PropNex

Service You Trust

SINGAPORE

PROPNEX LIMITED

ANNUAL REPORT 2019

UPSCALING OUR PERFORMANCE


PropNex
SGX Mainboard Listed

CONTENTS

VISION, MISSION AND CORE VALUES

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

MISSION

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

CORE VALUES

C ontinuous Self-Improvement
A utonomy and Entrepreneurship
R espect and Concern for individuals
E thics, 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 8,441 sales professionals, as at 23 February 2020. The Group's key business segments include real estate brokerage, training, property management and real estate consultancy services.

The Group leads the 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, PropNex offers a full suite of real estate brokerage services, representing clients across a broad spectrum of property segments. As an industry leader, PropNex constantly strives to be in the forefront to introduce new initiatives, especially in technological innovations that improves the productivity of the salespersons in order to better serve their clients.

2019 saw the Group successfully extending into real estate consultancy services of Corporate Leasing and Valuation, while strengthening its regional presence in Vietnam, Indonesia and Malaysia with a combined total of more than 2,000 overseas salespersons.

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 recognised leader in real estate agency services.

MILESTONES

1996

- Incorporation of Nooris Consultants and Prulink Realty

1999

- Founded First Class Consultants with merger of both agencies

2000

- Company was renamed PropNex, the official inception of PropNex with 3,000 salespersons

2004

- Moved headquarters ("HQ") to Toa Payoh HDB Hub with 24,000 sq feet of office space

2005

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

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 a pillar of economic growth of the nation

2008

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

2016

- First overseas expansion: Indonesia

2017

- Became Singapore's largest real estate agency with the cross-over of DWG salespersons

2018

- Launched PropNex Associate Healthcare Benefits Programme, which provides medical benefits for all salespersons and their dependants
- Second overseas market: Malaysia
- Listed on the SGX Mainboard
- Third overseas market: Vietnam

2019

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

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.

Ranked 2nd in Enterprise 50 Awards 2011

Top Real Estate Agency in Influential Brand Winner 2015

Highly Commended Real Estate Agency at the Asia Pacific Property Awards

Reader's Digest Trusted Brand Award 2008 - 2011

Singapore Quality Class Certified 2015

Top Noveteur at the Asia Enterprise Brand Awards 2015

Singapore Service Class Certified 2015

Singapore Service Class Certified 2019

One of Singapore's Fastest Growing Companies 2020

- Reader's Digest Trusted Brand Gold Award (2008-2011)
- Highly Commended Real Estate Agency at the Asia Pacific Property Awards (2011)
- Enterprise 50 Awards ranked 2nd (2011)
- People-Centric Award at the inaugural Asia Responsible Corporate Awards (ARCA) (2013)
- Singapore Quality Class Certified (2015)
- Singapore Service Class Certified (2015)
- Top Real Estate Agency in Influential Brand Winner (2015)
- Top Noveteur Award at the Asia Enterprise Brand Awards (2015)
- Ascendas-Singbridge Most Active Agency (Lease) of the Year (2016)
- Top Business Space Leasing by Far East Organisation (2016)
- PropNex Property Management awarded the Accredited Managing Agent (Category A) from Year 2017 to Year 2020 by the Singapore Institute of Surveyors and Valuers and the Association of Property and Facility Managers
- Best Real Estate Marketing Idea Award by ASEAN Real Estate Network Alliance (2017)
- Marketing Agency Excellence Award by EdgeProp Singapore Excellence Awards (2018)
- Expat Living Readers' Choice Awards (2019)
- Singapore's Fastest Growing Companies (2020) by The Straits Times & Statista

PROPNEX AT A GLANCE

- **Asset light and resilient business model**
- **Leading market positions in Singapore**
  - Primary Private Residential Market – 48%[2] of total units transacted in FY2019
  - Private Residential Resale Market – 45%[2] of total units transacted in FY2019
  - HDB Resale – 51.2%[2] of total units transacted in FY2019
- **Strong thought leadership as pioneer of several industry "firsts" in Singapore:**
  - Dual Career Path in 2000 – a commission scheme model that was subsequently adopted by industry peers
  - Pension Plan for Team Leaders in 2006
  - Spouse Protection Scheme in 2013
  - PropNex Associate Healthcare Benefits Programme in 2018, which provides medical benefits for all our salespersons and their dependants.
  - Proprietary Signature training programmes for salespersons
  - Empowering home buyers and investors through consumer seminars since 2013
  - Technology platform for salespersons productivity
- **Widening foothold in regional markets – Vietnam, Indonesia, Malaysia**
  - Combined overseas salesforce of 2,000 across 17 offices

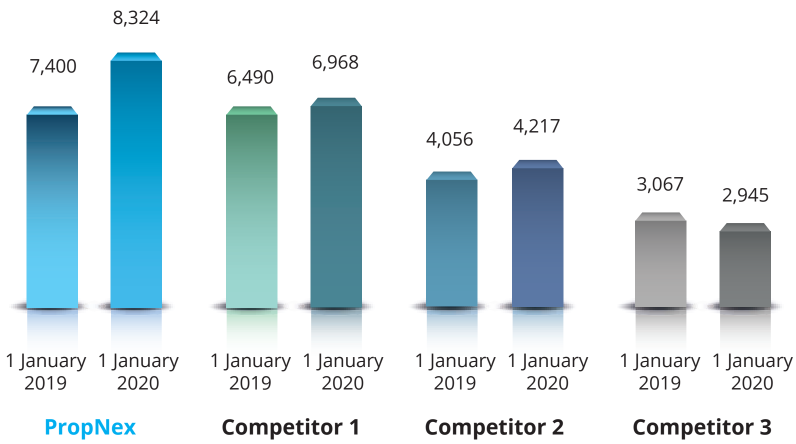
Market share in Singapore

48% **Private Residential (New Launches)**

45% **Private Residential (Resale)**

51% **HDB Resale**

Singapore's largest listed real estate agency with over 8,324[1] salespersons



1. The Council for Estate Agencies, as at 1 January 2020.
2. According to 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 25 February 2020.

BUSINESS SEGMENTS

Real Estate Brokerage

The Group 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 CEA-accredited provider of CPD courses. The academy provides training 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) hours of credits each calendar year.

Property Management Services

PropNex Property Management is principally involved in managing boutique and high-end developments. Our management team may be located on-site, depending on the attributes of the particular development, such as the number of units under management. The Group works with various parties, including the management committee, to provide services such as property and facility maintenance, administration of common areas, communal and lifestyle services, security management, defects resolution, project management and building diagnostics.

Notable properties managed by PropNex Property Management are Canberra Residences, Dairy Farm Estate, East Meadows, Faber Crest, Lady Hill, Savannah Condopark, Simsville Condo and Westbay Condo.

BUSINESS SEGMENTS

Real Estate Consultancy Services

Established since 2018, the real estate consultancy arm provides corporate sales and auction services, valuation and corporate leasing services. Corporate Sales and Auction Services Department undertakes transactions across all real estate segments ranging from industrial and commercial space, to residential property for investment or personal use. We offer Property Auction Services, HDB Auction Services, Private Treaty Services, Estate Sale, Trustee Sale, Mortgagee/ Bank Sale and more.

Apart from providing professional valuation for all types of properties, the Valuation Department also provides opinions to clients for mortgage valuation and to corporates for exercises like acquisitions of local or overseas companies via asset or share transfer, initial public offerings (IPOs) and special audit review. Our reports are used by local 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, account management, home and school search and even hand over services for departure.

GEOGRAPHICAL FOOTPRINT

Singapore (Headquarters)
8,441* salespersons

Vietnam
162 salespersons | 1 office

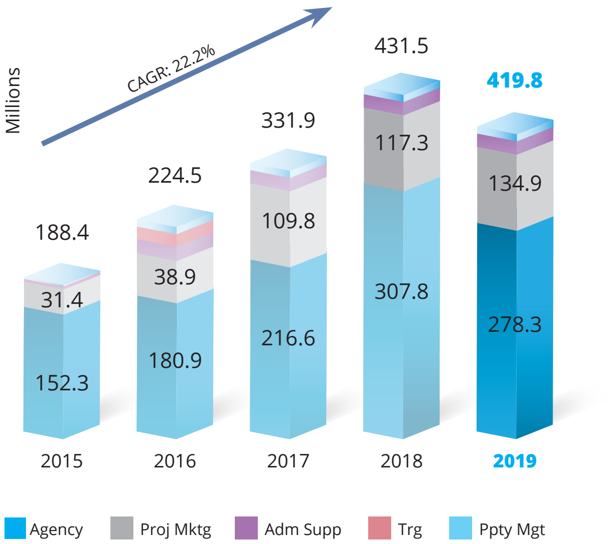
Malaysia
500 salespersons | 4 offices

Indonesia
1,400 salespersons | 12 offices

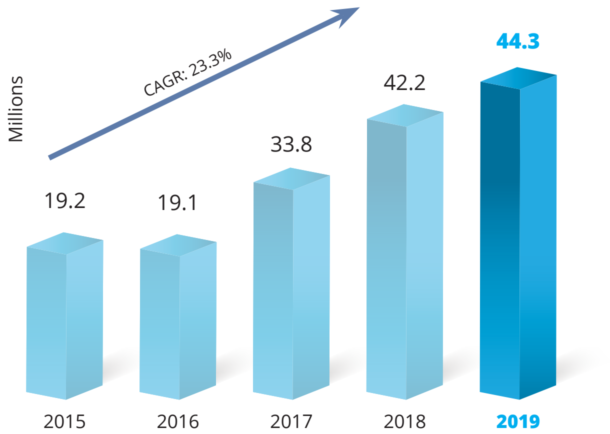
*The Council for Estate Agencies, as at 23 February 2020

FINANCIAL HIGHLIGHTS

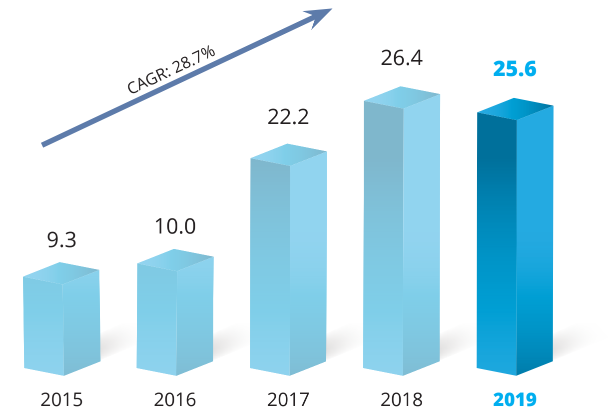
Group Revenue (S$'mil)



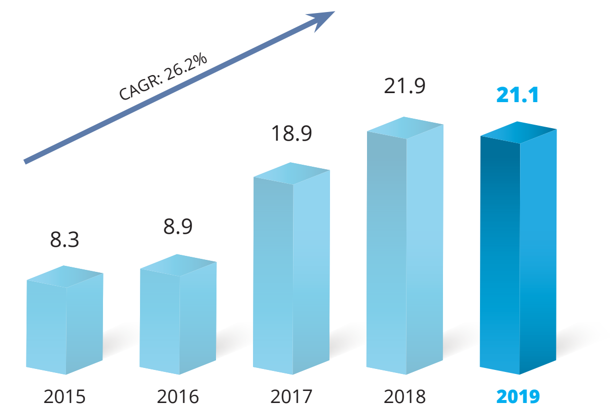
Gross Profit (S$'mil)



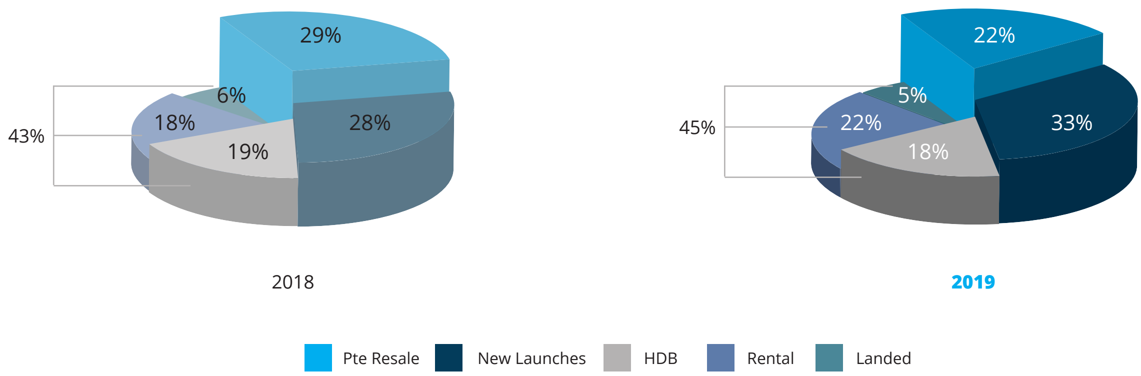
Net Profit Before Tax (S$ mil)



Net Profit After Tax (S$ mil)



Revenue Breakdown



CHAIRMAN'S MESSAGE

In appreciation of the support of our Shareholders, the total dividend payout for FY2019 is 3.5 cents amounting to $12.95m which represents a yield of 7.8% on the price of 45 cents per share on 20 March 2020

2020 marks another milestone in PropNex's history as the Group celebrates 20 years of trusted service in real estate. I am delighted to share this timely celebratory occasion with our stakeholders as PropNex establishes a stronger foothold in the Singapore's property industry – closing a record number of transactions and producing 21 Millionaires Achievers in financial year 2019 ("FY2019"). Today, we continue to be the market leader in new launches and attracting record number of experienced and new salespersons to join PropNex. Despite the cooling measures and weaker market sentiments, it is commendable that we delivered a revenue of $419.8m for FY2019.

While we were witnessing the impact of the July 2018 cooling measures, PropNex was able to harness our exceptional assets – leveraging on the strong branding and talent of its people across the Group, to win in the marketplace.

We managed to overcome the challenges of the cooling measures by carrying out over 100 consumer seminars and conducting specially tailored training programmes for salespersons in 2019. These sessions served to educate consumers on the implications of cooling measures and to explain where the window of opportunities are for the various buyer profiles – be it first-time homebuyers, upgraders, investors, or sellers of en-bloc developments in search of replacement homes.

PropNex's market leadership position today is largely made possible by our corporate culture. We have an intensely collaborative and harmonious culture that instils sharing. We believe PropNex is one of the real estate agency that has strong retention rate in the industry as we stand strongly united across different divisions as PropNex United #1PNG. Leaders and salespersons from different backgrounds have consistently vowed to work together closely as one strong PropNex family.

With a total of 8,441 salespersons as at 23 February 2020, an increase of 1,041 salespersons since January 2019, PropNex steers forth as the largest listed real estate agency in Singapore. PropNex has proven to be the agency of choice, in line with our vision of attaining the size of 10,000 PropNex salespersons.

CHAIRMAN'S MESSAGE

In 2019, PropNex project teams led in almost every new project launch from the mass market to the luxury segments in Singapore. We are the dominant market leader in the new launches segment, a marked improvement from where we stood just three years ago; in addition to our market leadership position in the luxury, private residential resale and HDB resale markets.

The Company is constantly innovating and improving its systems, services and technology to better equip our salesforce in serving their clients and excelling in the real estate industry. Today, PropNex has come to be known in the real estate brokerage industry as the market leader for training and development of salespersons. Over the years, we have continually refreshed and repackaged our training curricula. We now provide a deeper level of specialisation across our development programmes. For instance, we provide customised sales training targeted at different segments and even have a "Lux" team which handles high-end residential properties. We see this to be our competitive edge.

Our overarching objective is to hone the skills of our salespersons and to develop them into consultants, who are empowered to advise clients on options available in their purchasing and investment decisions in real estate, and to provide solutions to reorganise their property portfolios, among others.

Another area that we have improved tremendously is the incorporation of technology into our business. We now employ online platforms and data analytics to further enhance real-time connectivity among our salespersons. We run technology systems which are proprietary to us, and which provide our salesforce the capability to further value-add to customers. We embrace technology, and we intend to stay ahead of the curve in terms of innovation, and leverage it to our advantage. We seek to continually transform the digital landscape in the real estate industry by utilising artificial intelligence and big data for the betterment of our salesforce.

Our aspiration to expand is guided strongly by the goal to become a dominant player in the region. When we set our sights on a new market, it is imperative that we source for like-minded partners – people who are passionate, performance-driven, nimble, service-oriented and with a strong sense of professionalism and integrity. We do not set up overseas operations just for the sake of chalking up our presence across the region, or merely lending the PropNex brand to overseas partners. Instead, we look for partners who embrace our work ethics, core values and culture. Only with such an alignment and meeting of the minds, are we able to achieve great things.

As such, we have clear key performance indicators to fulfil. In choosing the right overseas partners, we expect such operations to mature to be a recognised market player in three years, and to be a Top Five real estate agency in five years. Therefore, finding the right partners in new markets, who have similar goals as us, is paramount. Being in the Top Five in an overseas market not only brings about economies of scale, but also strongly positions us to be top-of-mind among investors, customers and developers.

Fuelled by a desire to be a leading regional real estate agency, we are constantly on the lookout to grow our Southeast Asia footprint and are currently exploring opportunities in the Philippines and Thailand. While our aim is to penetrate a new market every year, the thrust of our business operations continues to be in Singapore in the near- to medium-term.

Amidst the current challenging economic conditions due to the COVID-19 crisis, it is critical that we continue to educate the consumers and equip our salesforce with relevant knowledge. When the consumers see that their interest is our priority, they will trust us and our brand as well.

FY2020 looks set to be another exciting year, presenting ample opportunities. A line-up of over 38 new projects, with approximately 12,000 units have been earmarked for launches. These projects, with together with the stock of unsold units from the previous launches, will

total approximately over 30,162 units (excluding Executive Condominiums).

Given the large supply in primary non-landed residential properties, we believe developers will be motivated to price their projects sensitively to attract buyers, while buyers will enjoy a good spread of choices. Alongside this, we expect robust demand from HDB upgraders as their flats reach the

CHAIRMAN'S MESSAGE

five-year minimum occupation period. Long-term demand is also expected from foreigners, who continue to view Singapore as a safe haven for real estate investments.

Our current standing in the market and scalability of our business enable us to leverage on the large supply of units entering the market. Our salesforce is primed to connect customers with their desired real estate properties.

Besides the real estate brokerage business, we have also taken concrete steps to build the pillars for our real estate consultancy business. We kickstarted an Auction department since 2018, and was the first in the industry to offer HDB Auctions.

Additionally, we set up our Corporate Leasing and Valuation departments in 2019 respectively and have seen good traction thus far in these segments. Over time, we hope to be able to build and capture more market share in these segments.

From a shareholder's perspective, you will be pleased to note that we will be proposing at the upcoming Annual General Meeting a final dividend of 1.50 cents and a special dividend of 0.75 cents for FY2019 in appreciation of your support. This brings the Group's total payout to 3.5 cents per share, amounting to S$12.95 million which represents 64.6% of the Group's PATMI for FY 2019.

Going forward, as we celebrate PropNex's 20th Anniversary with "Building Legacies for Generations" as our new branding campaign, we continue to see ourselves as Singapore's largest listed real estate agency with a continuously growing salesforce. As a brand owner-manager, we also possess a strong desire to build PropNex into a pre-eminent regional brand in the next five years.

In tandem with our regional aspirations, we are also driven to expand our service offerings in real estate consultancy services in a bid to enlarge our market share. Ultimately, we strive to be the market-leading provider of such services as well.

We will not rest on our laurels and will continue to strive and reach greater heights.

Mr Ismail Gafoore
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 20 years' experience in the real estate industry, Mr Ismail has an intimate understanding of the industry. He is responsible for the Group's strategic direction and oversees business operations of the Group, including functions such as compliance, finance, human resources, legal, marketing, operations, sales and information technology.

Prior to joining the real estate industry and founding Nooris Consultants Pte. Ltd. in 1996, Mr Ismail served as an officer in the Singapore Armed Forces and has continued service to the nation as part of the military reserve force. Mr Ismail currently holds the rank of Colonel (RET) in the Singapore Armed Forces.

Mr Ismail holds a bachelor's degree in Land Economics and an IBMEC higher diploma in Real Estate & Property Management 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.

Mr Alan Lim Tow Huat
Co-founder and Executive Director
(Resigned on 18 March 2020)

Mr Alan Lim has accumulated a wealth of experience from more than 20 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 our Group, Mr Lim's expertise in aiding our salespersons and Team Leaders improve their sales performance contributed 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.

To comply with provisions 2.2 and 2.3 of the Code of Corporate Governance 2018 as well as the Listing Rules of SGX-ST, Mr Alan Lim ceased to be a director of the Company on 18 March 2020. He continues to serve the Group as a management personnel.

Mr Kelvin Fong Keng Seong
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 spearheaded the sales and leadership training programmes. He personally curated the signature PropNex bootcamp to empower over 3,000 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 the Secretary General of the Singapore Manufacturing Federation. He was formerly 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 Masters 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.

Mr Kan Yut Keong
Independent Director

Mr Kan Yut Keong is the Group's chairman of the Audit Committee and a member of the Remuneration and Nominating Committees. He presently sits as a member on the board of the Securities Industry Council of Singapore and the Competition & Consumer Commission of Singapore. He is also an independent director of Nam Cheong Limited.

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 & Wales and its Corporate Finance Faculty, Institute of Singapore Chartered Accountants (ISCA) and the Malaysian Institute of Accountants.

Mr Low Wee Siong
Independent Director

Mr Low Wee Siong is the Group's chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He is currently in legal practice as a director of Wong Tan & Molly Lim LLC, Mr Low is also the lead independent director of Beng Kuang Marine Limited.

Mr Low has been named a recommended lawyer for capital markets in Singapore by The Legal 500 Asia Pacific 2018 and 2020 Editions and one of "Singapore's 70 most influential lawyers aged 40 and under in 2016" by the Singapore Business Review. He holds a Bachelor of Law 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 Lim Yong Hock | *Key Executive Officer*
Mr Lim Yong Hock heads PropNex's real estate agency business and oversees the daily operations of the agency. He is in charge of the training of all the salespersons including those in the overseas offices. He joined the Group in April 2006 as a marketing, recruitment and training manager and he 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.

Mr Cheong Yew Meng | *Chief Financial Officer*
Mr Cheong Yew Meng is responsible for a full spectrum of the Group's financial, accounting and taxation matters including treasury, financial reporting, strategic planning, compliance with regulations, risk management as well as corporate taxation. Mr Cheong has a total of near 30 years of accounting work experience in industries such as healthcare, manufacturing, project management, retail, engineering and construction.

Prior to joining the Group, Mr Cheong was the Chief Financial Officer at Aoxin Q&M Dental Group Limited, Group Financial Controller/Finance Director at HSL Constructor Pte Ltd and Group Financial Controller at an SGX Mainboard listed company, Rotary Engineering Limited.

Mr Cheong graduated from Royal Melbourne Institute of Technology with a Bachelor of Business in Accountancy. He is also a member of both Chartered Accountants of Singapore and Certified Public Accountants of Australia.

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 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 ISCA.

Mr Priveen Raj Naidu | *Chief Commercial Officer*
Mr Priveen Raj is in charge of commercial strategy, developing complementary revenue streams, further enhancing efficiency, elevating the overall consumer experience, driving business growth and increasing market share. Mr Priveen has almost two decades of experience across the service, hospitality and airline industries.

In his most recent role as CEO and Founder of Reapra Aviation Partners, he worked with the Head Of Countries (Cabinet) in the region to increase their country's aviation economy. Priveen has spent almost 15 years taking up senior roles across Asia and prides himself in being able to understand cultural nuances and experience of building businesses in the region.

Priveen graduated with first Class Honors in Marketing from the National University Ireland.

MANAGEMENT TEAM

Mr Eddie Lim | *Vice President*
Mr Eddie Lim oversees the real estate brokerage agency business which includes the Training and Recruitment, Associate Affairs and Legal 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 nine years of real estate experience. He also has an Advanced Certificate in Training Assessment.

Mr Alvin Tan | *Executive Director, PropNex International*
Mr Alvin Tan has more than 20 years of working experience in the Real Estate industry. He oversees the entire project marketing division and is responsible for all local residential projects marketed by the Group. This includes launched and sold out projects such as Gramercy Park, New Futura, South Beach Residences, Martin Modern, Parc Riviera, Twin Vew, RiverCove Residence and many others.

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).

Mr Soh Kee Chuan | *Director of Information Technology*
Mr Soh Kee Chuan has 30 years of IT experience and is responsible for aligning technology strategies with the Group's business strategy plans. He oversees the deployment, integration, monitoring, upgrading and support of enterprise infrastructure, systems and security.

Prior to joining the Group, he was with a securities broker firm and had managed projects in listed companies such as Great Eastern Life. Mr Soh holds a Bachelor of Science in Information Systems from University of West London and is an EC-Council Certified Ethical Hacker.

Mr Michael Koh | *Director of Information Technology*
Mr Michael Koh brings with him over 10 years of IT experience as he had worked with a large number of real estate salespersons in Malaysia and Singapore. Since 2009, Michael was 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.

Carolyn Goh | *Director of Corporate Communications and Marketing*
Ms Carolyn Goh oversees all communications issued by the Group and is responsible for media relations, partnership, corporate social responsibility, corporate branding and franchise business development. She brings along with her vast experience of over 18 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.

FINANCIAL REVIEW

For the financial year ended 31 December 2019 ("FY2019"), the Group recorded a revenue of $419.8 million, against $431.5 million in the previous corresponding period ("FY2018"). 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.

PropNex recorded a Net Profit After Tax ("NPAT") of $21.1 million for FY2019, compared to $21.9 million in FY2018. The Group's balance sheet remains healthy with cash and cash equivalents of $81.5 million as at 31 December 2019, an increase of $5.9 million when compared to $75.6 million as at 31 December 2018.

The Group's FY2019 performance was buoyed by a strong finish. Overall, 2019 saw 9,912 units moved in the private new launches segment, a 12.7% year-on-year increase from 2018, demonstrating the resilience of the Singapore property scene against the backdrop of global uncertainties and cooling measures. In line with this, the Group, which is the market leader in the private new launches segment, transacted the highest number of units amongst the joint marketing agencies for most of the new projects appointed by developers in 2019.

While 2019 started off feeling the brunt of the cooling measures, the Group produced strong results in the second half of 2019, with a solid finish for the year. With developers setting prices sensitively and through the multiple consumer seminars conducted in 2019, PropNex was able to further cement its leadership position in new property launches.

As the Number One real estate agency in Singapore, PropNex is in a good position to support its network of customers and the firm's growth. Looking ahead, PropNex will continue to invest in its people, technology and infrastructure to better serve customers.

Final Dividend and Special Dividend

To reward shareholders, the Board has proposed a final dividend of 1.50 cents per share and a special dividend of 0.75 cents per share. This is subject to approval by shareholders at the forthcoming Annual General Meeting. In total, this brings the Group's total dividend payout for FY2019 to 3.5 cents per share, amounting to $12.95 million or 64.6% of the Group's profit after tax and non-controlling interests for FY2019, and represents a yield of 7.8% on the price of 45.0 cents per share as at 20 March 2020.

The Group made a commitment at the time of its IPO to recommend and distribute dividends of at least 50% of profit attributable to the owners of the Company for FY2019 and intends to deliver on that. PropNex's focus in executing its strategy enables the distribution of $12.95 million in dividends to shareholders for FY2019.

OPERATIONS REVIEW

In 2019, PropNex further strengthened its position as Singapore's largest listed real estate agency, with an enlarged salesforce of 8,441 as at 23 February 2019. This marked an increase of 1,041 sales agents or 14.1% from 1 January 2020. We believe PropNex is one of the real estate agency that has strong retention rate in the industry as 2019 marked the milestone of which different divisions united as one PropNex United #1PNG. Leaders and salespersons from different backgrounds have consistently vowed to work together closely as one strong PropNex family. PropNex has proven to be the agency of choice, in line with our vision of attaining the size of 10,000 salespersons, further fortifying its position as Singapore's Number One largest listed real estate agency.

In 2019, PropNex was appointed for 47 project launches of which 13 were appointed after the initial launch, with a combined total of approximately 14,500 residential units. Of these, the Group closed the highest number of units in most of these project launches against other joint marketing agencies, further entrenching PropNex's market leadership in the new launches segment.

Some of these notable projects included Treasure at Tampines, Florence Residences, Affinity at Serangoon, The Tre Ver, Parc Esta and South Avenue Residences among others.

For 2020, PropNex has been appointed for over 25 new projects with a total of approximately 10,800 residential units.

Additionally, with a projected 24,163 HDB flats reaching the minimum occupation period in 2020 and the introduction of Enhanced CPF Housing Grant, the Group believes that the overall HDB resale demand will be robust in 2020.

The Group has also taken significant strides in building its real estate consultancy business. We set up the Corporate Leasing and Valuation Department in 2019 to build and capture more market share in these segments.

Overseas, the Group extended a stronger foothold in Malaysia, as the salesforce grew from 60 salespersons when it first opened its doors in March 2018, to about 500 salespersons today. The Group is pleased that it has opened a third office in Johor Bahru, Malaysia with plans underway for the fourth office by the first half of 2020.

These bring PropNex's total presence to over 2,000 salespersons across three overseas markets — with over 1,400 salespersons across 12 offices in Indonesia, 500 salespersons across four offices in Malaysia and an office in Vietnam with 100 salespersons.

The Group has also tremendously improved the incorporation of technology into our business. The Group now employs online platforms and data analytics to further enhance real-time connectivity among our salespersons. We run technology systems which are proprietary to us, and provide our salesforce the capability to further value-add to customers. We embrace technology, and the Group intends to stay ahead of the curve in terms of innovation, and leverage it to our advantage. We seek to continually transform 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 capitalise on the combined excellence of its people, brand strength, and market-leading operating platform to pursue growth opportunities and serve its customers, in both Singapore and overseas markets. This year, we celebrate our two decades of real estate business and our joint in building legacies for generations.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY REPORT

Corporate Social Responsibility

Since 2000, PropNex has been involved in various charity events and championed numerous meaningful causes. Our CSR Philosophy, "Empowering Future Generations through Education", has guided the Group's CSR initiatives over the years. We review current initiatives and plan for future CSR direction and initiatives during strategic meetings, which are led by the management team.

At PropNex, we are firm believers of contributing back to the communities around us. We believe that we can only truly help our communities when the culture of contributing is instilled in each and every one of our employees and salespersons. We have thus established programmes and mechanisms to enable the Group's employees and salespersons to easily be involved with and contribute to all CSR initiatives.

PropNex has adopted Community Chest as its main charity beneficiary since 2013. Through Community Chest's work, we support an umbrella of social service programmes that assists over 300,000 people in need in Singapore. Additionally, we have also put an emphasis on adopting schools and centres that cater to children with special needs and disabilities as beneficiaries to further align our contribution with our CSR philosophy. We were recognised for our work with Community Chest and received the Community Chest Platinum Award in 2019. The targets and further information on the Group's CSR efforts for 2020 will be discussed in our Sustainability Report.

Sustainability Reporting

PropNex views sustainability as fundamental to achieving our long-term vision of success. We incorporate pertinent environmental, social and governance ("ESG") factors into the way we grow our business, cultivate our people and serve our communities. We will share our policies, practices, performance and targets in relation to our material ESG factors in our sustainability report. The Sustainability Report will be published by May 2020 and will be publicly accessible through our company website and on SGXNet. The report will be aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide. It should be read in conjunction with our Annual Report.

CORPORATE INFORMATION

Board of Directors:

Mr Mohamed Ismail S/O Abdul Gafoore	(Executive Chairman and CEO)
Mr Alan Lim Tow Huat	(Executive Director) (Resigned on 18 March 2020)
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
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

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
105 Cecil Steet
The Octagon
#09-01
Singapore 069534

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 greater transparency, accountability and protect and enhance long-term shareholder value.

This report outlines the Company's corporate governance practices for financial year ended 31 December 2019 ("FY2019") with specific reference to principles of the Code of Corporate Governance (the "Code") issued by the Monetary Authority of Singapore ("MAS") on 6 August 2018.

The Board have taken steps to align the governance framework with the provisions of the Code, where applicable, and where deviations from the Code, appropriate explanations are provided. This section should be read in totality together with this Annual Report.

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 assess key risks provided by the management of the Group (the "Management") as well as the adequacy of internal controls and risk management system of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors.

Each director is expected during the course of carrying out his duties, to act in good faith and to make decisions objectively at all times, as fiduciaries in the best interests of the Company. The Board is entrusted to lead and oversee the Company, with the fundamental principle to act in the best interests of the Company. The Board has put in place policies that established appropriate culture values and ethical standards of conduct at all levels of the Group. In addition to its statutory duties, the Board's principal functions, among others, 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, among others, the following:

- 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 announcements, annual report and audited financial statements;
- annual budgets and financial plans of the Company;
- convening of shareholders' meetings;
- appointment of directors and key management personnel, 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 Committee, conduct of meetings including quorum and voting requirements. The terms of reference will be 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	D Mr. Kan Yut Keong	Mr. Low Wee Siong

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

Board Attendance

The Board meets on a quarterly basis, and as and when necessary to address any specific significant matters that may arise. Dates of Board, Board Committee meetings and annual general meetings are scheduled in advance in consultation with all the Directors. 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. Alan Lim Tow Huat	2	2*	1*	1*	1
Mr. Kelvin Fong Keng Seong	2	2*	1*	1*	1
Dr. Ahmad Bin Mohamed Magad	3	3	0	0	1
Mr. Kan Yut Keong	4	4	1	1	1
Mr. Low Wee Siong	4	4	1	1	1

- Attendance by invitation.

Training for Directors

All newly appointed Directors will undergo an orientation programme where the Director would 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 facilities 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.

CORPORATE GOVERNANCE

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 informed and 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. Briefing attended by Directors during FY2019 include but are not limited to SID Directors Conference 2019, Corporate Governance Roundup and Director Financial Reporting Fundamentals. The CEO updates the Board at each meeting on the business and strategic development of the Group. During FY2019, 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

All Directors, whether as a group or individually, have 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 for the furtherance of strategic objectives. All Board members are supplied with relevant, complete, 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, in the best interests of the Company. 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 if any, progress reports of the Group's business operations when requested. The quarterly financial results and annual budget are presented to the Board for approval with subsequent material variance between the projections and actual results, if any, explained. 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 of the Group.

Board papers are sent to Directors prior to each meeting in order for Directors to be adequately prepared for the meeting. Management attends Board meetings to answer any query from Directors. Directors are entitled to request from Management and provided with any additional information as needed to make informed and timely decisions.

The Company Secretary works closely with the respective Chairman in setting the agenda for Board and Board Committee meetings. She and/or her representative(s) attend all Board and Board Committee meetings and provide secretarial support to the Board, ensuring 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.

Principle 2: Board Composition and Guidance

The current Chairman is not an Independent Director. In FY2019, three out of six Directors on the Board are independent directors. In compliance with provisions 2.2 and 2.3 of the Code, Alan Lim Tow Huat has since stepped down as an Executive Director on 18 March 2020.

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 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 on the Board, which is able to exercise objective judgement on corporate affairs independently.

CORPORATE GOVERNANCE

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 also reviewed on an annual basis by the NC and the Board to ensure that their size is appropriate so as to facilitate effective decision making, independence requirements continue to be met, and that the Board Committees are of an appropriate size and comprise the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity. Having considered the scope and nature of the Group's businesses and the requirements of the business, the Board, in concurrence with the NC, believes that its current board size and the existing composition of the Board Committees effectively serves the Group. It provides sufficient diversity with the appropriate balance and mix of skills, competencies, knowledge and experience, regardless of gender, ethnicity or nationality. Accordingly, the NC and Board are of the view that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. Please refer to their profiles under "Board of Directors" section in this Annual Report.

Independence of Directors

The NC reviews and determines the independence of each Independent Director annually. As part of the review process, the NC requires all 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 declaration forms are drawn up based on the provision of the Code and Practice Guidance to the Code. The NC has reviewed the declaration forms 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 to discuss 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 key management personnel in FY2019.

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.

The Board is of the opinion that 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 any considerable concentration of power or influence.

Mr. Mohamed Ismail S/O Abdul Gafoore is the Executive Chairman and CEO of the Company. As Executive Chairman, he (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, he 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, and/or Chief Financial Officer has failed to provide satisfactory resolution, or when such contact is inappropriate or inadequate.

Principle 4: Board Membership

Please refer to Principle 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, *inter alia*, the following:

- reviewing the composition of the Board of Directors annually to ensure that the Board of Directors and the Board Committees comprise Directors who as a group provide an appropriate balance and diversity of skills, expertise, gender and knowledge to the Group and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;
- determining the process and criteria for evaluation of the performance of the Board, the Board Committees and directors;
- reviewing and recommending the nomination or re-nomination of Directors having regard to their contribution and performance;
- determining on an annual basis whether or not a Director is independent, in accordance with the Code and other salient factors;
- in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;
- reviewing and approving any new employment of related persons and the proposed terms of their employment; and
- reviewing board succession plans for directors, Chairman, CEO and key management personnel as well as training and professional development programs for the Board.

CORPORATE GOVERNANCE

Process for selection, appointment and re-appointment

Table 4.1 – Process for the Selection and Appointment of New Directors		
1.	Determination of selection criteria	• The NC, in consultation with the Board, would identify the current needs of the Board in terms of skills/experience/knowledge/gender to complement and strengthen the Board and increase its diversity.
2.	Search for suitable candidates	• The NC would consider candidates proposed by the Directors, key management personnel or substantial shareholders, and may engage external search consultants where necessary. • The NC, will assess the candidates, ability taking into consideration the existing composition of the Board and strives to ensure that the Board has an appropriate balance of independent directors as well as qualification and experience of each candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives and to ensure that the candidates are aware of the expectations and level of commitment required of them.
3.	Assessment of shortlisted candidates	• The NC would meet and interview the shortlisted candidates to assess their suitability.
4.	Appointment of director	• The NC would recommend the selected candidate to the Board for consideration and approval.

Table 4.2 – Process for the Re-electing Incumbent Directors		
1.	Assessment of director	• The NC, would assess the performance of the director in accordance with the performance criteria set by the Board; and • The NC would also consider the current needs of the Board
2.	Re-appointment of director	• Subject to the NC's satisfactory assessment, the NC would recommend the proposed re-appointment of the director to the Board for its 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 for the time being (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 in every year shall be those subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. 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, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Mr. Mohamed Ismail S/O Abdul Gafoore 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 being eligible have consented to stand for re-election at the forthcoming AGM. The NC, having considered the attendance and participation of these Directors at Board and Board Committee meetings and their contributions to the business and operations of PropNex, has recommended to the Board the re-election of all of them. The Board has endorsed the re-elections, based on recommendations of the NC.

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 page 105.

The retiring Directors are abstained from voting on any resolution and making any recommendation and/or participated in respect of his own re-election.

Review of independence

The NC determines annually, and as and when circumstances require, the independence of the Independent Directors, please refer to principle 2 for details. For the avoidance of doubt, none of the Independent Directors is or has been employed by the Company or any of its related corporations for the current or any past three financial years or has an immediate family member who is employed or has been employed by the Company or any of its related corporations for the past three financial years, and whose remuneration is determined by the Remuneration Committee of the Company.

Directors' commitment to discharge duties

As a Director's ability to commit time to the Group's affairs is essential for his contribution and performance, 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) will 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 principal commitments
Mohamed Ismail S/O Abdul Gafoore	Executive Chairman and Chief Executive Officer	Nil	• PropNex group of companies • P & N Holdings Pte. Ltd. group of companies
Lim Tow Huat (resigned on 18 March 2020)	Executive Director	Nil	• PropNex group of companies • P & N Holdings Pte. Ltd. group of companies
Kelvin Fong Keng Seong	Executive Director	Nil	• Zest Consultants Pte. Ltd. • Zest Academy Group Pte. Ltd. • KJ MGT Pte. Ltd. • MPS Invest 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	• Singapore Innovation and Productivity Institute Pte. Ltd. • Singapore PMC Certification Pte. Ltd. • SME Centre @ SMF Pte. Ltd. • SMF Centre for Corporate Leaning Pte. Ltd. • SMF Institute of Higher Learning Pte. Ltd. • SMF Biz Search Pte. Ltd. • Management Development Institute of Singapore • Singapore Manufacturing Federation

CORPORATE GOVERNANCE

Director	Position	Present directorship in other listed companies	Present principal commitments
Kan Yut Keong	Independent Non-Executive Director	• Nam Cheong Limited	• Cornerstone Advisors Pte. Ltd. • Competition & Consumer Commission of Singapore • Securities Industry Council of Singapore
Low Wee Siong	Independent Non-Executive Director	• Beng Kuang Marine Limited	• Legal Practice at Wong Tan & Molly Lim LLC

During the year, the NC has considered each Director's other listed company 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.

No alternate Director has been or is currently appointed to the Board.

Principle 5: Board Performance

The NC reviews the performance of the Board, Board Committees and individual Directors on an annual basis, based on performance criteria as agreed by the Board, and decides how this may be evaluated. The Board has established a process for assessing the effectiveness of the Board as a whole and for assessing the contribution of each individual Director towards the effectiveness of the Board.

Evaluation process

This assessment is conducted by the NC at least once a year by way of a Board evaluation 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 the assessment of his/her performance or re-nomination as a Director. The Board will act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, that new members be appointed to the Board or seek the resignation of Directors.

To assess the effectiveness of the Board as a whole, the factors 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 top management
- Standards of conduct
- Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference

To assess the contribution of each individual Director, each Director is required to complete the Individual Director Assessment Checklist (the "Checklist"). The factors evaluated 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

CORPORATE GOVERNANCE

The performance criteria do not change from year to year. Directors can 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 to improve the corporate governance of the Company and effectiveness of the Board as a whole.

During the year, all Directors have completed and submitted the Questionnaire to the Company Secretary. The Company Secretary compiled Directors' responses into a consolidated summary report which was circulated to the NC for review before submitting to the Directors for discussion and determining areas for improving and enhancing the effectiveness of the Board. Each Director also completed the Checklist to assess each Director's contributions to the Board's effectiveness.

Having reviewed each of the Director's attendance and contribution to the Board in FY2019, the NC is of the view that the performance of the Board as a whole and Board Committee has been satisfactory. The NC is satisfied that the Directors have each contributed to the effectiveness of the Board and its Board Committees (as applicable), and have been able to devote adequate time and attention to the Company's affairs and adequately discharged their duties as Directors of the Company.

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

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

Please refer to Principle 1 on the names of the members and the composition of the RC. The terms of reference of the RC include, *inter alia*, the following:

- recommending to the Board general remuneration policy framework and guidelines for the remuneration of the Directors and key management personnel, and determining specific remuneration packages for each of them. The recommendations of RC shall be submitted for endorsement by the entire 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 his remuneration package;
- performing an annual review of the remuneration of employees related to the Directors, CEO and Substantial Shareholders (if any) 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 our RC. In the event that a member of the RC is related to the employee under review, he will 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, including the administering of the PropNex ESOS and the PropNex PSP plan;
- in the case of Service Contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or key management personnel's 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 key management personnel and recommend such targets as well as employee specific remuneration packages for each of them, for endorsement by the Board.

No remuneration consultants were engaged by the Company for FY2019. The service of an external remuneration consultant will be sought, as and when necessary.

CORPORATE GOVERNANCE

Practice Guidance 7: Level and Mix of Remuneration

The RC and the Board in determining the level and structure of remuneration of the Board and key management personnel will ensure that they are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account its strategic objectives, its 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 performance of the Company and business divisions respectively.

It 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 appropriate to attract, retain and motivate them for the long term success of the Group.

Principle 8: Disclosure on Remuneration

Disclosure of Directors' renumeration

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 adhoc committees. The Directors' fees are appropriate to the level of contribution, taking into account factors such as effort and time spent, and the responsibilities of the Directors, such 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 FY2020 for the Board's endorsement. The Directors' fees are subject to shareholders' approval at the forthcoming AGM. No Director is involved in deciding his own remuneration.

The Independent Directors' fee structure for FY2019 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 in the same day will be counted as one meeting.

CORPORATE GOVERNANCE

The breakdown for the remuneration of the Directors for FY2019 is as follows:

Table 9 – 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	778,708	997,993	17,340	800	–	1,794,841
Mr. Mohamed Ismail S/O Abdul Gafoore	768,738	121,500	13,260	800	–	904,298
Mr. Alan Lim Tow Huat	534,462	84,500	17,340	800	–	637,102
Independent Directors						
Dr. Ahmad Bin Mohamed Magad	–	–	–	–	77,000	77,000
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 FY2019. For the avoidance doubt, no performance shares or options granted to any director.

Disclosure of Key Management Personnel's renumeration

The Executive Directors of the Company, Mr. Mohamed Ismail S/O Abdul Gafoore, Mr. Alan Lim Tow Huat 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.

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 and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, it is in the best interests of the Company to not disclose the aggregate remuneration paid to the Company's key management personnel (who are not Directors or the CEO). The remuneration of the CEO is set out above. The remuneration of the key management personnel (who are not Directors or CEO) of the Company for this financial year are set out below in remuneration bands of $250,000.

CORPORATE GOVERNANCE

During FY2019, aside the CEO, the Company only 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 FY2019 is as follows:

Table 9.3 – Remuneration of Key Management Personnel					
Name	Salary (%)	Bonus (%)	Provident Fund (%)	Benefits (%)	Total (%)
S$250,000 to S$449,999					
Lim Yong Hock	48	48	4	–	100
Chow Mei Lin	60	34	6	–	100
S$249,999 and below					
Cheong Yew Meng	86	7	7	–	100
Hon Chee Wei	70	20	10	–	100

There were no termination, retirement and post-employment benefits granted to the key management personnel during FY2019. For the avoidance doubt, no performance shares or options granted to any key management personnel. No key management personnel is involved in deliberating or deciding his own remuneration.

There are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the CEO or a substantial shareholder of the Company.

PropNex Employee Share Option Scheme and PropNex Performance Share Plan

The Company adopted the following share incentive schemes on 13 June 2018 to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty:

1. An employee share options scheme known as the "PropNex Share Option Scheme" ("PropNex ESOS"); and

2. A share scheme known as the "PropNex Performance Share Plan" (the "PropNex PSP");

collectively, the "PropNex Share Incentive Schemes".

The PropNex Share Incentive Schemes are administered by the RC. No option or awards have been granted or awarded under the PropNex ESOS or PropNex PSP respectively during the financial year reported on and since the date of commencement of the PropNex Share Incentive Schemes. Further information on the PropNex Share Incentive Schemes is set out in the "Directors' Statement" section of this annual report and the Company's Prospectus dated 25 June 2018. The RC and the Board will constantly evaluate and assess the implementation of long-term incentive schemes through the PropNex Share Incentive Schemes, with the aim of enhancing the link between rewards and corporate and individual performance.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

The Board acknowledges that it 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.

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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 will review the internal auditor's comments and findings and ensure that there are adequate and effective internal controls in the Group and follow up on actions implemented.

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 have been properly maintained and the financial statements for FY2019 give 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 have also provided their confirmation that, as at 31 December 2019, 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 considers 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 2019 to address financial, operational, compliance risks and information technology risks which the Group considers 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 FY2019.

The Board recognises that no internal control system will preclude all errors and irregularities, as a system is 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 Principle 1 on the names of the members and the composition of the AC. All AC members are Independent Directors, notably, Mr. Kan Yut Keong, the Chairman of the AC, has extensive and practical accounting and financial management knowledge and experience, to be well qualified to chair the AC. The AC members have sufficient accounting and/or related financial management expertise and experience, as the Board interprets such qualifications in its business judgement. For further details on the profile of the AC members, please refer to page 13 of this Annual Report under the section entitled "Board of Directors" of this Annual Report. For the avoidance of doubt, none of the members of the AC (i) is a former partner or director of the Company's existing auditing firm or corporation within the previous two years commencing on the date of their ceasing to be a partner or director of the auditing firm or corporation and (ii) holds any financial interest in the auditing firm corporation.

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

(a) review the scope of the audit 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;

CORPORATE GOVERNANCE

(b) review the quarterly and annual financial statements before submission to the Board of Directors 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 acceptable 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 interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(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 of Directors 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 of Directors 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 Audit Committee 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 of Directors, and report to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee;

(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 and/or the financial controller (as the case may be), for the relevant period, on an annual basis to determine his or her suitability for the position;

(q) on an annual basis or any other period that the Audit Committee 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 the use of proceeds to be raised from the Proposed Offering and ensure that any change in the use of proceeds will be subject to Shareholders' approval;

(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 SHA.

CORPORATE GOVERNANCE

The EA 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.

The Company has put into place a whistle-blowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters such as possible corruption, suspected fraud and other non-compliance issues.

The Company's employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistle blowing report to whistleblowing@propnex.com. Reports received will be submitted to the CEO or feedback received to the relevant Management. Where the complaints relate to a senior executive and/or the CEO, these will be escalated to the Audit Committee. For full transparency, all complaints received will be submitted to the Audit Committee for information.

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 FY2019 in the discharge of its functions and duties including the deliberation and review of:

- 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 and risk management systems and reporting the findings to the Board;
- the external audit fees for FY2019 refer to note 22 of the "Notes to the Financial Statement" on page 87;
- 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.

Key Audit Matters

In its review of the financial statements of the Group for FY2019, the AC considered a number of significant matters and has discussed with Management the accounting principles that were applied and their judgement of items that might affect the financial statements and also considered the clarify 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.

CORPORATE GOVERNANCE

During the audit of the financial statements for FY2019, one key audit matter ("KAM") was reported by the external auditors and are set out audited financial statements of this Annual Report. The AC's commentaries on the reported KAM are set out below.

KAMs	AC's comments
Valuation of trade receivables of $61.7 million	The AC considered the recoverability of trade receivables by reviewing the ageing analysis of trade receivables and their collections subsequent to the financial year. The AC also reviewed the approach of expected credit loss ("ECL") model and the appropriateness of the underlying assumption used in the ECL model, i.e. historical loss rate, forward-looking outlay in relation to GDP growth and etc.

The above KAM has been included as key audit matter in the independent auditors' report for the year ended 31 December 2019. Refer to Page 46 of this Annual Report.

Internal Audit

The AC's responsibility in overseeing that the Group's risk management system and internal controls is complemented by its outsourced internal auditors, PwC. The internal auditors report directly to the Chairman of the AC on audit matters. 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 internal auditors are adequately qualified (given, *inter alia*, PwC internal audit methodology is aligned to the IIA International Standards and code of ethics) and resourced, and have the appropriate standing in the Company to discharge its duties effectively. In FY2019, the AC also met with the internal auditors without the presence of the executive board members and the Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Practice Guidance 11: Shareholder Rights and Conduct of General Meetings

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 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 encouraged to attend the general meetings to put forth any questions they may have on the motions to be 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 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 on 25 April 2019, all Directors that were in appointment at that time attended the AGM.

CORPORATE GOVERNANCE

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 after subsequent approval by the Chairman, will be made available to shareholders on the Company's website as soon as practicable.

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.

Dividend policy

The Company wishes to reward shareholders for participating in the growth of the Group, accordingly, the Board intends to recommend and distribute dividends of at least 50% of the Group's announced profit attributable to the owners of the Company (excluding exceptional items, if any) semi-annually. 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 and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner.

The Company currently does not have an investor relations policy. However, the Company has engaged an external investor relations adviser, Citigate Dewe Rogerson Singapore Pte Ltd, to assist investor relations activities in tandem with our 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 as follows:

(1) Announcements, including quarterly and full-year financial results announcements, 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 & Marketing, Carolyn Goh, can be contacted via email at carolyn@propnex.com. The Company's investor relations advisor, Mr Winston Choo/Ms Valencia Wong from Citigate Dewe Rogerson Singapore Pte Ltd, is also contactable via phone, 6534-5122, and email winston.choo@citigatedewerogerson.com/valencia.wong@citigatedewerogerson.com.

Sustainability Reporting

The Company views sustainability as fundamental to achieving our long-term vision of success. PropNex incorporates pertinent environmental, social and governance (ESG) factors into the way the Group grows the business, cultivates our people and serves our communities. The Company shares the policies, practices, performance and targets in relation to the identified material ESG factors in the sustainability report (the "Sustainability Report"). The Sustainability Report will be published by May 2020 and will be publicly accessible through our company website and on SGXNet. The Sustainability Report will be aligned to SGX-ST's Listing Rules – Sustainability Reporting Guide. It should be read in conjunction with this Annual Report, here presented.

COMPLIANCE WITH APPLICABLE LISTING RULES		
Listing Rule	**Rule Description**	**Company's Compliance or Explanation**
712, 715 or 716	Appointment of auditors	The Company confirms its compliance to the Listing Rules 712 and 715. The AC undertook the annual review of the independence and objectivity of the external auditors by reviewing the non-audit services provided and the fees paid to them. The AC is of the view that the nature and extent of non-audit services provided by the external auditors do 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 shareholder agreement, there were no material contracts or loans entered into by or taken up 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 or entered into since the end of the previous financial year. 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 interested person transactions (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 interested person transactions 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	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. 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.
1204(22)	Use of proceeds	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 29 February 2020.

In S$'000 Use of Net Proceeds	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
Local and regional expansion through mergers and acquisitions, joint ventures and partnerships strategy	12,000	477[(1)]	11,523
Enhancement of real estate brokerage business	8,000	3,753[(2)]	4,247
Expansion in range of business services	7,000	1,568[(3)]	5,432
Enhancement of technological capabilities	6,000	1,222[(4)]	4,778
Working capital purposes	5,280	–	5,280
	38,280	7,020	31,260

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.

DIRECTORS' STATEMENT

Year ended 31 December 2019

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 2019.

In our opinion:

(a) the financial statements set out on pages 50 to 102 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 2019, and the financial performance, changes in equity and cash flows of the Group for the year ended in accordance with the provisions of the Singapore Companies Act, Chapter 50 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)
Lim Tow Huat	(Executive Director) (Resigned on 18 March 2020)
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 Companies Act, Chapter 50 (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. For completeness of disclosure, Lim Tow Huat has ceased to be a director of the Company on 18 March 2020.

(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 2020
PropNex Limited			
Ordinary shares			
Mohamed Ismail S/O Abdul Gafoore			
– interests held	24,076,650	–	–
– deemed interests	212,545,229	238,320,779	238,320,779
Lim Tow Huat			
– interests held	6,799,221	–	–
– deemed interests	214,921,129	221,820,350	221,820,350
Kelvin Fong Keng Seong			
– interests held	26,900,000	–	–
– deemed interests	1,436,900	28,336,900	28,336,900
Ahmad Bin Mohamed Magad			
– interests held	60,000	60,000	60,000

DIRECTORS' STATEMENT

Year ended 31 December 2019

(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
Lim Tow Huat		
– interests held	223,256	223,256

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% and 38% owned by Mohamed Ismail S/O Abdul Gafoore and Lim Tow Huat respectively. Accordingly, they are 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, Lim Tow Huat 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
Lim Tow Huat		
– 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	68,336	68,336
Lim Tow Huat		
– deemed interests	68,336	68,336
Kelvin Fong Keng Seong		
– deemed interests	68,336	68,336

DIRECTORS' STATEMENT

Year ended 31 December 2019

Name of director and corporation in which interests are held	Holdings at beginning of the year	Holdings at end of the year
PropNex Property Management Consultants Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore		
– deemed interests	112,500	112,500
Lim Tow Huat		
– deemed interests	112,500	112,500
Kelvin Fong Keng Seong		
– deemed interests	112,500	112,500
SingCapital Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore		
– deemed interests	153,000	300,000
Lim Tow Huat		
– deemed interests	153,000	300,000
SingCapital Holdings Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore		
– deemed interests	51	102
Lim Tow Huat		
– deemed interests	51	102
SC Power Pte. Ltd.		
Ordinary shares		
Mohamed Ismail S/O Abdul Gafoore		
– deemed interests	–	100
Lim Tow Huat		
– deemed interests	–	100

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.

Except as disclosed under the "PropNex Performance Share Plan and PropNex Employee Share Option Scheme", 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.

DIRECTORS' STATEMENT

Year ended 31 December 2019

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.

PropNex Employee Share Option Scheme and PropNex Performance Share Plan

The Company adopted the following share incentive schemes (collectively, the "PropNex Share Incentive Schemes") on 13 June 2018 to provide eligible participants with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty:

1. An employee share options scheme known as the "PropNex Employee Share Option Scheme" ("PropNex ESOS"); and

2. A share scheme known as the "PropNex Performance Share Plan" (the "PropNex PSP");

The PropNex Share Incentive Schemes are administered by the Remuneration Committee ("RC"). As at the date of this statement, no option or awards have been granted under the PropNex ESOS or PropNex PSP respectively.

PropNex ESOS

Under the rules of the PropNex ESOS, executive directors and confirmed employees of the Group and the associated companies ("Group Employees") and non-executive directors (including the Independent Directors) of the Group, are eligible to participate in the PropNex ESOS.

The PropNex ESOS shall be administered by the RC with powers to determine, amongst other things, the following:

(a) persons to be granted options;

(b) number of options to be granted; and

(c) recommendations for modifications to the PropNex ESOS.

The options that are granted under the PropNex ESOS may have exercise prices that are, at the RC discretion, set at a price (the "Market Price") equal to the average of the last dealt prices for a Share on the Official List of the SGX-ST for the five (5) consecutive Market Days immediately preceding the date on which an offer to grant an option is made; or at a discount to the Market Price (subject to a maximum discount of 20%).

Options which are fixed at the Market Price ("Market Price Option") may be exercised after the first anniversary of the date on which an offer to grant that option is made while options exercisable at a discount to the Market Price may be exercised after the second anniversary from the date on which an offer to grant that option is made ("Incentive Option").

Options granted under the PropNex ESOS will have a life span of ten (10) years for options granted to Group Employees (other than non-executive directors and/or employees of associated companies) and five (5) years for options granted to non-executive directors and/or employees of associated companies.

DIRECTORS' STATEMENT

Year ended 31 December 2019

PropNex PSP

Executive directors and confirmed employees of the Group and the associated companies who have attained the age of twenty-one (21) years as of the award date, and who hold such rank as may be designated by the RC from time to time, and non-executive directors (including the Independent Directors) of the Group, shall be eligible to participate in the PropNex PSP.

The RC has the discretion to decide, in relation to each award to be granted to a participant:

(a) the date on which the award is to be granted;

(b) the number of Shares which are the subject of the award;

(c) the performance target(s) and the performance year during which such performance target(s) are to be satisfied, if any;

(d) the extent to which Shares, which are the subject of that award, shall be released on each prescribed performance target(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance year; and

(e) any other condition which the RC may determine in relation to that award including but not limited to the vesting year (if any).

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;

DIRECTORS' STATEMENT

Year ended 31 December 2019

- 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 FY2019;
- 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.

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 2020

INDEPENDENT AUDITORS' REPORT

Members of the Company
PropNex Limited

Report on the financial statements

Opinion

We have audited the financial statements of PropNex Limited (the "**Company**") and its subsidiaries (the "**Group**"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2019, 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 50 to 102.

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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) in Singapore ("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 2019 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 *Auditor's 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 year. 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.

Valuation of trade receivables of $61.7 million
(Refer to Note 11 to the financial statements)

The key audit matter

As at 31 December 2019, the Group has trade receivables of $61.7 million, which represents 40% of its total assets. Given the size of the balance and the risk that some of the trade receivables may not be recoverable, judgement is required to evaluate whether any allowance should be made to reflect the risk.

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, i.e. individual customers. The Group 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.

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

INDEPENDENT AUDITORS' REPORT

How the matter was addressed in our audit

We tested the ageing analysis of the Group's trade receivables 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.

Our findings

We found management's assessment of the recoverability of trade receivables for the allowance on impairment loss to be supportable. We also found that the key assumptions used by management in the ECL model to be balanced and appropriate.

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.

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.

Auditor's 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 auditor's 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.

INDEPENDENT AUDITORS' REPORT

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 control 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.

- 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 auditor's 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 auditor's 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 control 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 to 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 year and are therefore the key audit matters. We describe these matters in our auditor's 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.

INDEPENDENT AUDITORS' REPORT

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 auditor's report is Shelley Chan Hoi Yi.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
31 March 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	Group 2019 $	Group 2018 $	Company 2019 $	Company 2018 $
Assets					
Plant and equipment	4	**3,499,359**	2,793,869	**2,441**	–
Right-of-use assets	5	**5,320,013**	–	**–**	–
Trademark	6	**157,862**	187,862	**150,000**	180,000
Subsidiaries	7	**–**	–	**18,098,166**	18,098,166
Associate	8	**–**	–	**–**	–
Other investments	9	**392,737**	–	**–**	–
Deferred tax assets	10	**1,149**	1,149	**1,125**	1,125
Non-current assets		**9,371,120**	2,982,880	**18,251,732**	18,279,291
Trade and other receivables	11	**63,466,425**	63,458,007	**6,204,246**	18,016,584
Cash and cash equivalents	12	**81,606,786**	75,671,200	**47,567,487**	39,139,286
Total current assets		**145,073,211**	139,129,207	**53,771,733**	57,155,870
Total assets		**154,444,331**	142,112,087	**72,023,465**	75,435,161
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	**(650)**	(739)	**–**	–
Retained earnings		**28,907,811**	26,443,270	**8,844,183**	14,791,841
Equity attributable to owners of the Company		**69,341,341**	66,876,711	**66,334,912**	72,282,570
Non-controlling interests	14	**2,552,875**	3,520,404	**–**	–
Total equity		**71,894,216**	70,397,115	**66,334,912**	72,282,570
Liabilities					
Deferred tax liabilities	10	**187,736**	168,743	**–**	–
Lease liabilities	5	**2,859,451**	–	**–**	–
Non-current liabilities		**3,047,187**	168,743	**–**	–
Trade and other payables	15	**71,701,606**	65,761,499	**5,603,243**	3,016,277
Deferred income	16	**994,361**	928,361	**–**	–
Lease liabilities	5	**2,485,141**	–	**–**	–
Current tax liabilities		**4,321,820**	4,856,369	**85,310**	136,314
Current liabilities		**79,502,928**	71,546,229	**5,688,553**	3,152,591
Total liabilities		**82,550,115**	71,714,972	**5,688,553**	3,152,591
Total equity and liabilities		**154,444,331**	142,112,087	**72,023,465**	75,435,161

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Note	2019 $	2018 $
Revenue	17	**419,837,002**	431,539,196
Cost of services rendered		**(375,528,659)**	(389,377,405)
Finance income	18	**1,197,542**	725,760
Other income	19	**5,739,037**	5,431,110
Gain on disposal of associate	8	**33,000**	–
Staff costs	20	**(12,810,510)**	(12,068,806)
Depreciation of plant and equipment	4	**(1,122,744)**	(747,234)
Depreciation of right-of-use assets	5	**(2,675,039)**	–
Amortisation of trademark	6	**(30,000)**	(30,000)
IPO expenses		**–**	(1,112,924)
Finance costs	21	**(77,920)**	–
Other expenses	22	**(8,984,177)**	(7,986,486)
Profit before tax		**25,577,532**	26,373,211
Tax expense	23	**(4,458,635)**	(4,436,328)
Profit for the year		**21,118,897**	21,936,883
Profit attributable to:			
Owners of the Company		**20,039,541**	19,412,077
Non-controlling interests	14	**1,079,356**	2,524,806
Profit for the year		**21,118,897**	21,936,883
Earnings per share			
Basic earnings per share (cents)	24	**5.42**	5.72
Diluted earnings per share (cents)	24	**5.42**	5.72

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	Note	2019 $	2018 $
Profit for the year		**21,118,897**	21,936,883
Other comprehensive income, net of tax			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences – foreign operations		**104**	348
Other comprehensive income for the year, net of tax		**104**	348
Total comprehensive income for the year		**21,119,001**	21,937,231
Total comprehensive income attributable to:			
Owners of the Company		**20,039,630**	19,412,375
Non-controlling interests	14	**1,079,371**	2,524,856
Total comprehensive income for the year		**21,119,001**	21,937,231

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Share capital $	Merger reserve $	Capital reserve $	Foreign currency translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
At 1 January 2018		435,002	–	606,615	(1,037)	18,259,293	19,299,873	3,067,448	22,367,321
Profit for the year		–	–	–	–	19,412,077	19,412,077	2,524,806	21,936,883
Other comprehensive income									
Foreign currency translation differences – foreign operations		–	–	–	298	–	298	50	348
Total other comprehensive income, net of tax		–	–	–	298	–	298	50	348
Total comprehensive income for the year		–	–	–	298	19,412,077	19,412,375	2,524,856	21,937,231
Transaction with owners, recognised directly in equity									
Distributions to owners									
Dividends paid	13	–	–	–	–	(11,228,100)	(11,228,100)	(2,071,900)	(13,300,000)
		–	–	–	–	(11,228,100)	(11,228,100)	(2,071,900)	(13,300,000)
Contributions by owners									
Incorporation of the Company	13	1	–	–	–	–	1	–	1
Adjustment on restructuring exercise	13	17,663,164	(17,663,164)	–	–	–	–	–	–
Shares issued pursuant to initial public offering	13	40,885,000	–	–	–	–	40,885,000	–	40,885,000
Share issuance expenses	13	(1,492,438)	–	–	–	–	(1,492,438)	–	(1,492,438)
		57,055,727	(17,663,164)	–	–	–	39,392,563	–	39,392,563
Total transactions with owners of the Company		57,055,727	(17,663,164)	–	–	(11,228,100)	28,164,463	(2,071,900)	26,092,563
At 31 December 2018		57,490,729	(17,663,164)	606,615	(739)	26,443,270	66,876,711	3,520,404	70,397,115

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Note	Share capital $	Merger reserve $	Capital reserve $	Foreign currency translation reserve $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
At 1 January 2019		**57,490,729**	**(17,663,164)**	**606,615**	**(739)**	**26,443,270**	**66,876,711**	**3,520,404**	**70,397,115**
Profit for the year		–	–	–	–	**20,039,541**	**20,039,541**	**1,079,356**	**21,118,897**
Other comprehensive income									
Foreign currency translation differences – foreign operations		–	–	–	**89**	–	**89**	**15**	**104**
Total other comprehensive income, net of tax		–	–	–	**89**	–	**89**	**15**	**104**
Total comprehensive income for the year		–	–	–	**89**	**20,039,541**	**20,039,630**	**1,079,371**	**21,119,001**
Transaction with owners, recognised directly in equity									
Distributions to owners									
Dividends paid	13	–	–	–	–	**(17,575,000)**	**(17,575,000)**	**(2,046,900)**	**(19,621,900)**
Total transactions with owners of the Company		–	–	–	–	**(17,575,000)**	**(17,575,000)**	**(2,046,900)**	**(19,621,900)**
At 31 December 2019		**57,490,729**	**(17,663,164)**	**606,615**	**(650)**	**28,907,811**	**69,341,341**	**2,552,875**	**71,894,216**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Profit for the year		**21,118,897**	21,936,883
Adjustments for:			
Amortisation of trademark	6	**30,000**	30,000
Bad debts written off	22	**328,988**	116,484
Depreciation of plant and equipment	4	**1,122,744**	747,234
Depreciation of right-of-use assets	5	**2,675,039**	–
Gain on disposal of associate	8	**(33,000)**	–
Impairment losses recognised on trade and other receivables	22	**644,288**	63,681
Interest income	18	**(1,197,542)**	(725,760)
Interest costs	21	**77,920**	–
Loss on disposal of plant and equipment	22	**–**	3,405
Plant and equipment written off	22	**52,683**	36,777
Tax expense	23	**4,458,635**	4,436,328
		29,278,652	26,645,032
Changes in:			
– trade and other receivables		**(981,694)**	712,497
– trade and other payables		**5,940,211**	(1,449,268)
– deferred income		**66,000**	280,020
Cash generated from operations		**34,303,169**	26,188,281
Tax paid		**(5,015,888)**	(3,250,833)
Tax refunded		**41,697**	283,770
Net cash from operating activities		**29,328,978**	23,221,218
Cash flows from investing activities			
Acquisition of plant and equipment	4	**(1,880,917)**	(1,845,960)
Acquisition of trademark	6	**–**	(210,000)
Addition in other investments		**(376,737)**	–
Deposits pledged		**(153)**	(153)
Interest received		**1,197,542**	725,760
Proceeds from disposal of associate		**17,000**	–
Proceeds from disposal of plant and equipment		**–**	11,906
Net cash used in investing activities		**(1,043,265)**	(1,318,447)
Cash flows from financing activities			
Dividends paid to owners	13	**(17,575,000)**	(11,228,100)
Dividends paid to non-controlling interests	13	**(2,046,900)**	(2,071,900)
Interest paid	5	**(77,920)**	–
Payment of lease liabilities	5	**(2,650,460)**	–
Proceeds from shares issued on date of incorporation of the Company	13	**–**	1
Proceeds from shares issued pursuant to initial public offering	13	**–**	40,885,000
Share issuance expenses	13	**–**	(1,492,438)
Net cash (used in)/from financing activities		**(22,350,280)**	26,092,563
Net increase in cash and cash equivalents		**5,935,433**	47,995,334
Cash and cash equivalents at 1 January		**75,610,017**	27,614,683
Cash and cash equivalents at 31 December	12	**81,545,450**	75,610,017

Significant non-cash transaction

As disclosed in Note 8, the Group disposed 17% equity interests in Soreal Prop Pte. Ltd. ("Soreal Prop") for a cash consideration of $17,000. Consequently, the Group's equity interests in Soreal Prop has decreased from 33% to 16% and the Group has reclassified the investment in Soreal Prop of $16,000 from associate to other investments.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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 2020.

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 2019 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 ("SFRS(I)s").

This is first set of the Group's annual financial statements in which SFRS(I) 16 *Leases* has been applied. The related changes to significant accounting policies are described in Note 2.5.

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.

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 included in Note 27 – Measurement of ECL allowance for trade and other receivables: Key assumptions in determining the weighted-average loss rate.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

2.5 Changes in significant accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I)s for the first time for the annual period beginning 1 January 2019:

- SFRS(I) 16 *Leases*;
- SFRS(I) INT 123 *Uncertainty over Income Tax Treatments*;
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28);
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9);
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11);
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12);
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23); and
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations did not have a material effect on the financial statements.

SFRS(I) 16 *Leases*

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases office premises. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified property leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate applicable to the lease as at 1 January 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepared or accrued lease payments: the Group applied this approach to all other leases.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on financial statements

Impact on transition*

On transition to SFRS(I) 16, the Group recognised additional right-of-use assets and additional lease liabilities. The impact on transition is summarised below.

	1 January 2019 $
Right-of-use assets	3,832,439
Lease liabilities	(3,832,439)

* For the impact of SFRS(I) 16 on profit or loss for the period, see Note 5. For the impact of SFRS(I) 16 on segment information, see Note 26. For the details of accounting policies under SFRS(I) 16 and SFRS(I) 1-17, see Note 3.12.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 2.15%.

	$
Operating lease commitments at 31 December 2018 as disclosed under SFRS(I) 1-17 in the Group's financial statements	3,945,584
Adjustments on initial application on 1 January 2019:	
– Leases with less than 12 months of lease term at transition	(64,243)
– New lease contract entered on 1 January 2019	33,423
– Discounted using the incremental borrowing rate at 1 January 2019	(82,325)
Lease liabilities recognised at 1 January 2019	3,832,439

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 control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

(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 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.

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 retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding 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. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

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 substantially all of the risks and rewards of ownership of the financial asset are transferred or in which 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.

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 the transferred assets. In these cases, the transferred assets are not derecognised.

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 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 2019

(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, net of any tax effects. 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.

(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

Trademark

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 is 20 years.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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.

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 to sell. 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 2019

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 standalone 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.

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.

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Year ended 31 December 2019

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

The Group has applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4. The details of accounting policies under SFRS(I) 1-17 and SFRS(I) INT 4 are disclosed separately.

Policy applicable from 1 January 2019

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(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.

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.

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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 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.

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.

Leases – Policy applicable before 1 January 2019

(i) As a lessee

Assets held under leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

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.

NOTES TO THE FINANCIAL STATEMENTS

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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, 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 assets and liabilities are offset only if certain criteria are met.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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 2019 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 Group's consolidated financial statements and the Company's statement of financial position.

- *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)
- SFRS(I) 17 *Insurance Contracts*

4 Plant and equipment

	Office equipment $	Computers $	Furniture and fittings $	Renovation $	Total $
Group					
Cost					
At 1 January 2018	482,573	1,888,446	146,849	1,163,740	3,681,608
Additions	137,885	108,778	199,934	1,399,363	1,845,960
Disposals	(3,784)	(14,286)	–	–	(18,070)
Written off	(19,966)	(238,702)	(14,107)	(50,065)	(322,840)
At 31 December 2018	596,708	1,744,236	332,676	2,513,038	5,186,658
Additions	364,993	293,987	131,058	1,090,879	1,880,917
Written off	(36,697)	(55,380)	(38,630)	(138,441)	(269,148)
At 31 December 2019	**925,004**	**1,982,843**	**425,104**	**3,465,476**	**6,798,427**
Accumulated depreciation					
At 1 January 2018	118,896	1,295,335	88,315	431,831	1,934,377
Depreciation for the year	110,862	288,378	36,134	311,860	747,234
Disposals	(378)	(2,381)	–	–	(2,759)
Written off	(19,282)	(238,426)	(13,468)	(14,887)	(286,063)
At 31 December 2018	210,098	1,342,906	110,981	728,804	2,392,789
Depreciation for the year	170,768	304,455	75,142	572,379	1,122,744
Written off	(34,329)	(54,550)	(30,450)	(97,136)	(216,465)
At 31 December 2019	**346,537**	**1,592,811**	**155,673**	**1,204,047**	**3,299,068**
Carrying amounts					
At 1 January 2018	363,677	593,111	58,534	731,909	1,747,231
At 31 December 2018	386,610	401,330	221,695	1,784,234	2,793,869
At 31 December 2019	578,467	390,032	269,431	2,261,429	3,499,359

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Year ended 31 December 2019

	Office equipment $	Computers $	Total $
Company			
Cost			
At 10 January 2018 (date of incorporation) and 31 December 2018	–	–	–
Additions	1,437	1,500	2,937
At 31 December 2019	**1,437**	**1,500**	**2,937**
Accumulated depreciation			
At 10 January 2018 (date of incorporation) and 31 December 2018	–	–	–
Depreciation for the year	287	209	496
At 31 December 2019	**287**	**209**	**496**
Carrying amounts			
At 10 January 2018 (date of incorporation)	–	–	–
At 31 December 2018	–	–	–
At 31 December 2019	**1,150**	**1,291**	**2,441**

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 3 years, with an option to renew the lease after that date. Lease payments are renegotiated at renewal to reflect market rentals. Previously, the leases were classified as operating leases under SFRS(I) 1-17.

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

	Leased office premises $
Group	
At 1 January 2018 and 31 December 2018	–
Recognition of right-of-use assets on initial application of SFRS(I) 16	3,832,439
Adjusted balance at 1 January 2019	3,832,439
Additions	4,162,613
Depreciation charge for the year	(2,675,039)
At 31 December 2019	**5,320,013**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Lease liabilities

	Group 2019 $	Group 2018 $
Non-current liabilities		
Lease liabilities	**2,859,451**	–
Current liabilities		
Lease liabilities	**2,485,141**	–
	5,344,592	–

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

	Currency	Nominal interest rate	Year of maturity	2019 Face value $	2019 Carrying amount $	2018 Face value $	2018 Carrying amount $
Group							
Lease liabilities	SGD	2.15%	2020 – 2022	**5,477,585**	**5,344,592**	–	–

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

	$
2019 – Leases under SFRS(I) 16	
Interest on lease liabilities	77,920
Expenses relating to short-term leases	70,217
Expenses relating to leases of low-value assets	11,249
2018 – Operating leases under SFRS(I) 1-17	
Lease expense	2,659,316
The lease expense is charged under:	
– cost of services rendered	2,343,199
– other expenses	316,117
	2,659,316

Amounts recognised in consolidated statement of cash flows

	2019 $
Total cash outflow for leases	**(2,650,460)**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

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

	Note	$
At 1 January 2019		–
Recognition of right-of-use assets on initial application of SFRS(I) 16		3,832,439
Adjusted balance at 1 January 2019		3,832,439
Changes from financing cash flows		
– Payment of lease liabilities		(2,650,460)
– Interest paid		(77,920)
Total changes from financing cash flows		(2,728,380)
Other changes		
– New leases		4,162,613
– Interest expense	21	77,920
Total other changes		4,240,533
At 31 December 2019		5,344,592

6 Trademark

	Group $	Company $
Cost		
At 1 January 2018/10 January 2018 (date of incorporation)	7,862	–
Additions	600,000	600,000
At 31 December 2018 and 31 December 2019	607,862	600,000
Accumulated amortisation		
At 1 January 2018/10 January 2018 (date of incorporation)	–	–
Additions	390,000	390,000
Amortisation for the year	30,000	30,000
At 31 December 2018	420,000	420,000
Amortisation for the year	30,000	30,000
At 31 December 2019	**450,000**	**450,000**
Carrying amounts		
At 1 January 2018/10 January 2018 (date of incorporation)	7,862	–
At 31 December 2018	187,862	180,000
At 31 December 2019	**157,862**	**150,000**

The remaining amortisation period of the trademark is 5 years.

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7 Subsidiaries

	Company 2019 $	2018 $
Equity investments at cost	**18,098,166**	18,098,166

Details of the subsidiaries are as follows:

Name of subsidiaries	Operating segments	Principal place of business/ country of incorporation	Ownership interest 2019 %	2018 %
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
PropNex Property Management Consultants Pte. Ltd.	Property management services	Singapore	**75**	75
Life Mastery Academy Pte. Ltd.	Training	Singapore	**100**	100
Subsidiary of PropNex International Pte. Ltd.				
PropNex International Sdn. Bhd.	Real estate project marketing services	Malaysia	**100**	100

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% of more of the Group's consolidated pre-tax profits.

8 Associate

	Group 2019 $	2018 $
Interests in associate	**–**	–

Details of the associate are as follows:

Name of associate	Operating segment	Principal place of business/ country of incorporation	Ownership interests 2019 %	2018 %
Soreal Prop Pte. Ltd. ("Soreal Prop")	Real estate investment	Singapore	**–**	33

NOTES TO THE FINANCIAL STATEMENTS

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Disposal of equity interest in associate

The Group together with Electronic Realty Associate Pte Ltd and H Investment Pte Ltd had on 26 March 2019, entered into a share purchase agreement (the "SPA") with SEAA Services Pte. Ltd. ("SEAA") to dispose certain equity interests in Soreal Prop to SEAA.

Pursuant to the SPA, the Group disposed 17% equity interests in Soreal Prop to SEAA for a cash consideration of $17,000, resulting in a gain on disposal of associate of $33,000, which was recognised in the consolidated statement of profit or loss for the year ended 31 December 2019. Consequently, the Group's equity interests in Soreal Prop has decreased from 33% to 16% and the Group has reclassified it to other investments (Note 9).

9 Other investments

	Group	
	2019	2018
	$	$
Non-current investment		
Unquoted equity investments – at FVOCI	**392,737**	–

Unquoted equity investments designated at FVOCI

The Group designated the investments shown below as equity investments at FVOCI because these equity investments represent investments that the Group intends to hold for the long-term strategic purposes.

	Fair value
	$
Investment in Soreal Prop Pte. Ltd.	16,000
Investment in PropNex Realty (Vietnam) Company Limited ("PropNex Vietnam")	14,895
Investment in PropNex Realty Sdn. Bhd. ("PropNex Malaysia")	361,842
	392,737

The Group assessed that it does not have significant influence in its investment in PropNex Vietnam and PropNex Malaysia notwithstanding the Group holds 25% and 20% equity interest respectively, because the Group does not have any representative on the Board of Directors of these investees.

No strategic investments were disposed of during the year ended 31 December 2019 and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

10 Deferred tax assets/(liabilities)

	At 1 January 2018	**Recognised in profit or loss (Note 23)**	**At 31 December 2018**	**Recognised in profit or loss (Note 23)**	**At 31 December 2019**
	$	**$**	**$**	**$**	**$**
Group					
Plant and equipment	(143,710)	(45,926)	(189,636)	(20,881)	**(210,517)**
Trade and other receivables	(216,463)	238,505	22,042	1,888	**23,930**
	(360,173)	192,579	(167,594)	(18,993)	**(186,587)**

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

	At 10 January 2018 (date of incorporation) $	Recognised in profit or loss (Note 23) $	At 31 December 2018 $	Recognised in profit or loss (Note 23) $	At 31 December 2019 $
Company					
Trade and other receivables	–	1,125	1,125	–	**1,125**

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	
	2019 **$**	2018 $	**2019** **$**	2018 $
Deferred tax assets	**1,149**	1,149	**1,125**	1,125
Deferred tax liabilities	**(187,736)**	(168,743)	**–**	–
	(186,587)	(167,594)	**1,125**	1,125

11 Trade and other receivables

	Group		Company	
	2019 **$**	2018 $	**2019** **$**	2018 $
Trade receivables	**63,032,319**	61,990,485	**–**	–
Impairment losses	**(1,307,233)**	(797,763)	**–**	–
	61,725,086	61,192,722	**–**	–
Other receivables:				
– third parties	**1,067,695**	643,396	**24,350**	–
– subsidiaries (non-trade)	**–**	–	**5,871,660**	2,155,052
– related corporations (non-trade)	**253**	333	**–**	–
– non-controlling shareholder of a subsidiary (non-trade)	**385**	–	**–**	–
– associate (non-trade)	**–**	500,000	**–**	–
Dividend receivables from subsidiaries	**–**	–	**–**	15,400,000
Deposits	**401,237**	518,245	**261,116**	296,367
	1,469,570	1,661,974	**6,157,126**	17,851,419
Impairment losses	**(4,257)**	(4,487)	**(13,953)**	(6,619)
	1,465,313	1,657,487	**6,143,173**	17,844,800
	63,190,399	62,850,209	**6,143,173**	17,844,800
Prepayments	**276,026**	607,798	**61,073**	171,784
	63,466,425	63,458,007	**6,204,246**	18,016,584

The non-trade amounts due from subsidiaries, related corporations, non-controlling shareholder of a subsidiary and 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

12 Cash and cash equivalents

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Cash at bank and on hand	**35,195,609**	31,697,564	**2,516,570**	816,175
Fixed deposits	**46,411,177**	43,973,636	**45,050,917**	38,323,111
Cash and cash equivalents in the statements of financial position	**81,606,786**	75,671,200	**47,567,487**	39,139,286
Deposits pledged	**(61,336)**	(61,183)	**–**	–
Cash and cash equivalents in the statement of cash flows	**81,545,450**	75,610,017	**47,567,487**	39,139,286

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 0.25% to 2.05% (2018: 0.25%) per annum.

13 Capital and reserves

Share capital

	Number of shares		Amount	
	2019	2018	**2019**	2018
	$	$	**$**	$
Group				
Issued and fully-paid ordinary shares:				
In issue at 1 January	**370,000,000**	450,002	**57,490,729**	435,002
Incorporation of the Company on 10 January 2018	**–**	1	**–**	1
Adjustment on restructuring exercise	**–**	306,649,997	**–**	17,663,164
Share issued pursuant to initial public offering	**–**	62,900,000	**–**	40,885,000
Share issuance expenses	**–**	–	**–**	(1,492,438)
At 31 December	**370,000,000**	370,000,000	**57,490,729**	57,490,729
Company				
Issued and fully-paid ordinary shares:				
At 1 January/10 January 2018 (date of incorporation)	**370,000,000**	1	**57,490,729**	1
Adjustment on restructuring exercise	**–**	307,099,999	**–**	18,098,166
Shares issued pursuant to initial public offering	**–**	62,900,000	**–**	40,885,000
Share issuance expenses	**–**	–	**–**	(1,492,438)
At 31 December	**370,000,000**	370,000,000	**57,490,729**	57,490,729

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Restructuring Exercise

The share capital of the Group as at 1 January 2018 represented the aggregate share capital of PropNex Realty Pte. Ltd., PropNex International Pte. Ltd., PropNex Grandeur Homes Pte. Ltd., Life Mastery Academy Pte. Ltd. and PropNex Property Management Consultants Pte. Ltd.

The Company was incorporated in the Republic of Singapore on 10 January 2018 with its issued and paid up share capital of $1 comprising one share held by P & N Holdings Pte. Ltd.

On 13 June 2018, the Company entered into a restructuring agreement with P & N Holdings Pte. Ltd. to acquire the equity interest of the following entities for a consideration of $18,098,166.

PropNex Realty Pte. Ltd.	100%
PropNex International Pte. Ltd.	71.83%
PropNex Grandeur Homes Pte. Ltd.	100%
Life Mastery Academy Pte. Ltd.	100%
PropNex Property Management Consultants Pte. Ltd.	75%

The consideration was arrived at the net asset value of the above entities as at 31 December 2017 and the consideration was satisfied by the allotment and issue of 18,098,166 ordinary shares of the Company to P & N Holdings Pte. Ltd. Upon completion of the above acquisition, these entities became the subsidiaries of the Company.

On 13 June 2018, the Company converted into a public limited company and changed its name to PropNex Limited.

The above restructuring exercise was accounted for as a combination of businesses under common control by the shareholder of the Company, P & N Holdings Pte. Ltd. as it controls the Group entities before and after the restructuring exercise. The presentation reflects the economic substance of the combining companies, which were under common control throughout the relevant period, as a single economic enterprise, notwithstanding that the restructuring exercise was completed on 13 June 2018.

On 13 June 2018, 18,098,167 ordinary shares of the Company were split into 307,100,000 ordinary shares.

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	
	2019	2018
	$	$
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
	606,615	606,615

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Dividends

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

For the years ended 31 December

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Paid to the owners				
PropNex Limited				
Final dividends – $0.015 per ordinary share	**5,550,000**	–	**5,550,000**	–
Special dividends – $0.020 per ordinary share	**7,400,000**	–	**7,400,000**	–
Interim dividends – $0.0125 per ordinary share	**4,625,000**	–	**4,625,000**	–
PropNex Realty Pte. Ltd.				
$50 per ordinary share	**–**	5,000,000	**–**	–
PropNex International Pte. Ltd.				
$70 per ordinary share	**–**	5,028,100	**–**	–
PropNex Grandeur Homes Pte. Ltd.				
$250,000 per ordinary share	**–**	500,000	**–**	–
PropNex Property Management Consultants Pte. Ltd.				
$2.67 per ordinary share	**–**	300,000	**–**	–
Life Mastery Academy Pte. Ltd.				
$4 per ordinary share	**–**	400,000	**–**	–
	17,575,000	11,228,100	**17,575,000**	–

	Group	
	2019	2018
	$	$
Paid by the subsidiaries to non-controlling interests		
PropNex International Pte. Ltd.		
$70 (2018: $70) per ordinary share	**1,971,900**	1,971,900
PropNex Property Management Consultants Pte. Ltd.		
$2 (2018: $2.67) per ordinary share	**75,000**	100,000
	2,046,900	2,071,900

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Year ended 31 December 2019

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.

	Group and Company	
	2019	2018
	$	$
Final dividends – $0.015 (2018: $0.015) per ordinary share	**5,550,000**	5,550,000
Special dividends – $0.0075 (2018: $0.020) per ordinary share	**2,775,000**	7,400,000
	8,325,000	12,950,000

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 2019 %	2018 %
PropNex International Pte. Ltd.	Singapore	Real estate project marketing services	**28.17**	28.17
PropNex Property Management Consultants Pte. Ltd.	Singapore	Property management services	**25**	25

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

	PropNex International Pte. Ltd. $	**PropNex Property Management Consultants Pte. Ltd. $**	**Total $**
Group			
31 December 2019			
Revenue	**134,885,014**	**2,568,035**	**137,453,049**
Profit for the year	**3,637,905**	**218,233**	**3,856,138**
Total comprehensive income	**3,637,957**	**218,233**	**3,856,190**
Attributable to NCI:			
– Profit for the year	**1,024,798**	**54,558**	**1,079,356**
– Total comprehensive income	**1,024,813**	**54,558**	**1,079,371**
Non-current assets	**68,352**	**16,503**	**84,855**
Current assets	**42,004,456**	**888,576**	**42,893,032**
Non-current liabilities	**(8,374)**	**(1,980)**	**(10,354)**
Current liabilities	**(33,551,472)**	**(284,007)**	**(33,835,479)**
Net assets	**8,512,962**	**619,092**	**9,132,054**
Net assets attributable to NCI	**2,398,102**	**154,773**	**2,552,875**
Cash flows from operating activities	**6,076,520**	**253,088**	**6,329,608**
Cash flows from/(used in) investing activities	**79,070**	**(4,365)**	**74,705**
Cash flows used in financing activities	**(5,028,100)**	**(225,000)**	**(5,253,100)**
– Dividends to NCI	**(1,971,900)**	**(75,000)**	**(2,046,900)**
Net decrease in cash and cash equivalents	**(844,410)**	**(51,277)**	**(895,687)**

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Year ended 31 December 2019

	PropNex International Pte. Ltd. $	PropNex Property Management Consultants Pte. Ltd. $	Total $
Group			
31 December 2018			
Revenue	117,323,150	2,674,111	119,997,261
Profit for the year	8,639,873	363,816	9,003,689
Total comprehensive income	8,640,047	363,816	9,003,863
Attributable to NCI:			
– Profit for the year	2,433,852	90,954	2,524,806
– Total comprehensive income	2,433,902	90,954	2,524,856
Non-current assets	58,279	21,160	79,439
Current assets	41,499,649	965,251	42,464,900
Non-current liabilities	(8,374)	(1,980)	(10,354)
Current liabilities	(29,674,550)	(283,572)	(29,958,122)
Net assets	11,875,004	700,859	12,575,863
Net assets attributable to NCI	3,345,189	175,215	3,520,404
Cash flows from operating activities	8,879,249	426,282	9,305,531
Cash flows from/(used in) investing activities	105,923	(16,449)	89,474
Cash flows used in financing activities	(5,028,100)	(300,000)	(5,328,100)
– Dividends to NCI	(1,971,900)	(100,000)	(2,071,900)
Net increase in cash and cash equivalents	1,985,172	9,833	1,995,005

15 Trade and other payables

	Group		Company	
	2019 $	2018 $	**2019 $**	2018 $
Trade payables:				
– third parties	**55,219,565**	59,414,112	**22,280**	31,078
– related corporations	**555**	–	**–**	–
– non-controlling shareholder of a subsidiary	**13,346**	101,341	**–**	–
Other payables:				
– third parties	**11,383,966**	1,592,348	**126,075**	93,018
– subsidiary (non-trade)	**–**	–	**3,832,715**	1,500,000
– related corporations (non-trade)	**18**	116	**–**	–
Accrued expenses	**4,509,634**	4,095,479	**1,469,514**	1,248,591
Refundable deposits	**316,719**	313,381	**–**	–
Liability for short-term accumulating compensated absences	**257,803**	244,722	**152,659**	143,590
	71,701,606	65,761,499	**5,603,243**	3,016,277

Refundable rental 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 subsidiary and related corporations 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

16 Deferred income

	Group	
	2019	2018
	$	$
Deferred income	994,361	928,361

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

17 Revenue

	Group	
	2019	2018
	$	$
Commission income from real estate agency services	**278,290,993**	307,760,179
Commission income from real estate project marketing services	**134,885,014**	117,323,150
Administrative support fee income	**2,509,735**	2,272,858
Property management fee income	**2,561,915**	2,674,111
Courses and related fee income from training services	**1,589,345**	1,508,898
	419,837,002	431,539,196

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	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. 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.
Significant payment terms	Payment is due when services are delivered to the customers.

Administrative support fee income and property management fee income

Nature of services	The Group provides administrative support services and real estate management 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 while invoices are issued on a monthly basis without credit terms for property management services.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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	
	2019	2018
	$	$
Timing of revenue recognition		
Services transferred at a point in time	**415,501,650**	427,193,019
Services transferred over time	**4,335,352**	4,346,177
	419,837,002	431,539,196

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.

		Group	
	Note	**2019**	2018
		$	$
Trade receivables	11	**61,725,086**	61,192,722
Deferred income	16	**994,361**	928,361

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

Significant changes in the contract liabilities during the year are as follows:

	Group	
	2019	2018
	$	$
Revenue recognised that was included in the contract liability balance at the beginning of the year	**928,361**	648,341
Increases due to cash received, excluding amounts recognised as revenue during the year	**(994,361)**	(928,361)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

31 December 2019	2020 $	2021 $	2022 $	Total $
Administrative support fee income	2,434,873	1,414,423	561,506	4,410,802
Property management fee income	933,767	–	–	933,767
Courses and related fee income from training services	175,089	–	–	175,089
	3,543,729	1,414,423	561,506	5,519,658

31 December 2018	2019 $	2020 $	2021 $	Total $
Administrative support fee income	**1,750,801**	314,514	66,330	2,131,645
Property management fee income	**1,473,717**	–	–	1,473,717
Courses and related fee income from training services	**141,241**	–	–	141,241
	3,365,759	314,514	66,330	3,746,603

18 Finance income

	Group	
	2019 **$**	2018 $
Interest income	**1,197,542**	725,760

19 Other income

	Group	
	2019 **$**	2018 $
Corporate event income	**117,630**	46,859
E-stamping income	**15,480**	19,102
Government grants	**116,450**	159,379
Management fee income	**107,063**	16,460
Marketing fee income	**2,190,860**	2,301,334
Merchandising income	**232,301**	223,209
Referral fee income	**1,262,368**	1,578,302
Sponsorship income	**294,830**	191,328
Training and seminar income	**250,644**	294,215
Others	**1,151,411**	600,922
	5,739,037	5,431,110

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

20 Staff costs

	Group	
	2019	2018
	$	$
Salaries, wages and related costs	**11,744,450**	10,901,807
Contributions to defined contribution plan	**1,048,304**	1,016,043
Increase in liability for short-term accumulating compensated absences	**17,756**	150,956
	12,810,510	12,068,806

21 Finance costs

	Group	
	2019	2018
	$	$
Interest expense on lease liabilities	**77,920**	–

22 Other expenses

	Note	Group	
	Note	**2019**	2018
		$	$
Audit fees paid to:			
– auditors of the Company		**174,650**	154,600
– other auditors		**230**	234
Non-audit fees paid to auditors of the Company (net of capitalised amount as share issuance expenses of $53,550 in 2018)		**33,100**	304,350
Bad debts written off		**328,988**	116,484
Corporate events		**790,180**	466,087
Directors' fee		**227,000**	155,000
Donation		**65,000**	72,000
General office expenses		**527,435**	499,739
Impairment losses recognised on trade and other receivables	27	**644,288**	63,681
Loss on disposal of plant and equipment		**–**	3,405
Marketing expenses		**2,282,028**	2,550,625
Net foreign exchange gain		**3,196**	17,736
Operating lease expenses		**81,466**	316,117
Plant and equipment written off		**52,683**	36,777
Recruitment expenses		**857,391**	481,692
Referral fee expenses		**575,697**	871,729
Others		**2,340,845**	1,876,230
		8,984,177	7,986,486

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

23 Tax expense

	Group	
	2019	2018
	$	$
Current tax expense		
Current year	**4,320,347**	4,855,155
Over provision in prior years	**(40,224)**	(226,248)
Withholding tax	**159,519**	–
	4,439,642	4,628,907
Deferred tax expense		
Origination and reversal of temporary differences	**22,560**	(268,828)
(Over)/Under provision in prior years	**(3,567)**	76,249
	18,993	(192,579)
Total tax expense	**4,458,635**	4,436,328

	Group	
	2019	2018
	$	$
Reconciliation of effective tax rate		
Profit before tax	**25,577,532**	26,373,211
Tax using Singapore tax rate of 17%	**4,348,180**	4,483,446
Non-deductible expenses	**98,969**	298,441
Tax-exempt income	**(104,550)**	(148,075)
Tax incentives and rebates	**–**	(47,544)
(Over)/Under provision in prior years		
– current tax	**(40,224)**	(226,248)
– deferred tax	**(3,567)**	76,249
Withholding tax	**159,519**	–
Others	**308**	59
	4,458,635	4,436,328

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	
	2019	2018
	$	$
Profit for the year, attributable to the owners of the Company	**20,039,541**	19,412,077

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Weighted average number of ordinary shares

	Group	
	2019 Number of shares	2018 Number of shares
At 1 January	**370,000,000**	307,100,000*
Effect of shares issued pursuant to initial public offering	**–**	32,053,151
At 31 December	**370,000,000**	339,153,151

* Pre-invitation ordinary shares have been used in the calculation of basic earnings per share adjusted for changes in the number of shares arising from restructuring exercise and shares split as disclosed in Note 13.

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	
	2019 $	2018 $
Ultimate holding company		
Acquisition of trademark	**–**	210,000
(Reversal of service fee expense)/Service fee expense	**(3,517)**	7,971
Related corporations		
Administrative support fee income	**(130)**	(260)
Commission fee income	**(42,800)**	–
Rental fee income	**(390)**	(912)
Trainer fee expense	**4,502**	8,829
Merchandising expense	**–**	112
Non-controlling shareholder of a subsidiary		
Commission fee income	**–**	(716,303)
Commission fee expense	**66,280**	227,987
Directors		
Administrative support income	**(5,184)**	(5,681)
Commission fee income	**(17,298)**	(40,455)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Transactions with key management personnel

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

Key management personnel compensation comprised:

	Group	
	2019	2018
	$	$
Salaries and other short-term employee benefits	**4,364,742**	3,883,355
Post-employment benefits (including contributions to defined contribution plan)	**112,730**	103,080
	4,477,472	3,986,435

Details of the remuneration of the key management personnel, in terms of percentage of total remuneration of each key management personnel during the financial year are as follows:

	Salaries*	Bonuses*	Total
	%	%	%
2019			
Executive directors and Chief Executive Officer			
In the band from $1,750,000 to $1,999,999			
Kelvin Fong Keng Seong	**44%**	**56%**	**100%**
In the band from $750,000 to $999,999			
Mohamed Ismail S/O Abdul Gafoore	**86%**	**14%**	**100%**
In the band from $500,000 to $749,999			
Lim Tow Huat	**86%**	**14%**	**100%**
Other key management personnel			
In the band from $250,000 to $499,999			
Lim Yong Hock	**51%**	**49%**	**100%**
Josephine Chow Mei Lin	**65%**	**35%**	**100%**
In the band up to $249,999			
Cheong Yew Meng	**92%**	**8%**	**100%**
Johnsonwill Hon Chee Wei	**78%**	**22%**	**100%**

	Salaries*	Bonuses*	Total
	%	%	%
2018			
Executive directors and Chief Executive Officer			
In the band from $1,250,000 to $1,499,999			
Kelvin Fong Keng Seong	47%	53%	100%

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Year ended 31 December 2019

	Salaries* %	Bonuses* %	Total %
2018			
Executive directors and Chief Executive Officer			
In the band from $750,000 to $999,999			
Mohamed Ismail S/O Abdul Gafoore	77%	23%	100%
In the band from $500,000 to $749,999			
Lim Tow Huat	77%	23%	100%
Other key management personnel			
In the band from $250,000 to $499,999			
Lim Yong Hock	48%	52%	100%
Josephine Chow Mei Lin	60%	40%	100%
In the band up to $249,999			
Johnsonwill Hon Chee Wei	75%	25%	100%

* Inclusive of employer CPF

In addition to the related party information disclosed elsewhere in the financial statements, the Group acquired plant and equipment from the spouse of a key management personnel totalling $390,870 (2018: $393,790).

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.
- Property management services — Property management services relate mainly to real estate management services rendered to private residential properties.
- 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 2019

Information about reportable segments

	Agency services $	Project marketing services $	Administrative support services $	Property management services $	Training services $	Others $	Total $
Group							
2019							
Revenue	398,852,120	134,885,014	4,426,807	2,568,035	1,624,659	17,977,608	560,334,243
Inter-segment revenue	(120,561,127)	–	(1,917,072)	(6,120)	(35,314)	(17,977,608)	(140,497,241)
External revenues	278,290,993	134,885,014	2,509,735	2,561,915	1,589,345	–	419,837,002
Finance income	277,071	157,979	11,602	1,664	1,662	747,564	1,197,542
Depreciation expense	(1,012,230)	(35,194)	(2,584,019)	(10,685)	(155,159)	(496)	(3,797,783)
Amortisation expense	–	–	–	–	–	(30,000)	(30,000)
Finance costs	–	–	(76,139)	–	(1,781)	–	(77,920)
Segment profit before tax	19,626,227	4,563,271	291,491	250,841	385,084	460,618	25,577,532
Other material non-cash items:							
– Bad debts written off	328,988	–	–	–	–	–	328,988
– Impairment losses/(Reversal of impairment losses) on trade and other receivables	652,105	(9,330)	1,629	(72)	(15)	(29)	644,288
– Net foreign exchange loss	–	3,196	–	–	–	–	3,196
– Plant and equipment written off	19,041	33,642	–	–	–	–	52,683
Reportable segment assets	55,326,954	42,072,876	7,008,638	905,080	1,063,962	48,066,821	154,444,331
Capital expenditure	1,753,794	78,909	–	6,029	39,248	2,937	1,880,917
Reportable segment liabilities	71,712,068	1,941,342	6,460,949	233,454	346,463	1,855,839	82,550,115

	Agency services $	Project marketing services $	Administrative support services $	Property management services $	Training services $	Others $	Total $
Group							
2018							
Revenue	408,598,723	117,323,150	3,449,671	2,674,111	1,638,318	21,739,611	555,423,584
Inter-segment revenue	(100,838,544)	–	(1,176,813)	–	(129,420)	(21,739,611)	(123,884,388)
External revenues	307,760,179	117,323,150	2,272,858	2,674,111	1,508,898	–	431,539,196
Finance income	276,445	111,877	9,981	1,592	1,862	324,003	725,760
Depreciation expense	(625,308)	(49,299)	–	(7,690)	(64,937)	–	(747,234)
Amortisation expense	–	–	–	–	–	(30,000)	(30,000)
Segment profit/(loss) before tax	15,566,704	10,390,474	211,717	382,659	288,808	(467,151)	26,373,211
Other material non-cash items:							
– Bad debts written off	92,449	22,826	–	–	1,209	–	116,484
– Impairment losses/(Reversal of impairment losses) on trade and other receivables	145,274	(86,900)	7	5,371	(871)	800	63,681
– Net foreign exchange loss	–	17,736	–	–	–	–	17,736
– Loss on disposal of plant and equipment	3,405	–	–	–	–	–	3,405
– Plant and equipment written off	34,248	–	–	2,529	–	–	36,777
Reportable segment assets	57,455,978	41,557,987	1,402,502	986,412	921,447	39,787,761	142,112,087
Capital expenditure	1,782,874	5,955	–	18,041	39,090	210,000	2,055,960
Reportable segment liabilities	65,555,647	2,855,653	1,138,393	253,928	258,760	1,652,591	71,714,972

The Group initially applied SFRS(I)16 on 1 January 2019, which requires the recognition of right-of-use assets and lease liabilities for lease contracts that were previously classified as operating leases (see note 2.5). As a result, the Group recognised $3,832,439 of right-of-use assets and $3,832,439 of liabilities from those lease contracts. The assets and liabilities are included in the Administrative Support Services and Training Services segments as at 31 December 2019. The Group has applied SFRS(I) 16 using the modified retrospective approach, under which comparative information is not restated (see note 2.5).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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	
	2019	2018
	$	$
Singapore	**8,994,383**	2,982,880
Other countries	**376,737**	–
	9,371,120	2,982,880

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.

The Group 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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	
	2019	2018
	$	$
Impairment losses on trade and other receivables	**644,288**	63,681

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.

Exposure to credit risk

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

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
Trade receivables				
– real estate agency services	**31,854,697**	32,210,287	**–**	–
– real estate project marketing services	**30,924,290**	29,510,447	**–**	–
– administrative support services	**39,216**	34,700	**–**	–
– property management services	**208,435**	229,908	**–**	–
– training services	**5,681**	5,143	**–**	–
Other receivables and deposits				
– real estate agency services	**1,149,230**	1,250,862	**–**	–
– real estate project marketing services	**6,790**	81,087	**–**	–
– administrative support services	**139**	278	**–**	–
– property management services	**278**	5,702	**–**	–
– training services	**27,667**	27,679	**–**	–
– others	**285,466**	296,366	**6,157,126**	17,851,419
Total gross carrying amount	**64,501,889**	63,652,459	**6,157,126**	17,851,419
Less: Impairment losses	**(1,311,490)**	(802,250)	**(13,953)**	(6,619)
Net carrying amount	**63,190,399**	62,850,209	**6,143,173**	17,844,800

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

Loss rates are calculated using a "roll rate" method based on the probability of a trade receivable progressing through successive stages of delinquency to write-off.

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 2019					
Past due					
– Past due 1 to 30 days	**0.02**	**16,788,434**	**–**	**(3,399)**	**(3,399)**
– Past due 31 to 90 days	**0.09**	**7,989,333**	**–**	**(6,989)**	**(6,989)**
– Past due 91 to 180 days	**0.29**	**4,196,038**	**–**	**(12,154)**	**(12,154)**
– Past due 181 to 270 days	**0.61**	**1,207,667**	**–**	**(7,414)**	**(7,414)**
– Past due more than 270 days	**1.15**	**1,673,225**	**(1,199,253)**	**(5,458)**	**(1,204,711)**
		31,854,697	**(1,199,253)**	**(35,414)**	**(1,234,667)**
31 December 2018					
Past due					
– Past due 1 to 30 days	0.03	14,408,659	–	(3,931)	(3,931)
– Past due 31 to 90 days	0.06	8,457,206	–	(4,666)	(4,666)
– Past due 91 to 180 days	0.16	5,589,572	–	(9,113)	(9,113)
– Past due 181 to 270 days	0.30	2,119,539	–	(6,317)	(6,317)
– Past due more than 270 days	1.16	1,635,311	(682,255)	(11,052)	(693,307)
		32,210,287	(682,255)	(35,079)	(717,334)

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 2.24 (2018: 1.17) for Singapore.

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

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

The following table provides information about the exposure to credit risk and ECLs for trade receivables of real estate project marketing services, administrative support services, property management services and training services as at 31 December:

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

	Group				
			Impairment loss allowance		
	Weighted average loss rate %	Gross carrying amount $	Credit-impaired $	Not credit-impaired $	Total $
31 December 2019					
Not past due	**0.03 – 0.27**	**2,041,034**	**–**	**(975)**	**(975)**
Past due					
– Past due 1 to 30 days	**0.03 – 0.27**	**17,450,808**	**–**	**(5,244)**	**(5,244)**
– Past due 31 to 90 days	**0.03 – 0.27**	**11,298,772**	**–**	**(3,479)**	**(3,479)**
– Past due 91 to 180 days	**0.03 – 0.27**	**231,051**	**–**	**(69)**	**(69)**
– Past due 181 to 270 days	**0.03 – 0.27**	**103,165**	**(9,928)**	**(79)**	**(10,007)**
– Past due more than 270 days	**0.03 – 0.27**	**52,792**	**(52,792)**	**–**	**(52,792)**
		31,177,622	**(62,720)**	**(9,846)**	**(72,566)**
31 December 2018					
Not past due	0.03 – 0.27	188,104	–	(504)	(504)
Past due					
– Past due 1 to 30 days	0.03 – 0.27	6,720,644	–	(2,038)	(2,038)
– Past due 31 to 90 days	0.03 – 0.27	12,415,369	–	(3,810)	(3,810)
– Past due 91 to 180 days	0.03 – 0.27	6,888,536	–	(2,074)	(2,074)
– Past due 181 to 270 days	0.03 – 0.27	2,113,987	–	(633)	(633)
– Past due more than 270 days	0.03 – 0.27	1,453,558	(70,958)	(412)	(71,370)
		29,780,198	(70,958)	(9,471)	(80,429)

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.

	Group			Company		
	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance – Not credit-impaired $	Weighted average loss rate %	Gross carrying amount $	Impairment loss allowance – Not credit-impaired $
31 December 2019						
Not past due						
– Other receivables and deposits	**0.27**	**1,469,570**	**(4,257)**	**0.27**	**6,157,126**	**(13,953)**
		1,469,570	**(4,257)**		**6,157,126**	**(13,953)**
31 December 2018						
Not past due						
– Other receivables and deposits	0.27	1,661,974	(4,487)	0.27	2,451,419	(6,619)
– Dividend receivable from subsidiaries	N/A	–	–	0.00	15,400,000	–
		1,661,974	(4,487)		17,851,419	(6,619)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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

	Group		Company	
	2019	2018	**2019**	2018
	$	$	**$**	$
At 1 January/At 10 January 2018 (date of incorporation)	**802,250**	945,274	**6,619**	–
Impairment loss recognised	**644,288**	63,681	**7,334**	6,619
Amounts written off against receivables	**(135,048)**	(206,705)	**–**	–
At 31 December	**1,311,490**	802,250	**13,953**	6,619

Cash and cash equivalents

The Group and the Company held cash and cash equivalents at 31 December 2019. 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.

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

		Contractual cash flows		
	Carrying amount	**Total**	**Within 1 year**	**Within 1 to 5 years**
	$	**$**	**$**	**$**
Group				
31 December 2019				
Trade and other payables*	**71,443,803**	**(71,443,803)**	**(71,443,803)**	**–**
Lease liabilities	**5,344,592**	**(5,477,585)**	**(2,572,785)**	**(2,904,800)**
	76,788,395	**(76,921,388)**	**(74,016,588)**	**(2,904,800)**
31 December 2018				
Trade and other payables*	65,516,777	(65,516,777)	(65,516,777)	–
Company				
31 December 2019				
Trade and other payables*	**5,450,584**	**(5,450,584)**	**(5,450,584)**	**–**
31 December 2018				
Trade and other payables*	2,872,687	(2,872,687)	(2,872,687)	–

* Excludes liability for short-term accumulating compensated absences.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

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**	
	2019	2018	**2019**	2018
	$	$	**$**	$
Lease liabilities	**5,344,592**	–	**–**	–
Other liabilities	**77,205,523**	71,714,972	**5,688,553**	3,152,591
Total liabilities	**82,550,115**	71,714,972	**5,688,553**	3,152,591
Less: Cash and cash equivalents	**(81,606,786)**	(75,671,200)	**(47,567,487)**	(39,139,286)
Net debt/(cash)	**943,329**	(3,956,228)	**(41,878,934)**	(35,986,695)
Total equity	**71,894,216**	70,397,115	**66,334,912**	72,282,570
Net debt to equity ratio	**0.01**	N/A	**N/A**	N/A

Following the adoption of SFRS(I) 16 *Leases*, net debt to equity has increased to 0.01. This is due to the recognition of right-of-use assets and lease liabilities on 1 January 2019. The comparative information has not been restated.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

	Note	Carrying amount FVOCI – equity instruments $	Financial assets at amortised cost $	Other financial liabilities $	Total $	Fair value Level 3 $
Group						
31 December 2019						
Financial assets measured at fair value						
Equity investments – at FVOCI	9	**392,737**	**–**	**–**	**392,737**	**392,737**
Financial assets not measured at fair value						
Trade and other receivables*	11	**–**	**63,190,399**	**–**	**63,190,399**	
Cash and cash equivalents	12	**–**	**81,606,786**	**–**	**81,606,786**	
		–	**144,797,185**	**–**	**144,797,185**	
Finance liabilities not measured at fair value						
Trade and other payables^	15	**–**	**–**	**71,443,803**	**71,443,803**	
Lease liabilities	5	**–**	**–**	**5,344,592**	**5,344,592**	
		–	**–**	**76,788,395**	**76,788,395**	
31 December 2018						
Financial assets not measured at fair value						
Trade and other receivables*	11	–	62,850,209	–	62,850,209	
Cash and cash equivalents	12	–	75,671,200	–	75,671,200	
		–	138,521,409	–	138,521,409	
Finance liabilities not measured at fair value						
Trade and other payables^	15	–	–	65,516,777	65,516,777	
Company						
31 December 2019						
Financial assets not measured at fair value						
Trade and other receivables*	11	**–**	**6,143,173**	**–**	**6,143,173**	
Cash and cash equivalents	12	**–**	**47,567,487**	**–**	**47,567,487**	
		–	**53,710,660**	**–**	**53,710,660**	
Finance liabilities not measured at fair value						
Trade and other payables^	15	**–**	**–**	**5,450,584**	**5,450,584**	
31 December 2018						
Financial assets not measured at fair value						
Trade and other receivables*	11	–	17,844,800	–	17,844,800	
Cash and cash equivalents	12	–	39,139,286	–	39,139,286	
		–	56,984,086	–	56,984,086	
Finance liabilities not measured at fair value						
Trade and other payables^	15	–	–	2,872,687	2,872,687	

* Excludes prepayments.

^ Excludes liability for short-term accumulating compensated absences.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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
2018			
Executive directors and Chief Executive Officer			
Group			
Other investments	The Group applied paragraph of B5.2.3 of SFRS(I) 9 in assessing the carrying amounts of these investments to be a reasonable approximation of fair value at the reporting date because these investees are newly start-up companies and their performances as at the reporting date do not significantly deviate from the date of initial investment.	Not applicable	Not applicable

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 2019 $	Group 2018 $
At 1 January		**–**	–
Reclassified from associates	8	**16,000**	–
Additions		**376,737**	–
At 31 December		**392,737**	–

28 Subsequent Event

On 11 March 2020, the World Health Organisation declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with over 150 countries now affected. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus. Currently, there is a significant increase in economic uncertainty which is, for example, evidenced by more volatile asset prices and currency exchange rates.

For the Group's 31 December 2019 financial statements, the COVID-19 outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Management is proactively managing the Group's businesses, maintaining vigilance and will take the necessary actions to ensure their long term sustainability.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29 Comparative information

Certain comparative figures have been reclassified in order to conform with current year's presentation:

	As previously reported $	Reclassification $	As reclassified $
Consolidated statement of profit or loss			
Cost of services rendered	(390,176,771)	799,366	(389,377,405)
Other income	3,475,702	1,955,408	5,431,110
Other expenses	(5,231,712)	(2,754,774)	(7,986,486)

SHAREHOLDING STATISTICS

As at 16 March 2020

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	0.06	10	0.00
100 – 1,000	236	15.14	209,400	0.06
1,001 – 10,000	755	48.43	3,958,630	1.07
10,001 – 1,000,000	560	35.92	31,665,300	8.56
1,000,001 AND ABOVE	7	0.45	334,166,660	90.31
TOTAL	**1,559**	**100.00**	**370,000,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	SHAREHOLDER'S NAME	NUMBER OF SHARES HELD	%
1	UOB KAY HIAN PTE LTD	267,472,000	72.29
2	CITIBANK NOMINEES SINGAPORE PTE LTD	28,988,160	7.83
3	DBS NOMINEES PTE LTD	24,694,300	6.67
4	RAFFLES NOMINEES (PTE) LIMITED	6,688,100	1.81
5	PHILLIP SECURITIES PTE LTD	3,706,700	1.00
6	MAYBANK KIM ENG SECURITIES PTE.LTD	1,572,800	0.43
7	CHIA CHIOW KUAN	1,044,600	0.28
8	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	891,700	0.24
9	PHUA TECK LING	663,000	0.18
10	TEO KEE BOCK	617,800	0.17
11	ABN AMRO CLEARING BANK N.V.	515,500	0.14
12	LAM CHEE FENG	502,000	0.14
13	HSBC (SINGAPORE) NOMINEES PTE LTD	426,100	0.12
14	LEE KIEN YONG DOMINIC	425,000	0.11
15	GOH BOON KIAT ALEX (WU WENJIE)	424,000	0.11
16	NISHALANI WONG HUI	400,000	0.11
17	SEAH SIOW CHONG FREDERICK	400,000	0.11
18	LAWRENCE FEBRUARY MILA MANALA C	355,000	0.10
19	ANDREW HO WEI HENG	350,900	0.09
20	SOON KAH WEE(SUN JIASUI)	332,500	0.09
TOTAL		**340,470,160**	**92.02**

SHAREHOLDING STATISTICS

As at 16 March 2020

SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 16 MARCH 2020

	Direct Interest		Deemed Interest	
Name	**No. of shares**	**%**	**No. of shares**	**%**
P & N Holdings Pte. Ltd.	–	–	205,844,129[1]	55.63
Mohamed Ismail S/O Abdul Gafoore	–	–	238,920,779[2]	64.57
Lim Tow Huat	–	–	221,920,350[3]	59.98
Kelvin Fong Keng Seong	–	–	29,736,900[4]	8.04

Notes:–

1. 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").

2. The deemed interest in 238,920,779 shares includes:–
   (a) 205,844,129 shares held by P&N (62% owned by Mr Ismail Gafoore);
   (b) 32,976,650 shares held by him through the nominee accounts maintained with UOB Kay Hian; and
   (c) 100,000 shares held by his daughter, Ms Noorisha Gafoor.

3. The deemed interest in 221,920,350 shares includes:–
   (a) 205,844,129 shares held by P&N (38% owned by Mr Lim); and
   (b) 16,076,221 shares held by him through the nominee accounts maintained with UOB Kay Hian.

4. The deemed interest in 29,736,900 shares includes:–
   (a) 29,636,900 shares held by him through the nominee accounts maintained with UOB Kay Hian; and
   (b) 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 16 March 2020, approximately 21.31% 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

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 2019:

	Mohamed Ismail S/O Abdul Gafoore	**Low Wee Siong**
Date of Appointment	10 January 2018	13 June 2018
Date of last re-appointment	25 April 2019	25 April 2019
Age	56	42
Country of principal residence	Singapore	Singapore
The Board's comments on this re-appointment	The re-election of Mr Ismail Gafoore 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 is the Chairman of the Board and as CEO, he oversees business operations of the Group as a whole including functions such as compliance, finance, human resources, legal, marketing, operations, sales and information technology	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman and Chief Executive Officer	Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee
Professional Qualifications	Bachelor Degree in Land Economics and an IBMEC higher diploma in Real Estate & Property Management from the University of Technology, Sydney	• 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
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	He is Director and shareholder (62% interest) of P & N Holdings Pte. Ltd. (substantial shareholder of the Company)	None
Conflict of interests (including any competing business)	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mohamed Ismail S/O Abdul Gafoore	Low Wee Siong
Working experience and occupation(s) during the past 10 years	Mr. Ismail Gafoore is the co-founder of the Group, Executive Chairman and CEO of the Company. He has more than 20 years of experience in the real estate industry, he has an intimate understanding of the industry and our business	Mr Low has more than a decade of experience in capital markets and corporate finance. He is currently in legal practice as a director of Wong Tan & Molly Lim LLC. He was previously in legal practice at Stamford Law Corporation (now known as Morgan Lewis Stamford LLC). He was also an investment banker at RHB Bank. In addition, he is 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: 238,920,779 ordinary shares representing 64.57% interest in PropNex Limited	Nil
Other Principal Commitments Including Directorships: Past (for the last 5 years)	Directorships: Nil Other Principal Commitment: Nil	Directorships: Nil Other Principal Commitment: Nil
Present	Directorships: • PropNex Realty Pte. Ltd. • PropNex International Pte. Ltd. • PropNex Property Management Consultants Pte. Ltd. • PropNex Grandeur Homes Pte. Ltd. • Life Mastery Academy Pte. Ltd. • Soreal Prop Pte. Ltd. • PropNex International Sdn. Bhd. • Singbuilders Development Pte. Ltd. • P & N Holdings Pte. Ltd. • P & N Property Investment Pte. Ltd. • Singcapital Pte. Ltd. • Singbuilders Pte. Ltd. • P & N Development Private Limited • PT Ventures Pte. Ltd. • Singcapital Holdings Pte. Ltd. • SC Power Pte. Ltd. Other Principal Commitment: Nil	Directorships: • Wong Tan & Molly Lim LLC • Beng Kuang Marine Limited Other Principal Commitment: Legal Practice at Wong Tan & Molly Lim LLC

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mohamed Ismail S/O Abdul Gafoore	Low Wee Siong
(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
(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

	Mohamed Ismail S/O Abdul Gafoore	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
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

	Mohamed Ismail S/O Abdul Gafoore	Low Wee Siong
(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	No	No
(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	No	No
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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. However, for completeness, Mr Mohamed Ismail S/O Abdul Gafoore was asked, in 2017, by the Criminal Investigation Department ("CID") to assist in its investigation in relation to the suspected leakage of official secrets. He was not a subject of the investigation. Since then, Ismail was not contacted by CID to provide any further assistance on this matter.	No

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PROPNEX'S FY2019 PERFORMANCE WAS BUOYED BY A STRONG FINISH.

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SINGAPORE

PROPNEX LIMITED

480 Lorong 6 Toa Payoh
#10-01 HDB Hub
Singapore 310480
www.propnex.com