



Company Registration Number: 201801373N

FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019

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PROPnex LIMITED

Company Registration Number: 201801373N

**UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED
31 DECEMBER 2019 (“4Q2019” AND “FY2019”)**

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 2019.

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

	Group					
	4Q 2019	4Q 2018	Change	FY 2019	FY 2018	Change
	S\$'000	S\$'000	(%)	S\$'000	S\$'000	(%)
Revenue	131,015	82,999	57.9	419,837	431,539	(2.7)
Cost of services rendered	(116,135)	(75,237)	54.4	(375,528)	(389,378)	(3.6)
Gross profit	14,880	7,762	91.7	44,309	42,161	5.1
Finance income	299	317	(5.7)	1,198	726	65.0
Finance costs	(31)	-	NM	(78)	-	NM
Other income	1,343	1,107	21.3	5,739	5,431	5.7
Staff costs	(3,515)	(4,600)	(23.6)	(12,811)	(12,069)	6.1
Depreciation of plant and equipment	(288)	(216)	33.3	(1,123)	(747)	50.3
Depreciation of right-of-use assets	(664)	-	NM	(2,675)	-	NM
Amortisation of trademark	(7)	(7)	-	(30)	(30)	-
IPO expenses	-	-	-	-	(1,113)	NM
Other expenses	(2,179)	(2,268)	(3.9)	(8,984)	(7,986)	12.5
Gain on sale of associate	-	-	-	33	-	NM
Profit before tax	9,838	2,095	369.6	25,578	26,373	(3.0)
Tax expense	(1,706)	(221)	671.9	(4,459)	(4,436)	0.5
Profit for the period/ year	8,132	1,874	333.9	21,119	21,937	(3.7)
Profit attributable to:						
Owners of the Company	8,225	1,830	349.5	20,040	19,412	3.2
Non-controlling interests	(93)	44	(311.4)	1,079	2,525	(57.3)
Profit for the period/ year	8,132	1,874	333.9	21,119	21,937	(3.7)

NM – Not meaningful

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

	Group					
	4Q 2019 S\$'000	4Q 2018 S\$'000	Change (%)	FY 2019 S\$'000	FY 2018 S\$'000	Change (%)
Profit for the period/ year	8,132	1,874	333.9	21,119	21,937	(3.7)
Other comprehensive income, net of tax						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences						
- foreign operation	-	-	-	-	-	-
Other comprehensive income for the period, net of tax	-	-	-	-	-	-
Total comprehensive income for the period/ year	<u>8,132</u>	<u>1,874</u>	<u>333.9</u>	<u>21,119</u>	<u>21,937</u>	<u>(3.7)</u>
Total comprehensive income attributable to:						
Owners of the Company	8,225	1,830	349.5	20,040	19,412	3.2
Non-controlling interests	(93)	44	(311.4)	1,079	2,525	(57.3)
Total comprehensive income for the period/ year	<u>8,132</u>	<u>1,874</u>	<u>333.9</u>	<u>21,119</u>	<u>21,937</u>	<u>(3.7)</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			
	4Q 2019 S\$'000	4Q 2018 S\$'000	FY 2019 S\$'000	FY 2018 S\$'000
Amortisation of trademark	7	7	30	30
Bad debts written off	85	114	329	116
Depreciation of plant and equipment	288	216	1,123	747
Depreciation of right-of-use assets	664	-	2,675	-
Foreign exchange loss	12	4	3	18
(Reversal of impairment losses)/impairment losses on trade and other receivables	(30)	18	644	64
Interest expense	31	-	78	-
Interest income	(299)	(317)	(1,198)	(726)
Loss on disposal of plant and equipment	-	-	-	3
Plant and equipment written off	1	3	53	37
Over provision of prior years' tax	<u>(40)</u>	<u>(226)</u>	<u>(40)</u>	<u>(226)</u>

1(b)(i) Statements of Financial Position

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	S\$'000	S\$'000	S\$'000	S\$'000
Assets				
Plant and equipment	3,499	2,794	2	-
Right-of-use assets	5,320	-	-	-
Trademark	158	188	150	180
Subsidiaries	-	-	18,098	18,098
Other investment	393	-	-	-
Deferred tax assets	1	1	1	1
Non-current assets	9,371	2,983	18,251	18,279
Trade and other receivables	63,466	63,458	6,204	18,017
Cash and cash equivalents	81,607	75,671	47,568	39,139
Total current assets	145,073	139,129	53,772	57,156
Total assets	154,444	142,112	72,023	75,435
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	28,908	26,443	8,844	14,792
Equity attributable to owners of the Company	69,342	66,877	66,335	72,283
Non-controlling interests	2,553	3,521	-	-
Total equity	71,895	70,398	66,335	72,283
Liabilities				
Deferred tax liabilities	187	169	-	-
Lease liabilities	2,859	-	-	-
Non-current liabilities	3,046	169	-	-
Trade and other payables	71,702	65,761	5,603	3,016
Current tax liabilities	4,322	4,856	85	136
Deferred income	994	928	-	-
Lease liabilities	2,485	-	-	-
Current liabilities	79,503	71,545	5,688	3,152
Total liabilities	82,549	71,714	5,688	3,152
Total equity and liabilities	154,444	142,112	72,023	75,435

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			
	4Q 2019 S\$'000	4Q 2018 S\$'000	FY 2019 S\$'000	FY 2018 S\$'000
Cash flows from operating activities				
Profit for the period/ year	8,132	1,874	21,119	21,937
Adjustments for:				
Amortisation of trademark	7	7	30	30
Bad debts written off	85	114	329	116
Depreciation of plant and equipment	288	216	1,123	747
Depreciation of right-of-use assets	664	-	2,675	-
(Reversal of impairment losses)/ Impairment losses on trade and other receivables	(30)	18	644	64
Interest expense	31	-	78	-
Interest income	(299)	(317)	(1,198)	(726)
Loss on disposal of plant and equipment	-	-	-	3
Plant and equipment written off	1	3	53	37
Gain on sale of associate	-	-	(33)	-
Tax expense	1,706	221	4,459	4,436
	10,585	2,136	29,279	26,644
Changes in:				
- trade and other receivables	(1,328)	15,731	(981)	712
- trade and other payables	(897)	(17,921)	5,941	(1,450)
- deferred income	(151)	(134)	66	280
Cash generated from/(used in) operations	8,209	(188)	34,305	26,186
Tax paid	(41)	(2)	(5,016)	(3,250)
Tax refunded	41	284	41	284
Net cash from operating activities	8,209	94	29,330	23,220
Cash flows from investing activities				
Acquisition of plant and equipment	(429)	(944)	(1,881)	(1,846)
Acquisition of trademark	-	-	-	(210)
Interest received	299	317	1,198	726
Investment in other investment	(377)	-	(377)	-
Proceeds from sale of associate	-	-	17	-
Proceeds from sale of plant and equipment	-	-	-	12
Net cash used in investing activities	(507)	(627)	(1,043)	(1,318)
Cash flows from financing activities				
Dividends paid to owners	-	-	(17,575)	(11,228)
Dividends paid to non-controlling interests	-	-	(2,047)	(2,072)
Interest paid	(31)	-	(78)	-
Proceeds from issue of IPO shares	-	-	-	40,885
Repayment of lease liabilities	(652)	-	(2,651)	-
Share issuance expenses	-	-	-	(1,492)
Net cash (used in)/from financing activities	(683)	-	(22,351)	26,093
Net increase/(decrease) in cash and cash equivalents	7,019	(533)	5,936	47,995
Cash and cash equivalents at beginning of the financial period/ year	74,527	76,143	75,610	27,615
Cash and cash equivalents at end of the financial period/ year	81,546	75,610	81,546	75,610
<u>Additional information:</u>				
Cash at bank and on hand	81,607	75,671	81,607	75,671
Less: bank deposits pledged	(61)	(61)	(61)	(61)
Total cash and cash equivalents	81,546	75,610	81,546	75,610

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

	Attributable to owners of the Company							
Group - 2019	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	Total equity S\$'000
As at 1 Jan 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 Dec 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)

Group - 2018	Attributable to owners of the Company							
	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	Total equity S\$'000
As at 1 Jan 2018	435	-	607	(1)	18,259	19,300	3,068	22,368
Profit for the year	-	-	-	-	19,412	19,412	2,525	21,937
Other comprehensive income								
- Foreign currency translation	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	19,412	19,412	2,525	21,937
Transaction with owner, recognised directly in equity								
Distributions to owners								
Dividend paid	-	-	-	-	(11,228)	(11,228)	(2,072)	(13,300)
Total transaction with owners of the Company	-	-	-	-	(11,228)	(11,228)	(2,072)	(13,300)
Contribution by owners								
Adjustment from restructuring exercise*	17,663	(17,663)	-	-	-	-	-	-
Issuance of new shares	40,885	-	-	-	-	40,885	-	40,885
Share issuance expenses	(1,492)	-	-	-	-	(1,492)	-	(1,492)
	57,056	(17,663)	-	-	-	39,393	-	39,393
As at 31 Dec 2018	57,491	(17,663)	607	(1)	26,443	66,877	3,521	70,398

* Merger reserve represent the difference between the nominal value of the shares issued by the Company in exchange for the nominal value of shares of subsidiaries acquired during the restructuring exercise, which is accounted for as a business combination under common control.

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

COMPANY - 2019	Attributable to owners of the Company		
	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
As at 1 Jan 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			
Dividend paid	-	(17,575)	(17,575)
Total transaction with owners of the Company	-	(17,575)	(17,575)
As at 31 Dec 2019	57,491	8,844	66,335

COMPANY - 2018	Attributable to owners of the Company		
	Share capital	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000
As at 10 Jan 2018 (date of incorporation)	-*	-	-
Profit for the period	-	14,792	14,792
Total comprehensive income	-	14,792	14,792
Transaction with owner, recognised directly in equity			
Contribution by owners			
Adjustment from restructuring exercise	18,098	-	18,098
Issuance of new shares	40,885	-	40,885
Share issuance expenses	(1,492)	-	(1,492)
	57,491	-	57,491
As at 31 Dec 2018	57,491	14,792	72,283

* The Company was incorporated on 10 January 2018 with an issued and paid up capital of S\$1.

- 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 FY2019. There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 31 December 2019 and 31 December 2018.

- 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 2019 and 31 December 2018, the Company's issued ordinary shares is 370,000,000. The Company did not have any treasury shares as at 31 December 2019 and 31 December 2018.

- 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 have 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.

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 has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2018 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.

SFRS(I) 16

The Group has applied SFRS(I) 16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I) 16 had been recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information. The Group had applied the practical expedient to grandfather the definition of a lease on transition. This means that the Group applied SFRS(I) 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with SFRS(I) 1-17 and SFRS(I) INT 4.

The Group as lessee

The Group measured lease liabilities by applying a single discount rate to their portfolio of office premises leases and applied the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019.

The existing operating lease arrangements are recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every three years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application.

As at 1 January 2019, the Group recognised an increase in ROU assets of S\$3,832,439 and an increase in lease liabilities of S\$3,832,439.

The nature of expenses related to those leases had changed as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge for ROU assets and interest expense on lease liabilities.

6 Earnings Per Ordinary Share

	Group			Group		
	4Q2019	4Q2018	Change (%)	FY 2019	FY 2018	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)	2.22	0.49	349.5	5.42	5.72	(5.4)
- Weighted average number of shares ('000)	370,000	370,000		370,000	339,153	
(ii) On a fully diluted basis (cents)	2.22	0.49	349.5	5.42	5.72	(5.4)
- Weighted average number of shares ('000)	370,000	370,000		370,000	339,153	

Note: As at 31 December 2018, the basic/diluted earnings per share had been computed based on the share capital assuming the restructuring exercise was put into effect on 1 January 2018.

7 Net Asset Value Per Share

	Group			Company		
	31 Dec 19	31 Dec 18	Change (%)	31 Dec 19	31 Dec 18	Change (%)
Net asset value per ordinary share based on issued share capital, excluding treasury shares, at the end of the financial year (cents)						
	18.74	18.07	3.7	17.93	19.54	(8.2)

- 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

4Q2019 vs 4Q2018

Revenue

Revenue increased by approximately S\$48.0 million or 57.9%, from S\$83.0 million in 4Q2018 to S\$131.0 million in 4Q2019 due mainly to the increase in commission income from project marketing services of approximately S\$39.2 million or 243.6%, from S\$16.1 million in 4Q2018 to S\$55.3 million in 4Q2019. The increase is mainly due to the increase in the number of units completed in 4Q2019 following the recovery of the private residential market during the first three quarters of the year since the impact of additional cooling measures in July 2018.

Cost of services

Cost of services increased by approximately S\$40.9 million or 54.4%, from S\$75.2 million in 4Q2018 to S\$116.1 million in 4Q2019. This was mainly due to the increase in commission cost to salespersons which is in tandem with the increase in revenue.

Gross profit

Gross profit increased by approximately S\$7.1 million or 91.7%, from S\$7.8 million in 4Q2018 to S\$14.9 million in 4Q2019. This was mainly attributed to the increase in revenue and notably increase in contribution from project marketing services which is a business segment with higher gross margin.

Finance income

Finance income decreased by approximately S\$0.02 million, from S\$0.32 million in 4Q2018 to S\$0.30 million in 4Q2019. This is mainly due to lower interest earned on bank balance.

Other income

Other income increased by approximately S\$0.2 million or 21.3%, from S\$1.1 million in 4Q2018 to S\$1.3 million in 4Q2019. This was mainly due to an increase in marketing and advertising fee income of approximately S\$0.2 million.

Operating expenses

Staff cost decreased by approximately S\$1.1 million or 23.6%, from S\$4.6 million in 4Q2018 to S\$3.5 million in 4Q2019. This was mainly due the accrual of staff bonus on a quarterly basis in FY2019 instead of accruing at the end of FY2018.

Depreciation of plant and equipment increased by approximately S\$0.07 million or 33.3%, from S\$0.22 million in 4Q2018 to S\$0.29 million in 4Q2019 mainly due to additions of renovation during the year amounting to approximately S\$1.1 million.

Depreciation of ROU assets of approximately S\$0.7 million is incurred in FY2019 in line with new standard, SFRS(I) 16 which was explained in Item 5.

- 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).**

Other expenses remains largely the same.

Profit before tax

As a result of the above, profit before tax increased by approximately S\$7.7 million or 369.6%, from S\$2.1 million in 4Q2018 to S\$9.8 million in 4Q2019.

Tax expense

Tax expense increased by approximately S\$1.5 million or 671.9%, from approximately S\$0.2 million in 4Q2018 to tax expense of approximately S\$1.7 million in 4Q2019. The increase is in line with lower profit in 4Q2019.

FY2019 vs FY2018

Revenue

Revenue decreased by approximately S\$11.7 million or 2.7%, from S\$431.5 million in FY2018 to S\$419.8 million in FY2019. This was mainly due to the property cooling measures implemented at the end of FY2018 which had adversely affected the results for the first half of 2019. Consequently, commission income from agency services was lower by approximately \$29.5 million or 9.6%, from \$307.8 million in FY2018 to \$278.3 million in FY2019, which was mitigated by higher commission income from project marketing services of approximately \$17.6 million or 15.0% from \$117.3 million in FY2018 to \$134.9 million in FY2019.

Cost of services

Cost of services decreased by approximately S\$13.9 million or 3.6%, from S\$389.4 million in FY2018 to S\$375.5 million in FY2019. This was mainly due to the decrease in commission cost to salespersons which is in tandem with the decrease in revenue.

Gross profit

Gross profit increased by approximately S\$2.1 million or 5.1%, from S\$42.2 million in FY2018 to S\$44.3 million in FY2019. This was mainly attributed to the increase in contribution from project marketing services which is a business segment with higher gross margin.

- 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).**

Finance income

Finance income increased by approximately S\$0.5 million from S\$0.7 million in FY2018 to S\$1.2 million in FY2019. This is mainly due to interest earned on higher average bank balance over the twelve-month period in FY2019.

Other income

Other income increased by approximately S\$0.3 million or 5.7%, from S\$5.4 million in FY2018 to S\$5.7 million in FY2019. This was mainly due to an increase in other professional fees of approximately S\$0.4 million partially offset by decrease in marketing and advertising fee income of approximately S\$0.1 million.

Operating expenses

Staff cost increased by approximately S\$0.7 million or 6.1%, from S\$12.1 million in FY2018 to S\$12.8 million in FY2019. This was mainly due an increase in salary as well as an increase in the average staff headcount from the newly created departments for Corporate Leasing and Valuation services.

Depreciation of plant and equipment increased by approximately S\$0.4 million or 50.3%, from S\$0.7 million in FY2018 to S\$1.1 million in FY2019 mainly due to additions during the year amounting to approximately S\$1.9 million.

Depreciation of ROU assets of approximately S\$2.7 million is incurred in FY2019 in line with new standard, SFRS(I) 16 which was explained in Item 5.

Other expenses increased by approximately S\$1.0 million or 12.5%, from S\$8.0 million in FY2018 to S\$9.0 million in FY2019. This was mainly due to increase in impairment loss on trade and other receivables by approximately S\$0.6 million, legal and professional fees by approximately S\$0.8 million and bad debts written off by approximately S\$0.2 million partially offset by decrease in referral expenses by approximately S\$0.3 million and advertising and marketing expenses of approximately S\$0.3 million.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately S\$0.8 million or 3.0%, from S\$26.4 million in FY2018 to S\$25.6 million in FY2019.

Tax expense

Tax expense increased by approximately S\$0.02 million or 0.5%, from S\$4.44 million in FY2018 to S\$4.46 million in FY2019. This was in line with tax rebate in FY2018.

- 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 (as at 31 December 2019 compared to 31 December 2018)

Non-current assets

Non-current assets increased by approximately S\$6.4 million or 214.1%, from S\$3.0 million as at 31 December 2018 to S\$9.4 million as at 31 December 2019. This was mainly due to the recognition of ROU assets of approximately S\$5.3 million as at 31 December 2019 in line with SFRS(I) 16 explained in Item 5, and an increase in plant and equipment of approximately S\$0.7 million arising mainly from additions of approximately S\$1.9 million partially offset by depreciation of approximately S\$1.1 million in FY2019.

Current assets

Trade and other receivables remain largely the same as at 31 December 2019.

Cash and cash equivalents increased by approximately S\$5.9 million or 7.8%, from S\$75.7 million as at 31 December 2018 to S\$81.6 million as at 31 December 2019. The increase was mainly due to net cash generated from operating activities offset with dividend paid to owners of the Company and non-controlling interests.

As a result, total current assets increased by approximately S\$5.9 million or 4.3%, from S\$139.1 million as at 31 December 2018 to S\$145.1 million as at 31 December 2019.

Non-current liabilities

Non-current liabilities increased by approximately S\$2.8 million from S\$0.2 million 31 December 2018 to S\$3.0 million as at 31 December 2019 mainly due to recognition of lease liabilities in line with SFRS(I) 16.

Current liabilities

Trade and other payables increased by approximately S\$5.9 million or 9.0%, from S\$65.8 million as at 31 December 2018 to S\$71.7 million as at 31 December 2019. The increase was mainly due to the increase in other payables by approximately S\$9.0 million which mainly contributed from increased in GST payable partially offset by decrease in trade payables by approximately S\$4.2 million as at 31 December 2019.

Current tax liabilities decreased by approximately S\$0.5 million or 11.0%, from S\$4.8 million as at 31 December 2018 to S\$4.3 million as at 31 December 2019. The decrease was due to payment of YA2019 tax partially offset by the provision of tax expense for the year ended 31 December 2019.

Lease liabilities of approximately S\$2.5 million is recognised as at 31 December 2019 as per adoption of new standard, SFRS(I) 16, explained in Item 5.

As a result, total current liabilities increased by approximately S\$8.0 million or 11.1%, from S\$71.5 million as at 31 December 2018 to S\$79.5 million as at 31 December 2019.

Equity

The equity attributable to the owners of the Company increased by approximately S\$2.4 million or 3.7%, from S\$66.9 million as at 31 December 2018 to S\$69.3 million as at 31 December 2019 due to profit attributable to owners of the Company for FY2019 partially offset with dividend 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

4Q2019 vs 4Q2018

The operating activities generated net cash of approximately S\$8.2 million in 4Q2019 as compared to approximately S\$0.1 million in 4Q2018. The increase was mainly due to higher cash generated from operations of approximately S\$8.2 million.

Net cash used in investing activities was approximately S\$0.5 million in 4Q2019 as compared to approximately S\$0.6 million in 4Q2018. The decrease was mainly due to decrease in acquisition of plant and equipment of approximately S\$0.5 million partially offset by investment in other investment of approximately S\$0.4 million

Net cash used in financing activities was approximately S\$0.7 million in 4Q2019. There were no cash used in financing activities in 4Q2018.

As a result, there was a net increase in cash and cash equivalents of approximately S\$7.0 million for 4Q2019 as compared to net decrease of approximately S\$0.5 million for 4Q2018.

FY2019 vs FY2018

Net cash from operating activities was approximately S\$29.3 million in FY2019 as compared to approximately S\$23.2 million in FY2018. The increase was mainly due to higher cash generated from operations of approximately S\$8.1 million partially offset by increased tax paid of approximately S\$1.8 million.

Net cash used in investing activities was approximately S\$1.0 million in FY2019 as compared to approximately S\$1.3 million in FY2018. The decrease in cash used was mainly due to an increase in interest received of approximately S\$0.5 million and decrease in acquisition of trademark of approximately S\$0.2 million, partially offset by increase in investment in other investment of approximately S\$0.4 million.

Net cash used in financing activities was approximately S\$22.4 million in FY2019 as compared to net cash from financing activities of approximately S\$26.1 million in FY2018. The decrease was mainly due to proceeds from issue of IPO shares of approximately S\$40.9 million received in FY2018, increase in dividend paid to owners of approximately S\$6.3 million and repayment of lease liabilities of approximately S\$2.7 million, partially offset by decrease in share issuance expenses of approximately S\$1.5 million.

As a result, there was a net increase in cash and cash equivalents of approximately S\$5.9 million for FY2019 as compared to net increase of approximately S\$48.0 million for FY2018

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 2020.

In '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	475 ⁽¹⁾	11,525
Enhancement of real estate brokerage business	8,000	3,697 ⁽²⁾	4,303
Expansion in range of business services	7,000	1,427 ⁽³⁾	5,573
Enhancement of technological capabilities	6,000	1,158 ⁽⁴⁾	4,842
Working capital purposes	5,280	-	5,280
	38,280	6,757	31,923

Notes:

- (1) These are mainly business trips and due diligence expenses for existing or potential franchisees.
- (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.
- (3) These are mainly expenses incurred by new departments like Auction, En-Bloc, Corporate Leasing and Valuation departments as well as funding new business initiatives.
- (4) These are mainly expenses incurred for subscriptions of new software, renewal of IT software and purchases of new hardware and expansion 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 previously.

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.

The outbreak of Covid-19 since January 2020 have limited impact on the Singapore residential property segment. The first 2 months of 2020 with Chinese New Year holidays, are usually the quieter period with fewer launches. The year started off with a few notable launches and relatively good performance.

As part of the \$4 billion Stabilisation and Support Package aimed at helping Covid19-hit businesses, the property tax rebates, temporary bridging loan programme, delay in the GST hike and other relief measures, should help support these sectors, especially retail landlords.

Overall, the private residential segment in 2019 saw the impact of the cooling measures with volume contracting at 13.5% year-on-year and registering a total of 19,150 private transactions in 2019 against 22,139 units in 2018 according to URA. There is a moderation in the prices of the private residential property market, resulting in a 2.7% increase in 2019. The Group believes that the 2020 outlook for private properties will be relatively stable compared to 2019 with resale property prices generally lower as compared to some of the newer launches.

On the public housing front, the Group estimates that the HDB resale market is reflecting continuous demand with price stabilisation. HDB resale transactions record a 2.7% year-on-year increase from 23,099 in 2018 to 23,714 in 2019. HDB resale prices achieved an overall positive growth of 0.1% after 7 years of price decline. The Group believes HDB resale volume will continue to be robust in 2020 and prices might see small growth of an estimated 1 to 2%.

12 Dividend

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

Yes.

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Amount per share	1.50 cents per ordinary share
Tax Rate	Tax exempt

Name of Dividend	Proposed Special
Dividend Type	Cash
Dividend Amount per share	0.75 cents per ordinary share
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

21 May 2020

(d) Record date for final dividend

11 May 2020

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 is 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 is substantially derived from Singapore, revenue and assets of the Group by geographical distribution will not be presented.

17 Segment Information (Con't)

In '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)	-	(64)	(11)	(1)	(1,123)
Amortisation expense	-	-	-	-	-	(30)	(30)
Interest expense	-	-	(76)	(2)	-	-	(78)
Segment profit/(loss) 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

17 Segment Information (Con't)

In '000	Agency services	Project marketing services	Administrative support fee income	Training services	Property management fee	Investment holding	Total
2018							
Revenue	408,599	117,323	3,450	1,638	2,674	21,740	555,424
Inter-segment revenue	(100,839)	-	(1,177)	(129)	-	(21,740)	(123,885)
External revenue	307,760	117,323	2,273	1,509	2,674	-	431,539
Interest income	276	112	10	2	2	324	726
Depreciation expense	(625)	(49)	-	(65)	(8)	-	(747)
Amortisation expense	-	-	-	-	-	(30)	(30)
Segment profit/(loss) before tax	15,567	10,390	212	289	382	(467)	26,373
Segment assets	57,456	41,558	1,403	921	986	39,788	142,112
Segment liabilities	65,556	2,855	1,138	259	254	1,652	71,714
Others:							
Bad debts written off	92	23	-	1	-	-	116
Foreign exchange loss	-	18	-	-	-	-	18
Impairment losses/ (reversal of impairment loss) on trade and other receivables	145	(87)	-	(1)	6	1	64
Plant and equipment written off	34	-	-	-	3	-	37
Acquisition of plant and equipment	1,783	6	-	39	18	-	1,846
Acquisition of trademark	-	-	-	-	-	210	210

18 Breakdown of Sales

Group In S\$'000	2019	2018	% Change
Revenue reported for first half year	166,303	224,364	(25.9)
Operating profit after tax reported for first half year	6,374	11,728	(45.7)
Revenue reported for second half year	253,534	207,175	22.4
Operating profit after tax reported for second half year	14,745	10,209	44.4

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	FY2019	Dividend/ share (cents)	FY2018	Dividend/ share (cents)
Interim dividend	4,625	1.25	-	-
Proposed Final dividend	5,550	1.50	5,550	1.50
Proposed Special dividend	2,775	0.75	7,400	2.00
Total	12,950	3.50	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 is 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

27 February 2020

UOB Kay Hian. is the sole issue manager of the initial public offering and listing of Propnex Limited. UOB Kay Hian. assumes no responsibility for the contents of this announcement.