)

6 Earnings Per Ordinary Share

	Group			Group		
	4Q2020	4Q2019	Change (%)	FY 2020	FY 2019	Change (%)
Earnings per ordinary share of the Group based on net profit attributable to owners of the Company:						
(i) Based on the weighted average number of shares (cents)	2.03	2.22	(8.6)	7.86	5.42	45.2
- Weighted average number of shares (*000)	370,000	370,000	-	370,000	370,000	-
(ii) On a fully diluted basis (cents)	2.03	2.22	(8.6)	7.86	5.42	45.2
- Weighted average number of shares (*000)	370,000	370,000	-	370,000	370,000	-

7 Net Asset Value Per Share

	Group			Company		
	31 Dec 20	31 Dec 19	Change (%)	31 Dec 20	31 Dec 19	Change (%)
Net asset value per ordinary share based on issued share capital, excluding treasury shares, at the end of the financial year (cents)	22.85	18.74	21.9	19.79	17.93	10.4

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

Review of Group Performance

4Q2020 vs 4Q2019

Revenue

Revenue increased by approximately S\$24.6 million or 18.8%, from S\$131.0 million in 4Q2019 to S\$155.6 million in 4Q2020 mainly due to the increase in commission income from agency services of approximately S\$22.6 million or 30.4%, from S\$74.2 million in 4Q2019 to S\$96.8 million in 4Q2020. This was driven by higher number of transactions completed in 4Q2020 following the recovery of the private residential market from the property cooling measures of July 2018 and from the Covid19 circuit breaker in 2Q2020.

Cost of services

Cost of services increased by approximately S\$23.9 million or 20.6%, from S\$116.1 million in 4Q2019 to S\$140.0 million in 4Q2020. This was mainly due to the increase in commission cost to salespersons which was in tandem with the increase in revenue.

Gross profit

Gross profit increased by approximately S\$0.7 million or 4.9%, from S\$14.9 million in 4Q2019 to S\$15.6 million in 4Q2020. This increase was mainly in tandem with the increase in revenue.

Finance income

Finance income decreased by approximately S\$0.2 million or 66.9%, from S\$0.30 million in 4Q2019 to S\$0.10 million in 4Q2020. This was mainly due to a decrease in interest income from lower fixed deposit interest rates.

Other income

Other income increased by approximately S\$0.5 million or 34.9%, from S\$1.3 million in 4Q2019 to S\$1.8 million in 4Q2020. This was mainly due to an increase of government's job support scheme amounting to approximately S\$0.3 million, an increase referral fee income of approximately S\$0.3 million and an increase valuation income of approximately S\$0.1 million partially offset by a decrease in marketing and advertising fee income of approximately S\$0.3 million due to restrictions on use of sales gallery.

Operating expenses

Staff cost increased by approximately S\$0.5 million or 14.4%, from S\$3.5 million in 4Q2019 to S\$4.0 million in 4Q2020. This was mainly due to higher provision for bonus and higher salary cost due to better performance in FY2020.

Other expenses increased by approximately S\$1.2 million or 54.7%, from S\$2.2 million in 4Q2019 to S\$3.4 million in 4Q2020. This was mainly due to an increase in impairment loss on investment in associate by approximately S\$0.5 million, referral fee expenses by approximately S\$0.3 million and repair and maintenance by approximately S\$0.2 million.

Tax expense

As a result of the foregoing, profit before tax decreased by approximately S\$0.5 million or 32.2%, from S\$1.7 million in 4Q2019 to S\$1.2 million in 4Q2020.

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

FY2020 vs FY2019

Revenue

Revenue increased by approximately S\$95.8 million or 22.8%, from S\$419.8 million in FY2019 to S\$515.6 million in FY2020. This was mainly due to the increase in commission income from project marketing services of approximately S\$83.8 million and increase in agency services of approximately S\$13.1 million. This was driven by higher number of transactions completed in FY2020 following the recovery of the private residential market from the property cooling measures of July 2018 as well as the Group's continuous efforts to transform and to adapt the business to new social norms.

Cost of services

Cost of services increased by approximately S\$83.6 million or 22.3%, from S\$375.5 million in FY2019 to S\$459.1 million in FY2020. The increase in commission paid to salespersons was in tandem with the increase in commission income.

Gross profit

Gross profit increased by approximately S\$12.2 million or 27.6%, from S\$44.3 million in FY2019 to S\$56.5 million in FY2020. This was mainly attributed to the increase in revenue and notably increase in contribution from project marketing services which is a business segment with better gross margin as compared to agency services' resale transactions.

Finance income

Finance income decreased by approximately S\$0.5 million from S\$1.2 million in FY2019 to S\$0.7 million in FY2020. This was mainly due to a decrease in interest income from lower fixed deposit interest rates.

Other income

Other income increased by approximately S\$1.5 million or 26.0%, from S\$5.7 million in FY2019 to S\$7.2 million in FY2020. This was mainly due to an increase of government grants amounting to approximately S\$1.7 million from the government's jobs support scheme and an increase referral fee income of approximately S\$0.8 million partially offset by a decrease in marketing and advertising fee income of approximately S\$1.1 million due to closure of sales gallery during circuit breaker period.

Operating expenses

Staff cost increased by approximately S\$1.8 million or 14.4%, from S\$12.8 million in FY2019 to S\$14.6 million in FY2020. This was mainly due to higher provision for bonus and higher salary cost due to better performance in FY2020.

Other expenses decreased by approximately S\$0.2 million or 2.2%, from S\$9.0 million in FY2019 to S\$8.8 million in FY2020. This was mainly due to decrease in advertising and marketing expenses by approximately S\$1.1 million and corporate event by approximately S\$0.4 partially offset by increase in referral expenses by approximately S\$0.5 million, impairment loss on investment in associate by approximately S\$0.5 million and repair and maintenance by approximately S\$0.2 million.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately S\$11.6 million or 45.3%, from S\$25.6 million in FY2019 to S\$37.2 million in FY2020.

Tax expense

Tax expense increased by approximately S\$1.4 million or 33.1%, from S\$4.5 million in FY2019 to S\$5.9 million in FY2020 in line with the higher profits.

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

Statements of Financial Position Review (FY2020 vs FY2019)

Non-current assets

Non-current assets decreased by approximately S\$3.1 million or 32.6%, from S\$9.4 million as at 31 December 2019 to S\$6.3 million as at 31 December 2020. This was mainly due to the depreciation of both ROU assets as well as plant and equipment of approximately S\$2.6 million and S\$1.2 million respectively, partially offset by additions of plant and equipment of approximately S\$0.5 million and additions of ROU assets of approximately S\$0.4 million in FY2020.

Current assets

Trade and other receivables increased by approximately S\$17.1 million or 27.0%, from S\$63.5 million as at 31 December 2019 to S\$80.6 million as at 31 December 2020. The increase was in tandem with higher revenue recognised in FY2020.

Cash and cash equivalents increased by approximately S\$24.2 million or 29.6%, from S\$81.6 million as at 31 December 2019 to S\$105.8 million as at 31 December 2020. The increase was mainly due to net cash generated from operating activities partially offset by payment of dividends.

As a result, total current assets increased by approximately S\$41.3 million or 28.5%, from S\$145.1 million as at 31 December 2019 to S\$186.4 million as at 31 December 2020.

Non-current liabilities

Non-current liabilities decreased by approximately S\$1.8 million or 59.8% from S\$3.0 million as at 31 December 2019 to S\$1.2 million as at 31 December 2020 due to reclassification of non-current lease liabilities to current lease liabilities.

Current liabilities

Trade and other payables increased by approximately S\$22.6 million or 31.5%, from S\$71.7 million as at 31 December 2019 to S\$94.3 million as at 31 December 2020. The increase was mainly due to the increase in trade payables by approximately S\$17.0 million in line with the increase in revenue as at 31 December 2020.

Current tax liabilities increased by approximately S\$2.7 million or 62.4%, from S\$4.3 million as at 31 December 2019 to S\$7.0 million as at 31 December 2020. The increase was due to tax expense accrued for FY2020.

As a result, total current liabilities increased by approximately S\$24.4 million or 30.7%, from S\$79.5 million as at 31 December 2019 to S\$103.9 million as at 31 December 2020.

Equity

The equity attributable to the owners of the Company increased by approximately S\$15.2 million or 21.9%, from S\$69.3 million as at 31 December 2019 to S\$84.5 million as at 31 December 2020 due to profit attributable to owners of the Company partially offset with dividends paid to owners of the Company.

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

Statement of Cash Flow Review

4Q2020 vs 4Q2019

The operating activities generated net cash of approximately S\$11.8 million in 4Q2020 as compared to approximately S\$8.2 million in 4Q2019. The increase was mainly due to higher cash generated from operations of approximately S\$5.2 million partially offset by higher tax paid of approximately S\$1.6 million.

Net cash used in investing activities was approximately S\$0.2 million in 4Q2020 as compared to approximately S\$0.5 million in 4Q2019. The decrease was mainly due to decrease in addition in other investments of approximately S\$0.4 million.

Net cash used in financing activities was approximately S\$0.6 million in 4Q2020 as compared to approximately S\$0.7 million in 4Q2019. This was mainly due to decrease in repayment of lease liabilities of approximately S\$0.1 million.

As a result, there was a net increase in cash and cash equivalents of approximately S\$11.0 million for 4Q2020 as compared to net increase of approximately S\$7.0 million for 4Q2019.

FY2020 vs FY2019

Net cash from operating activities was approximately S\$42.0 million in FY2020 as compared to approximately S\$29.3 million in FY2019. The increase was mainly due to higher cash generated from operations of approximately S\$10.9 million and decrease in tax paid by approximately S\$1.8 million.

Net cash from investing activities was approximately S\$0.2 million in FY2020 as compared to net cash used in investment activities of approximately S\$1.0 million in FY2019. This was mainly due to the decrease in acquisition of plant and equipment by approximately S\$1.4 million offset by decrease in interest received of approximately S\$0.5 million.

Net cash used in financing activities was approximately S\$18.0 million in FY2020 as compared to approximately S\$22.4 million in FY2019. The decrease was mainly due to lower dividends paid to owners and non-controlling interest of approximately S\$3.7 million and S\$0.6 million respectively.

As a result, there was a net increase in cash and cash equivalents of approximately S\$24.2 million for FY2020 as compared to net increase of approximately S\$5.9 million for FY2019.

9 Use of Proceeds Raised From IPO

Pursuant to the Company's IPO, the Company received net proceeds of approximately S\$38.3 million ("Net Proceeds"). The Board wishes to provide an update on the use of Net Proceeds as at 31 January 2021.

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	562 ⁽¹⁾	11,438
Enhancement of real estate brokerage business	8,000	4,664 ⁽²⁾	3,336
Expansion in range of business services	7,000	3,156 ⁽³⁾	3,844
Enhancement of technological capabilities	6,000	2,241 ⁽⁴⁾	3,759
Working capital purposes	5,280	-	5,280
	38,280	10,623	27,657

Notes:

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

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

The Company did not make any prospect statement.

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

Based on URA data, 2,603 new homes were sold in 4Q2020 with the annual new home sales at 9,982 units – 0.7% higher than 2019’s 9,912 units. Demand for resale private homes was also resilient, partly driven by the HDB upgraders segment. More realistic pricing amid the pandemic may also have facilitated sales – 4,249 units were resold in 4Q2020, up from 3,467 units in 3Q2020. Private Resale volume rose by 19.9% to 10,729 units in 2020.

Buoyed by growing optimism surrounding the vaccine roll-out in Singapore and the improving economy, the momentum in sales and prices is expected to carry over to 2021. The Group expects private home prices to climb by 3% to 4% in 2021. Another factor that will lend support to increasing prices is the declining unsold inventory which has dropped to 24,296 units as at the end of 4Q2020 from 26,483 units in the previous quarter.

Positive market sentiment and low interest rates may drive sales, while Singapore’s effective management of the pandemic adds further gloss to the Republic’s reputation as an investment safe haven. The Group expects 19,000 private residential units to be transacted in 2021, provided no new cooling measures are to be implemented during this period.

HDB resale flats demand is expected to stay relatively healthy, as the rising supply of newer resale flats entering the market will help to stimulate demand and support prices. An estimated 25,530 HDB flats will reach the 5-year Minimum Occupation Period in 2021 - higher than the 24,163 flats in 2020 – making them eligible to be resold.

PropNex expects HDB resale prices to rise by 3% to 5% in 2021 and the volume to hit 25,000 units, on keen buying interests.

12 Dividend

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

Yes.

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend per Ordinary Share	4.00 cents
Tax Rate	Tax exempt

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

Yes.

(c) Date payable for final dividend

20 May 2021

(d) Record date for final dividend

10 May 2021

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

Not applicable.

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

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

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

Not applicable for full year results.

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

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

17 Segment Information

The operating segments of the Group was mainly divided into the following 5 strategic businesses:

- 1) Real estate agency services (“**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 condominiums, private condominiums, landed properties, retail shops, offices and factories.
- 2) Real estate project marketing services (“**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.
- 3) Administrative support services (“**Administrative Support Services**”) relate to use of space and other ancillary services.
- 4) Property management services relate mainly to real estate management services rendered to private residential properties (“**Property Management Services**”).
- 5) Training services relate mainly to real estate related courses and training programmes organized by the Group to salespersons (“**Training Services**”).

As the Group’s revenue was substantially derived from Singapore, revenue and assets of the Group by geographical distribution would not be presented.

17 Segment Information (Con't)

In S\$'000	Agency services	Project marketing services	Administrative support fee income	Training services	Property management fee	Investment holding	Total
2020							
Revenue	488,971	218,698	4,032	1,305	2,173	27,923	743,102
Inter-segment revenue	(197,587)	-	(1,887)	(71)	-	(27,923)	(227,468)
External revenue	291,384	218,698	2,145	1,234	2,173	-	515,634
Interest income	97	35	3	1	1	593	730
Depreciation expense	(1,060)	(32)	(2,456)	(136)	(21)	(1)	(3,706)
Amortisation expense	-	-	-	-	-	(30)	(30)
Interest expense	-	-	(88)	(1)	-	-	(89)
Share of loss of associate	(72)	-	-	-	-	-	(72)
Segment profit before tax	25,867	8,532	795	475	526	963	37,158
Segment assets	85,369	47,385	3,937	1,575	1,282	53,160	192,708
Segment liabilities	95,026	2,932	3,230	649	600	2,683	105,120
Others:							
Bad debts written off	228	71	-	-	-	-	299
Foreign exchange loss	-	14	-	-	-	-	14
Impairment loss on investment in associate	501	-	-	-	-	-	501
Impairment losses/ (reversal of impairment loss) on trade and other receivables	565	(62)	(1)	-	-	(1)	501
Plant and equipment written off	218	-	-	-	9	-	227
Acquisition of plant and equipment	347	41	1	31	65	3	488

17 Segment Information (Con't)

In S\$'000	Agency services	Project marketing services	Administrative support fee income	Training services	Property management fee	Investment holding	Total
2019							
Revenue	398,852	134,885	4,427	1,624	2,568	17,978	560,334
Inter-segment revenue	(120,561)	-	(1,917)	(35)	(6)	(17,978)	(140,497)
External revenue	278,291	134,885	2,510	1,589	2,562	-	419,837
Interest income	277	158	12	2	2	747	1,198
Depreciation expense	(1,012)	(35)	(2,584)	(155)	(11)	(1)	(3,798)
Amortisation expense	-	-	-	-	-	(30)	(30)
Interest expense	-	-	(76)	(2)	-	-	(78)
Segment profit before tax	19,626	4,563	292	385	251	461	25,578
Segment assets	55,327	42,073	7,008	1,064	905	48,067	154,444
Segment liabilities	71,712	1,941	6,461	346	233	1,856	82,549
Others:							
Bad debts written off	329	-	-	-	-	-	329
Foreign exchange loss	-	3	-	-	-	-	3
Impairment losses/ (reversal of impairment loss) on trade and other receivables	652	(9)	1	-	-	-	644
Plant and equipment written off	19	34	-	-	-	-	53
Acquisition of plant and equipment	1,754	79	-	39	6	3	1,881

18 Breakdown of Sales

Group In S\$'000	2020	2019	% Change
Revenue reported for first half year	241,547	166,303	45.2
Operating profit after tax reported for first half year	15,980	6,374	150.7
Revenue reported for second half year	274,087	253,534	8.1
Operating profit after tax reported for second half year	15,244	14,745	3.4

19 Breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

In S\$'000	FY2020	Dividend/ share (cents)	FY2019	Dividend/ share (cents)
Interim dividend	5,550	1.50	4,625	1.25
Proposed Final dividend	14,800	4.00	5,550	1.50
Proposed Special dividend	-	-	2,775	0.75
Total	20,350	5.50	12,950	3.50

20 Disclosure of person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer (in the format set out in paragraph 19 of Appendix 7.2) pursuant to Rule 704 (13)

The company confirms that there was no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the issuer.

BY ORDER OF THE BOARD

Mohamed Ismail s/o Abdul Gafoore
Executive Chairman and CEO
PROPnex LIMITED

24 February 2021