PropNex®

Service You Trust

SINGAPORE

PROPNEX LIMITED


# ANNUAL REPORT 2018

STAGE FOR THE FUTURE

# 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 agency with 7,565 salespersons, as at 25 March 2019. As an integrated real estate agency group, the Group's key business segments include real estate brokerage, training, property management and real estate consultancy.

The Group is the market leader in real estate agency services. At our signature conventions in 2018, we had esteemed Guest-of-Honours like President Halimah Yacob and Minister Ong Ye Kung joining the special occasions. They addressed a total of 7,000 salespersons at the conventions, honouring the top performers of the agency.

The Group has an established presence in Singapore's residential market, as it continues to expand its suite of real estate services in Singapore and grow operations regionally. 2018 was also a meaningful year for us. The Group extended our regional presence with the launch of PropNex Vietnam, with over 100 salespersons at Ho Chi Minh City. We also increased our market presence in Indonesia with over 1,000 salespersons and grew our team in Malaysia to over 300 salespersons.

With a strong commitment to service excellence and quality, PropNex is the proud recipient of numerous accolades and is a recognised leader in real estate agency services.

**7,565**
salespersons,
as at 25 March 2019

Over
**100**
salespersons in
Ho Chi Minh City

Over
**1,000**
salespersons in
Indonesia

Over
**300**
salespersons
in Malaysia

## MILESTONES

### 1996
Incorporation of Nooris Consultants and Prulink Realty

### 1999
Founded First Class Consultants with merger of both agencies

### 2000
Company was renamed PropNex

### 2004
Moved headquarters ("HQ") to Toa Payoh HDB Hub with 24,000 sq feet in office space

### 2006
Incorporated Life Mastery Academy to provide training / courses for salespersons and general public

### 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 our salespersons and their dependants
- Second overseas market: Started operations in Malaysia
- Listed on the SGX Mainboard
- Third overseas market: Expanded into Vietnam

### 2019
- Solidified position as Singapore's largest real estate agency
- Expanded Toa Payoh HQ with additional 12,800 sq ft in office space
- Launched an industry-first: HDB Auction




## AWARDS & ACCOLADES

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

Top Real Estate Agency in Influential Brand Winner 2015

Singapore Quality Class Certified 2015

Singapore Service Class Certified 2015

Highly Commended Real Estate Agency at the Asia Pacific Property Awards

Top Noveteur at the Asia Enterprise Brand Awards 2015

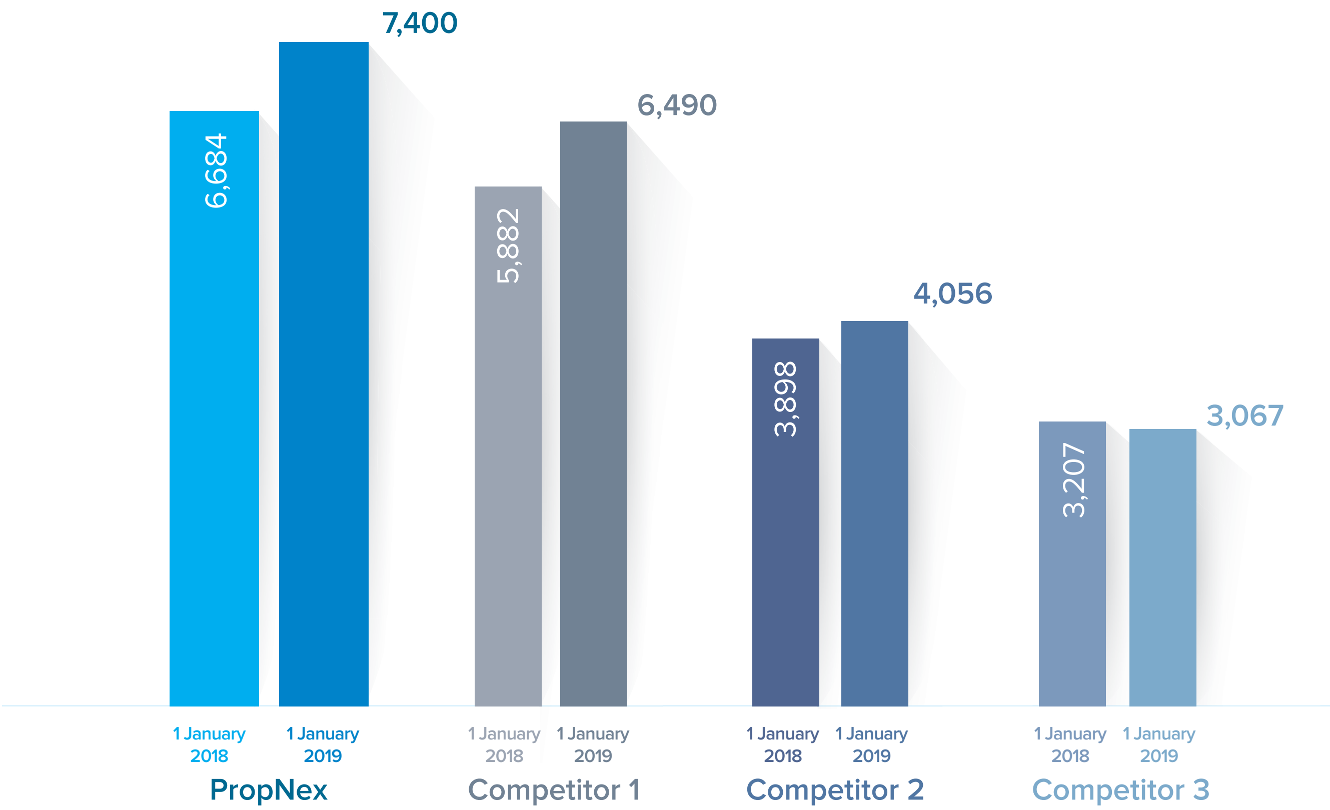
Ranked 2nd in Enterprise 50 Awards 2011

Reader's Digest Trusted Brand Award 2008 - 2011

- Reader's Digest Trusted Brand Gold Award (2008-2011)
- Enterprise 50 Awards ranked 2nd (2011)
- Highly Commended Real Estate Agency at the Asia Pacific Property Awards (2011)
- People-Centric Award at the inaugural Asia Responsible Corporate Awards (ARCA) (2013)
- Top Noveteur Award at the Asia Enterprise Brand Awards (2015)
- Top Real Estate Agency in Influential Brand Winner (2015)
- Singapore Service Class Certified (2015)
- Singapore Quality Class Certified (2015)
- Top Business Space Leasing by Far East Organisation (2016)
- Ascendas-Singbridge Most Active Agency (Lease) of the Year (2016)
- PropNex Property Management awarded the Accredited Managing Agent (Category A) from Year 2017 to Year 2020 by the Singapore Institute 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

# PROPNEX AT A GLANCE

## Singapore's largest listed real estate agency




- Asset light and resilient business model
- Leading market positions in Singapore:
  - Primary Private Residential Market – 42.4%[2] of total units transacted in FY 2018
  - Private Residential Resale Market – 34.2%[2] of total units transacted in FY 2018
  - HDB Resale – 50.3%[2] of total units transacted in FY 2018
- Widening foothold in regional markets – Vietnam, Indonesia, Malaysia
  - Combined overseas salesforce of approximately 1,400 across 18 offices

- 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

[1] The Council for Estate Agencies ("CEA"), as at 1 January 2019.

[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 28 March 2019.

# BUSINESS SEGMENTS

## Brokerage Services

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 the Group and is also a CEA-accredited provider of continuing professional development ("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 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 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. Our 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, Moulmein Rise, Orchid Park, Savannah Condopark, Simsville Condo, The Nautical, The Skywoods, and Westbay Condo.

## Real Estate Consultancy

The real estate consultancy arm, established in 2018, provides corporate sales and auction services, investment sales services and corporate leasing. 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. These consultancy services form part of our brokerage services to complement the existing services we provide.

### Our Services

- Property Auction Services
- HDB Auction Services
- Chattels Auction Services
- Private Treaty Services
- Estate Sale
- Trustee Sale
- Liquidator Sale
- Sheriff/Bailiff Sale
- Mortgagee/Bank Sale
- Residential, Commercial and Industrial Sale/Lease
- Advice on the reserve price of properties
- Property market analysis
- Corporate Leasing

# GEOGRAPHICAL FOOTPRINT

## VIETNAM

- Over 100 salespersons
- 1 office

## MALAYSIA

- Over 300 salespersons
- 2 offices

## SINGAPORE

- PropNex Headquarters
- 7,565* salespersons

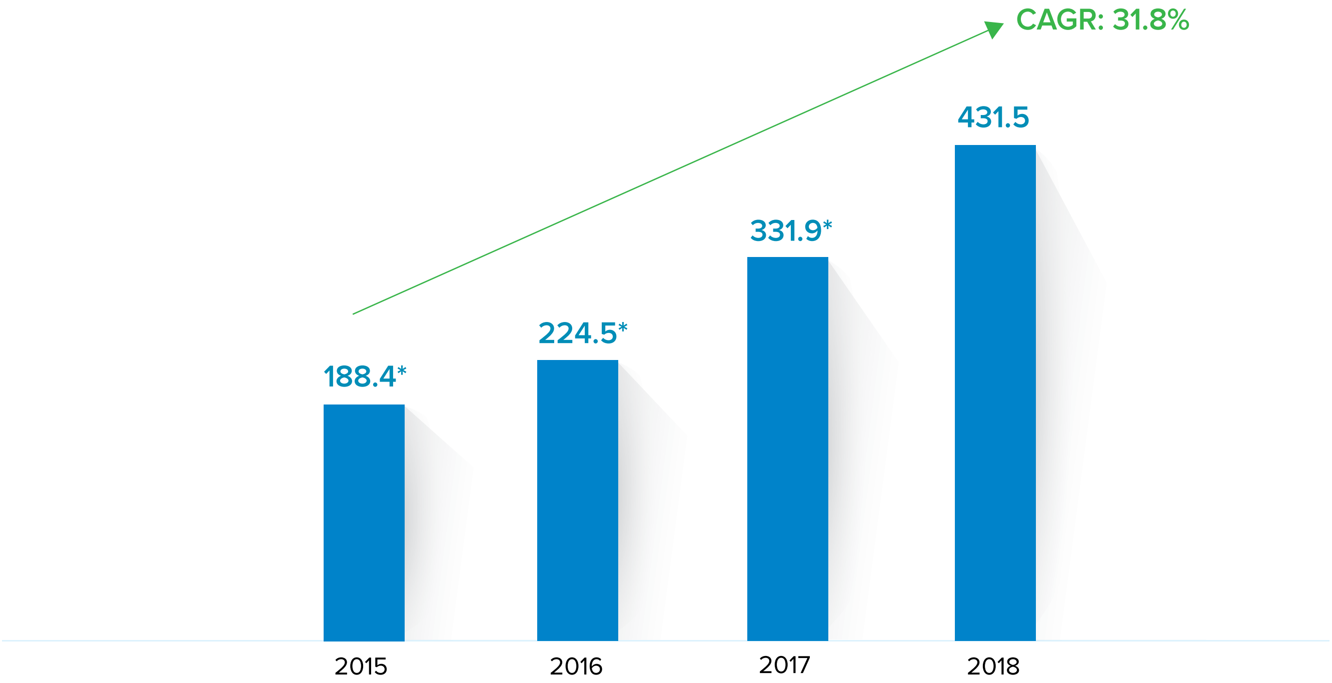
## INDONESIA

- Over 1,000 salespersons
- 15 offices

*The Council for Estate Agencies ("CEA"), as at 25 March 2019.

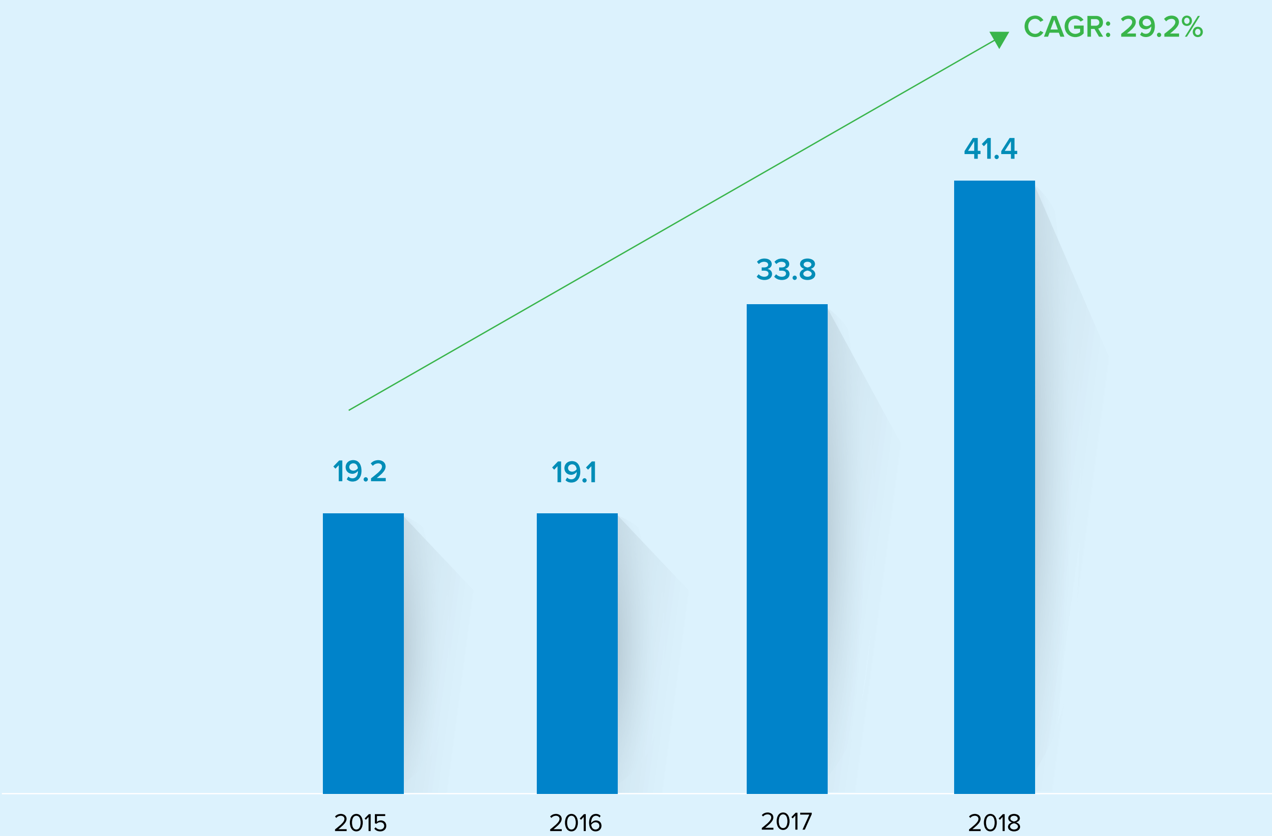
# FINANCIAL HIGHLIGHTS

## Group Revenue (S$'mil)

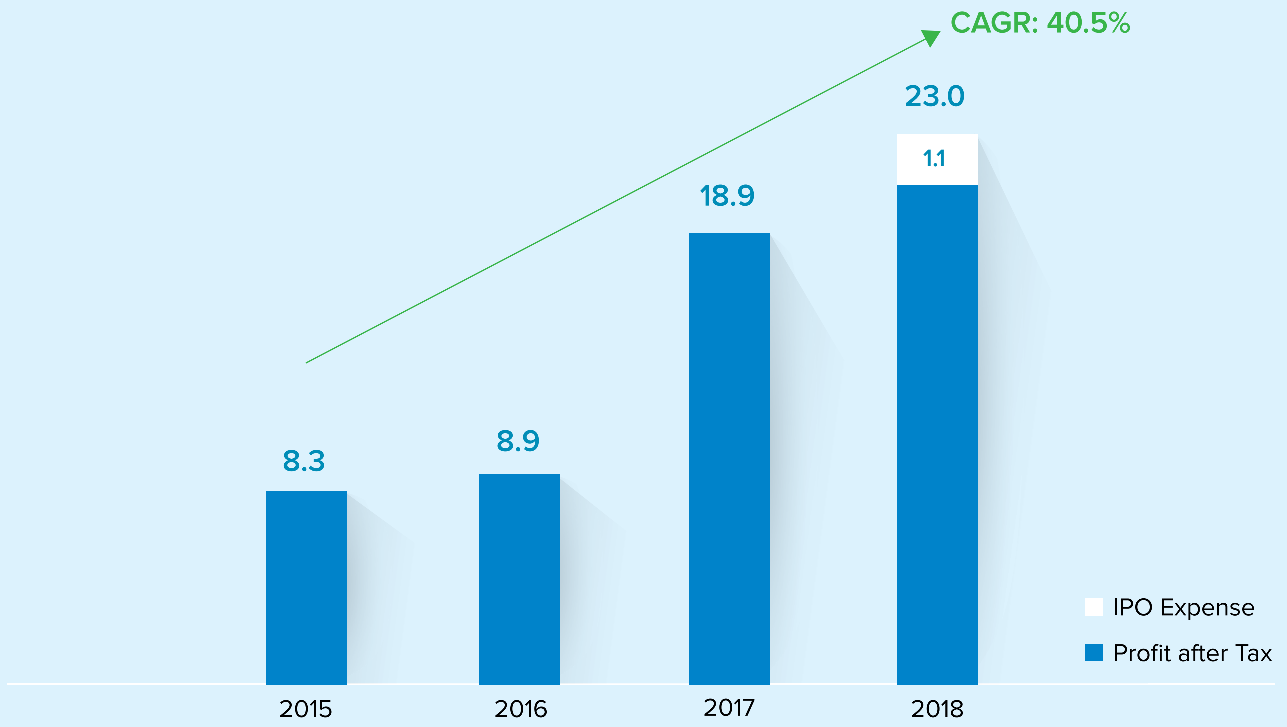



*Adjusted to reflect adoption of SFRS(I) 15

## Gross Profit (S$'mil)



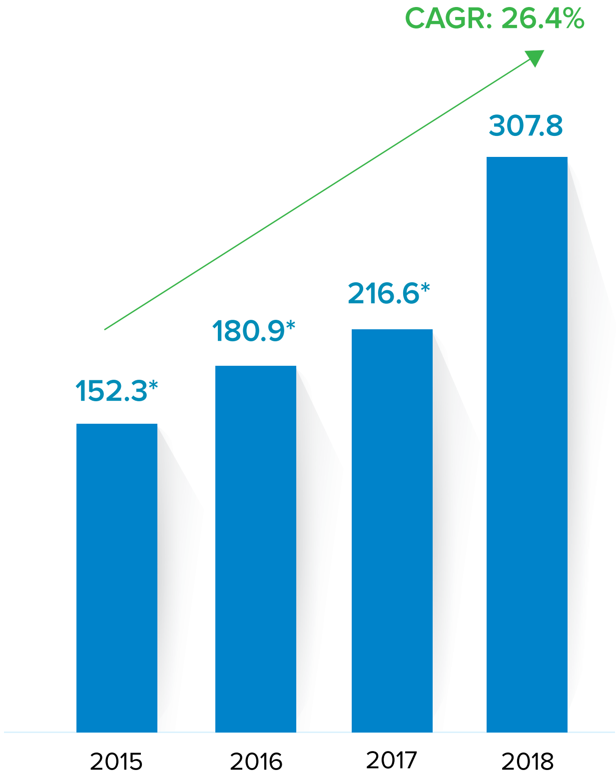
## Profit after Tax (S$'mil)




## Revenue by Businesses

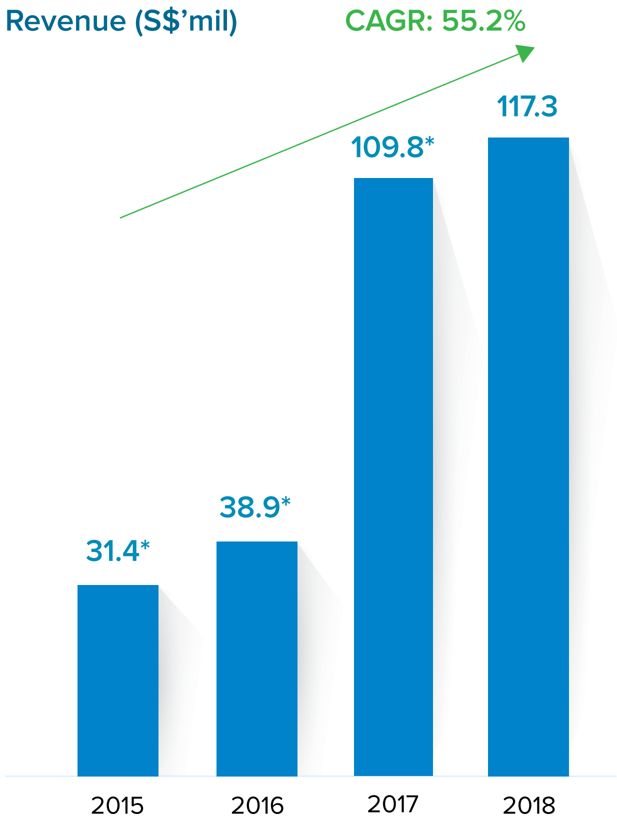
Commission income from agency services

### Revenue (S$'mil)




Commission income from project marketing services

### Revenue (S$'mil)




*Adjusted to reflect the adoption of SFRS(1) 15

# CHAIRMAN'S MESSAGE

## Interview with the Chairman

### Mr Mohamed Ismail S/O Abdul Gafoore

**Co-founder, Executive Chairman and CEO**

Over the years, PropNex has built an established presence in Singapore's residential market, even as it continues to expand its suite of real estate services in Singapore and grow its operations regionally. Today, with a total of 7,565 agents as at 25 March 2019, PropNex is the largest listed real estate agency in Singapore. It also holds the market leadership position in primary private residential market, private residential resale and HDB resale markets.

PropNex was successfully listed on the SGX Mainboard on 2 July 2018, a few days before the latest slew of cooling measures were implemented. While this was widely seen to be a dampener among homebuyers and investors, PropNex was able to harness the exceptional assets that it has – leveraging on its strong brand and talent of its people across the Company, to win in the marketplace.

Overall for FY 2018, the Group recorded the highest revenue and earnings, since its inception on 15 July 2000. In the course of 2018, the Group further grew its operations regionally, expanding its footprint into Malaysia in the first half, and Vietnam in the latter half.

The Company intends to build on its FY 2018 performance, to set the stage for long term growth and profitability. As it continues to sharpen its focus in the Singapore real estate market to retain its market leadership, Ismail Gafoore, co-founder, Executive Chairman and CEO, PropNex Limited, shares his perspectives and outlook on the Company.

**Q: 2018 was a year of ups and downs in Singapore's real estate sector. What were some high points for PropNex in the year?**

A: FY 2018 was a year where we delivered a highly commendable financial performance. Incidentally, it was a record set of financial results in our 18-year history. Our revenue and net profit after tax reached an all-time high of $431.5 million and $21.9 million, respectively.

We are extremely happy with our performance for the year, which exceeded our expectations. What made it even more satisfying was that the strong overall performance was achieved despite the impact from the unexpected cooling measures implemented in July 2018.

Initially, when the cooling measures were announced a few days following our listing, the team was concerned about how it would affect the performance of the Company in the second half of the year. We took the challenges of the cooling measures in our stride by carrying out more consumer outreach seminars and conducting specially-tailored training programmes for salespersons. These sessions served to educate both parties on the implications of cooling measures and to explain where the window of opportunities are for the


Our revenue and net profit after tax reached an all-time high of $431.5 million and $21.9 million, respectively.

various buyers' profiles – be it first-time homebuyers, upgraders, investors, or sellers of en-bloc developments in search of replacement homes.

Another high point in FY 2018 was how the Group solidified its position as the market leader in real estate agency services in Singapore. We are the dominant market leader in the primary private residential market segment, a marked improvement from where we stood just two years ago; and we also managed to gain a stronghold in the luxury properties segment.

On the regional front, we included two more countries in our portfolio -- Malaysia and Vietnam. This strongly demonstrates our desire to become a regional player going forward.

**Q: How will you ensure that PropNex maintains its leadership position in the real estate market?**

A: PropNex's market leadership position today is largely made possible by our corporate culture. We have a collaborative and harmonious culture that instils sharing. We believe PropNex has one of the best retention rates in the industry.

The Company is constantly innovating and improving our systems, services and technology to better equip our salesforce in serving their clients and exceling in the real estate industry. PropNex's corporate philosophy is this: "The day that the company fails to add value to its people is the day that its people should leave for the sake of their loved ones."

This is a guiding principle that we live by, and it greatly motivates us to come to work every day to create value for our stakeholders. What inspires me is the joy that I see in PropNexians when they progress and make a difference in their own lives as well as that of their loved ones and even their clients.

**Q: In the past few years, what has PropNex become better at doing?**

A: Today, PropNex has come to be known in the real estate brokerage industry as the "champion" for training and development of salespersons. Over the years, we have continually refreshed and re-packaged 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 zones across Singapore, 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 and to develop our salespersons into consultants, who are then empowered to counsel and advise clients on options available in their purchasing and investment decisions in real estate, and to provide solutions to re-organise their property portfolios, among others. Since our inception in 2000, our training sessions for the salesforce have seen an increased participation as we attracted more experienced salespersons over the past two years. We are expecting more salespersons to join us. Besides keeping them motivated, the regular training sessions equip our salespersons with winning strategies to constantly improve their skill sets and to better navigate the real estate market.

On the other hand, we have also been proactively reaching out to consumers through our consumer seminars, a concept which we pioneered in 2013. Following our brand strategy of "Service You Trust", the consumer seminars engage and equip the consumers with a deeper understanding of the marketplace to make informed decisions. We firmly believe that the combination of both training sessions and consumer seminars have contributed to the success of PropNex.

Another area that we have improved tremendously in is the incorporation of IT into our business. We now employ online platforms, and data analytics to further enhance real-time connectivity and provide quality data for our salespersons. We run technology systems which are proprietary to us, and which provide our salesforce the capability to increase their value-add to customers. We embrace technology, and we intend to stay ahead of the curve in terms of innovation, and to leverage it to our advantage.

**Q: Will PropNex be continuing its current pace of growth in overseas markets?**

A: In terms of growth, this year was exceptional for us, as we made forays into two new overseas markets – Kuala Lumpur and Ho Chi Minh City.

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 - partners 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. We do not wish to merely lend the PropNex brand to overseas partners. Instead, we look for partners who are able to 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 and to become 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.

A case in point is our Indonesian operations, where we are truly heartened with its performance to date. In just over two years, we have grown from a 300-strong salesforce in seven offices to a 1,000-strong team spanning 15 offices across Surabaya, East Java and Jakarta.

Fuelled by a desire to be a leading regional real estate agency, we are constantly on the look-out to grow our Southeast Asia footprint, such as 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.

**Q: What are some factors that might affect PropNex's growth in the coming years and how do you intend to mitigate them?**

A: Some of the factors which are outside of our control include global macroeconomic uncertainties and potential interest rate hikes. While we understand these may dampen market sentiment in the Singapore residential real estate space from a buyer's perspective, we are of the view that there will continually be inherent demand for new homes. We just need to calibrate our focus to the right target audiences to drive the business and to increase our market share.

We have made it our objective to increase our customer outreach, regardless of the current market conditions. This enables us to cast a wider net to better encapsulate customers of different profiles.

Especially in times of worsening market conditions, it is critical that we 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.

**Q: What are some things that we can look forward to in FY 2019?**

A: FY 2019 looks set to be an exciting year, presenting ample opportunities for growth. An unprecedented number of over 50 new projects have been earmarked for launch. These projects, together with the stock of unsold units from the previous launches, will yield over 30,000 units.

Given the extent of supply in primary non-landed residential properties, 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 a large number of en-bloc owners who are looking for replacement homes and from HDB upgraders as their flats reach the five-year minimum


occupation period. 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 take advantage of the large supply of units entering the market. Furthermore, our salesforce is primed to connect customers with their desired real estate properties.

Complementing the real estate brokerage business, we have also taken concrete steps to build the pillars for our real estate consultancy business. We kick-started an auction department in FY 2018, and have recently set up our corporate leasing and investment sales departments in January 2019. We see good potential in these segments and intend to make this one of our focus points in FY 2019. 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 for approval at the upcoming Annual General Meeting a final dividend of 1.5 cents and a special dividend of 2.0 cents for FY 2018, in appreciation of your support. This brings the Group's total payout to 3.5 cents per share, amounting to approximately S$13 million which represents 66.7% of the Group's profit after tax and minority interests for FY 2018.

At the time of the Group's initial public offering (the "IPO"), the Group had announced its intention to recommend and distribute dividends of at least 50% of profit attributable to the owners of the Company for the period from PropNex's listing to 31 December 2018, and for 2019. The total proposed dividend of 3.5 cents represents 143% of our post listing profits and a yield of 6.3% at 56 cents per share as at 22 February 2019. This also translates to an annualised dividend yield of 10.8% based on the IPO price of 65 cents.

**Q: Where do you see PropNex in three to five years' time?**

A: Going forward, we definitely see ourselves holding on to our position as Singapore's largest listed real estate agency, as we continue to grow our salesforce.

Today, we are deeply entrenched as the market leader in the Singapore market. As a brand owner-manager, we also hold 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 driven to expand our service offerings in real estate consultancy services in a bid to enlarge our market share. Ultimately, we like 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.

# 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 subsequently 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 (Hons) 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.

Present Directorships (Listed Companies):
- PropNex Limited

Past Directorships (3 Years) (Listed Companies):
- Nil

## Mr Alan Lim Tow Huat

### Co-founder and Executive Director

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 the Group, Mr Lim's expertise in helping salespersons and Team Leaders improve their sales performance contributed to the rapid growth of the Group. Notably, together with the other co-founders, Mr Lim developed the 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.

Present Directorships (Listed Companies):
- PropNex Limited

Past Directorships (3 Years) (Listed Companies):
- Nil

## 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 has curated the signature PropNex bootcamp to empower approximately 2,000 salespersons annually together with other team leaders.

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

Present Directorships (Listed Companies):
- PropNex Limited

Past Directorships (3 Years) (Listed Companies):
- Nil

## Dr Ahmad Bin Mohamed Magad
### Lead Independent Director

Dr Ahmad Magad is currently the Secretary General of the Singapore Manufacturing Federation. He was formerly 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 Government Statutory Boards.

Dr Ahmad holds a Doctorate in Business Administration from Brunel University (UK), a MBA and an Advanced Post-Graduate Diploma in Management Consultancy from Henley Business School (UK). He is 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.

Present Directorships (Listed Companies):
- PropNex Limited
- Second Chance Properties Ltd

Past Directorships (3 Years) (Listed Companies):
- Nil

## Mr Kan Yut Keong
### Independent Director

Mr Kan Yut Keong is the Group's chairman of Audit Committee and a member of the Remuneration and Nominating Committees. He 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 and the Malaysian Institute of Accountants.

Present Directorships (Listed Companies):
- PropNex Limited
- Nam Cheong Limited

Past Directorships (3 Years) (Listed Companies):
- Nil

## Mr Low Wee Siong
### Independent Director

Mr Low Wee Siong is the Group's chairman of Nominating Committee and a member of the Audit and Remuneration Committees. Currently in legal practice as a director of Wong Tan & Molly Lim LLC, he is also an 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 Edition and one of "Singapore's 70 most influential lawyers aged 40 and under in 2016" by 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.

Present Directorships (Listed Companies):
- PropNex Limited
- Beng Kuang Marine Limited

Past Directorships (3 Years) (Listed Companies):
- Nil

# 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, including the management and 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 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 the 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 a 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 include the operations of 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 rose through the ranks quickly 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 Ivan Hoh | Managing Partner, Investment Sales and Advisory

Mr Ivan Hoh co-founded and was previously the Managing Director at PropNex International - the project marketing arm of PropNex. He has since relinquished his role in 2017 and is now responsible for the Group's Investment, Collective Sales, Commercial and Industrial Projects as well as Overseas Projects.

Mr Hoh is a veteran in both the local and overseas property scenes and possesses immense experience in the fields of real estate and project marketing over the span of 27 years. Prior to joining PropNex, Mr Hoh honed his skills in the various real estate agencies as Executive Director, Director and Head of Department of real estate development consultancy including Knight Frank, HSR and OrangeTee which enabled him to showcase his leadership qualities. He graduated from Ngee Ann Polytechnic with a Diploma in Business.

## Mr Eddie Lim | Assistant Vice President

Mr Eddie Lim oversees the real estate brokerage agency business which includes Training, Recruitment, Associate Affairs and Legal departments. He sets direction for our team leaders in growing their division 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 8 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 experience in the real estate industry. He oversees the entire project marketing division, 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 the past 14 years, marketing both local and overseas properties around the region. Mr Tan holds a Master's Degree in Science (Real Estate) from National University of Singapore and a bachelor's 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 information technology strategies with Group's business strategic plans. He oversees the deployment, development, 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 public listed companies such as Great Eastern Life. Mr Soh Holds a Bachelor of Science degree in Information Systems from Thames Valley University (now 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, Mr Koh has worked 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 the Group's IT systems to be in the forefront of the industry. Mr Koh strives to serve as a connector in bridging our salespersons to technology, so as to enhance productivity.

## Ms Carolyn Goh | Director of Corporate Communications and Marketing

Ms Carolyn Goh oversees all communications issued by the Group and is responsible for media relations, partnerships, 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 a 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

In the Group's maiden set of full year results since listing on the SGX Mainboard, the Group posted a stellar set of financial performance by achieving record revenues and earnings in the Company's 19-year history. Importantly, the stronger topline and bottomline results were achieved despite a challenging backdrop in the second half of the year, arising from the implementation of cooling measures and interest rate hikes.

The Group reported a 16.2% growth in net profit (inclusive of minority interest) ("NPAT") to S$21.9 million for the year ended 31 December 2018 ("FY 2018"), up from S$18.9 million in the year ago period ("FY 2017"). Excluding a one-off Initial Public Offering ("IPO") expenses of S$1.1 million in FY 2018, the Group would otherwise have reported a NPAT of S$23 million, representing a 22.1% surge from FY 2017.

These earnings were achieved on the back of a 30.0% spike in revenue to S$431.5 million, compared to S$331.9 million previously. Growth in revenue was mainly attributable to an increase in commission income from agency services and project marketing services, driven by an expanded salesforce which grew from 6,684 as at 1 January 2018 to 7,400 as at 1 January 2019.

Commission income from agency services increased 42.1% from S$216.6 million in FY 2017 to S$307.8 million in FY 2018, while commission income from project marketing services increased 6.9% from S$109.8 million to S$117.3 million within the same period.

Backed by an asset light business model and a cash-generating business, the Group's balance sheet remains robust with cash and cash equivalents of S$75.6 million as at 31 December 2018, compared to S$27.6 million in the year ago period. This was largely due to the net proceeds of approximately S$38.3 million from the IPO. The Group does not have any gearing.

## Final Dividend and Special Dividend

To reward shareholders, the Board has proposed a final dividend of 1.5 cents per share and a special dividend of 2.0 cents per share. The combined total payout of 3.5 cents per share, amounting to approximately S$13 million, represents 66.7% of the Group's profit after tax and non-controlling interests for FY 2018.

At the point of its IPO, the Group had announced its intention to distribute dividends of at least 50% of profit attributable to owners of the Company for the period from PropNex's listing to 31 December 2018, and for 2019.

The total proposed dividend of 3.5 cents per share represents 143% of the Group's post-listing profits. Based on its IPO price of 65 cents, this translates to an annualised dividend yield of 10.8%.

# OPERATIONS REVIEW

In 2018, PropNex further strengthened its position as Singapore's largest listed real estate agency, with an enlarged salesforce of 7,565 as at 25 March 2019. This marked an increase of 881 sales agents or 13.2% from 1 January 2018. The new headcount includes 11 team leaders from other real estate agencies.

Additionally, subsequent to the financial year end, PropNex entered into a strategic collaboration with Global Alliance Property Pte Ltd (which operates under the Century 21 franchise), allowing the cross-over of salespersons to PropNex, further fortifying its position as Singapore's Number 1 largest listed real estate agency.

To accommodate the Group's increasing numbers and future growth plans, PropNex expanded its Toa Payoh headquarters by adding an entire floor totalling 12,800 sq ft of office premises, located on the 18th floor of HDB Hub. The Group already occupies two other floors in HDB Hub spanning over 24,100 sq ft. These premises exude a vibrant and modern edge, and include a co-working space for sales agents, a wide selection of meeting rooms of varied sizes for clients and staff meetings, as well as seminar/training rooms and facilities for staff training and consumer seminars.

In 2018, PropNex was appointed for 31 project launches, of which 26 were new launches and five were appointed after the initial launch, with a combined total of approximately 12,900 residential units. Of these, the Group closed the highest number of units in 21 out of the 26 project launches against other joint marketing agencies, further entrenching PropNex's market leadership in the new launches segment. Some of these notable projects included Whistler Grand, 3 Cuscaden, Belgravia Green, Kent Ridge Residences, Parc Esta and Mayfair, among others.

For 2019, PropNex has been appointed for 37 new projects with a total of approximately 16,000 residential units. According to data published by the Urban Redevelopment Authority ("URA"), the overall private residential market (new sales, resale and sub-sales) recorded transaction volume of 22,139 in 2018, compared to 25,010 in 2017, representing a year-on-year decline of 11.5%. Despite the cooling measures implemented in July 2018, the Company expects the private property market segment in 2019 to remain active, with an estimated line-up of over 50 new projects scheduled for launch by developers.

Additionally, the demand for the private residential segment is predicted to be fuelled largely by en-bloc owners who have collected their proceeds and are in the continued search for replacement homes.

On the public housing front, the HDB resale market is reflecting continuous demand with transactional volumes totalling 23,099 units in 2018, a 4.6% year-on-year increase compared to 22,077 resale flats transacted in 2017, the highest since 2013. Transaction volume for the public housing resale segment is expected to witness consistent growth.

Complementing the brokerage business, the Group has also taken significant strides in building its real estate consultancy business. An Auction Department was set up in 2018 and the Corporate Leasing and Investment Sales Departments were recently formed in January 2019. Additionally, in February 2019, PropNex launched yet another first-of-its-kind initiative for the industry — HDB Auction. This new value-added service aims to provide HDB owners an alternative option to market their flats and provides greater transparency, especially in cases where owners are in conflict or where there is a lack of trust and communication between both parties.

PropNex expects good potential in these segments and intends to build and capture more market share in these segments.

Further afield, the Group extended its regional network with the establishment of offices in two overseas markets — Kuala Lumpur, Malaysia in March 2018 under a Licensing Agreement, and Ho Chi Minh City, Vietnam in August 2018 under a Master Franchise Model. These bring PropNex's total presence to 1,400 salespersons across three overseas markets — with over 1,000 salespersons across 15 offices in Indonesia, 300 salespersons across two offices in Malaysia and an office in Vietnam with 100 salespersons.

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.

# CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY REPORT




## Corporate Social Responsibility ("CSR")

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 the below 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 assist 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 2018. The targets and further information on the Group's CSR efforts for 2019 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 inaugural sustainability report. The Sustainability Report will be published by May 2019 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) |
| **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: Jeya Poh Wan S/O K. Suppiah
(Chartered Accountant, a member of the Institute of Singapore Chartered Accountants)
Appointed since 2009

## 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 (the **"Company"** and together with its subsidiaries, the **"Group"**) 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 2018 (**"FY 2018"**) with specific reference to principles of the Code of Corporate Governance (the **"Code"**) issued by the Monetary Authority of Singapore (**"MAS"**) on 2 May 2012 and the disclosure guide developed by the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**) in January 2015 (the **"Guide"**).

The Board have taken steps to align the governance framework with the recommendations of the Code, where applicable, and where deviations from the Code, appropriate explanations are provided.

The Board is aware that MAS has on 6 August 2018 issued the revised Code (the **"2018 Code"**) which supersedes the Code and will take effect for annual reports covering financial years commencing from 1 January 2019. Consequently, the Board will adopt the 2018 Code in the next annual report covering the financial year ended 31 December 2019.

| Guideline | Code and/or Guide Description | Company's Compliance or Explanation |
|---|---|---|
| General | (a) Has the Company complied with all the principles and guidelines of the Code?<br><br>If not, please state the specific deviations and alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. | The Company has complied with the principles and guidelines as set out in the Code and the Guide, where applicable and where deviations from the Code, appropriate explanations are provided.<br><br>Appropriate explanations have been provided in the relevant sections below where there are deviations from the Code and/or the Guide. |
| | (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines of the Code? | Not applicable. The Company did not adopt any alternative corporate governance practices during the financial year under review. |

<table>
<tr><th colspan="3">BOARD MATTERS</th></tr>
<tr><th colspan="3">The Board's Conduct of Affairs</th></tr>
<tr><td>1.1</td><td>What is the role of the Board?</td><td>As at the date of this Annual Report, the Board has six Directors and comprises the following:<br><br>Table 1.1 - Composition of the Board<br><table>
<tr><th>Name of Director</th><th>Designation</th><th>Date of Initial Appointment</th></tr>
<tr><td>Mr. Mohamed Ismail s/o Abdul Gafoore</td><td>Executive Chairman and CEO</td><td>10 January 2018</td></tr>
<tr><td>Mr. Alan Lim Tow Huat</td><td>Executive Director</td><td>10 January 2018</td></tr>
<tr><td>Mr. Kelvin Fong Keng Seong</td><td>Executive Director</td><td>13 June 2018</td></tr>
<tr><td>Dr. Ahmad Bin Mohamed Magad</td><td>Lead Independent Director</td><td>13 June 2018</td></tr>
<tr><td>Mr. Kan Yut Keong</td><td>Independent Director</td><td>13 June 2018</td></tr>
<tr><td>Mr. Low Wee Siong</td><td>Independent Director</td><td>13 June 2018</td></tr>
</table><br>The Board is involved in the supervision of the management of the Group's operations. It reviews strategies, policies and financial performance and assesses key risks provided by the management of the Group (the "Management") as well as the adequacy of internal controls and risk management of the Group. Day-to-day management and implementation of business strategies are delegated to the Executive Directors.<br><br>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 interest 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. In addition to its statutory duties, the Board's principal functions, among others, include:<br><br>• to review and advise on the Group's policies and procedures;<br>• to review and approve financial results and announcements;<br>• to review and approve significant acquisitions and disposals;<br>• to approve material borrowings and fund-raising exercises;<br>• to review performance and succession planning of the key management personnel; and<br>• to monitor and ensure compliance with the Listing Rules, laws and regulations relevant to the Group.</td></tr>
<tr><td>1.2</td><td>Do all Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the company?</td><td>All Directors exercise due diligence and independent judgment in dealing with the business affairs of the Group and are obliged to act in good faith and to take objective decisions in the interest of the Group.</td></tr>
</table>

| | | |
|---|---|---|
| 1.3 | Has the Board delegated certain responsibilities to committees? If yes, please provide details. | 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. As at the date of this Annual Report, the respective compositions of the Board Committees are as follows: |

**Table 1.3 - Composition of the Board Committees**

| | AC | NC | RC |
|---|---|---|---|
| Chairman | Mr. Kan Yut Keong | Mr. Low Wee Siong | Dr. Ahmad Bin Mohamed Magad |
| Member | Mr. Low Wee Siong | Dr. Ahmad Bin Mohamed Magad | Mr. Kan Yut Keong |
| Member | Dr. Ahmad Bin Mohamed Magad | Mr. Kan Yut Keong | Mr. Low Wee Siong |

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

| | | |
|---|---|---|
| 1.4 | Have the Board and Board Committees met in the last financial year? | 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 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:

| | Board | AC | RC | NC |
|---|---|---|---|---|
| No. of meetings held | 2 | 2 | 1 | 1 |
| **Directors** | **Number of meetings attended** | | | |
| Mr. Mohamed Ismail s/o Abdul Gafoore | 2 | 2* | 1* | 1* |
| Mr. Alan Lim Tow Huat | 2 | 2* | 1* | 1* |
| Mr. Kelvin Fong Keng Seong | 2 | 2* | 1* | 1* |
| Dr. Ahmad Bin Mohamed Magad | 2 | 2 | 1 | 1 |
| Mr. Kan Yut Keong | 2 | 2 | 1 | 1 |
| Mr. Low Wee Siong | 2 | 2 | 1 | 1 |

* Attendance by invitation.

| | | |
|---|---|---|
| | | As the Company was listed on the Main Board of the SGX-ST on 2 July 2018, only two Board meetings and two AC meetings were held in FY 2018. Nonetheless, the Board attended various verification and due diligence meetings, together with other professional advisors involved in the initial public offering of shares in the share capital of the Company (**"IPO"**) (where applicable), for the purpose of verifying the information contained in the Company's prospectus dated 25 June 2018 (the **"Prospectus"**). |
| 1.5 | What are the types of material transactions which require approval from the Board? | Matters and transactions that require the Board's approval include, among others, the following:<br><br>• significant acquisitions and disposals of assets;<br>• major investments, divestments or capital expenditure;<br>• material borrowings and fund-raising exercises;<br>• share issuance;<br>• declaration of interim dividends and proposal of final dividends;<br>• financial results announcements, annual report and audited financial statements;<br>• annual budgets and financial plans of the Company;<br>• convening of shareholders' meetings;<br>• appointment of directors and key management staff, including the review of performance and remuneration packages; and<br>• material interested person transactions. |
| 1.6 | (a) Are new Directors given formal training? If not, please explain why? | 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.<br><br>Going forward, in accordance with the amended SGX-ST Listing Rules, unless the NC is of the view that training is not required because a director has other relevant experience, 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. |
| | (b) What are the types of information and training provided to (i) new Directors and (ii) existing Directors to keep them up-to-date? | 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 advisors on topics that would have an impact on the relevant regulations, accounting standards and the implications on responsibilities of the Directors.<br><br>The Directors are informed and encouraged to attend seminars, conference and training courses at the Company's expenses that will assist them in executing their obligations to the Company and effectively discharge their duties as directors. Briefing attended by Directors during FY 2018 included but are not limited to the Listed Company Director Essentials organised by Singapore Institute of Directors. The CEO updates the Board at each meeting on the business and strategic development of the Group. During FY 2018, the Board had been briefed and updated on changes or amendments to the Listing Rules and the 2018 Code. In addition, the members of the AC were briefed by the external auditors on changes or amendments to accounting standards. |

| | | |
|---|---|---|
| 1.7 | Upon appointment of each director, has the Company provided a formal letter to the Director, setting out the Director's duties and obligations? | Formal letters of appointment will be furnished to newly-appointed directors, upon their appointments, stating among other matters, the roles, obligations, duties and responsibilities as a member of the Board. |
| **Board Composition and Guidance** | | |
| 2.1<br>2.2<br>3.3 | Does the Company comply with the guideline on the proportion of Independent Directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company. | The current Chairman is not an Independent Director. In FY 2018, three out of six Directors on the Board are independent directors, thus the Company has complied with of the requirements set out in the Code with the Independent Directors comprising at least half of the Board. |
| 2.3<br>4.3 | Has the independence of the Independent Directors been reviewed in the last financial year? | The NC reviews 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 guidelines in the Code of Corporate Governance. 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 character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, the said Directors' judgement. |
| | (a) Is there any Director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the Director and specify the nature of such relationship.<br><br>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation. | 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. 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. |
| 2.4 | Has any Independent Director served on the Board for more than nine years since the date of his first appointment? If so, please identify the Director and set out the Board's reasons for considering him independent. | There are no Independent Directors who has served beyond nine years since the date of first appointment. |

<table>
<tr>
<td>2.5</td>
<td>Has the Board examined its size and decide on what it considers an appropriate size for the Board, which facilitates effective decision making?</td>
<td>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. Having considered the scope and nature of the Group's businesses and the respective requirements, 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 without interfering with efficient decision-making.</td>
</tr>
<tr>
<td rowspan="3">2.6</td>
<td>(a) What is the Board's policy with regard to diversity in identifying Director nominees?</td>
<td>The Board's policy in identifying director nominees is primarily to have an appropriate mix of members with complementary skills, core competencies and experience for the Group, regardless of gender.</td>
</tr>
<tr>
<td>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</td>
<td>The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:<br><br>
Table 2.6 – Balance and Diversity of the Board
<table>
<tr><th></th><th>Number of Directors</th><th>Proportion of Board (%)</th></tr>
<tr><td>Core Competencies</td><td></td><td></td></tr>
<tr><td>- Accounting or finance</td><td>4</td><td>66.7</td></tr>
<tr><td>- Business management</td><td>6</td><td>100.0</td></tr>
<tr><td>- Legal or corporate governance</td><td>3</td><td>50.0</td></tr>
<tr><td>- Relevant industry knowledge or experience</td><td>4</td><td>66.7</td></tr>
<tr><td>- Strategic planning experience</td><td>6</td><td>100.0</td></tr>
<tr><td>- Customer based experience or knowledge</td><td>3</td><td>50.0</td></tr>
</table>
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.</td>
</tr>
<tr>
<td>(c) What steps have the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</td>
<td>The Board has taken the following steps to maintain or enhance its balance and diversity:<br><br>
• review by the NC at least once a year to assess if the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and<br>
• evaluation by the Directors at least once a year of the skill sets the other Directors possess, with a view to understanding the range of expertise which is lacking by the Board.<br><br>
The NC will consider the results of these exercises in its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.</td>
</tr>
</table>

| | | |
|---|---|---|
| 2.7 | How the Non-Executive Directors are able to:<br>(a) constructively challenge and help develop proposals on strategy; and<br>(b) review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance? | The Independent Directors are kept well informed of the Group's business and be knowledgeable about the industry the Group operates in. To ensure that the Independent Directors are well supported by accurate, complete and timely information, they have unrestricted access to the management, and have sufficient time and resources to discharge their oversight functions effectively.<br><br>During Board meetings, the Executive Directors also update the Independent Directors on the latest developments of the Group and its future plans. This enables the Independent Directors to constructively challenge and help develop proposals on strategy and also review the performance of Management in meeting agreed goals and objectives, and extend guidance to Management. |
| 2.8<br>3.4 | Have the Non-Executive Directors (including Independent Directors) met in the absence of key management personnel in the last financial year? | 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.<br><br>The Independent Directors had met and discussed with the external and internal auditors respectively in the absence of key management personnel in FY 2018. |
| **Chairman and CEO** | | |
| 3.1<br>3.2 | Are the duties between Chairman of the Board and CEO segregated? | The Board recognises the Code's recommendation that the Chairman of the Board (**"Chairman"**) and the Chief Executive Officer (**"CEO"**, or equivalent) 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.<br><br>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.<br><br>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 ensures 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.<br><br>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; (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. |

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| | | 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.<br><br>As the Lead Independent Director, Dr. Ahmad Bin Mohamed Magad coordinates 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. He 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. |
| **Board Membership** | | |
| 4.1<br>4.2<br>4.3 | What are the duties of the NC? | Please refer to Table 1.3 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:<br><br>• 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;<br>• reviewing and recommending the nomination or re-nomination of Directors having regard to their contribution and performance;<br>• determining on an annual basis whether or not a Director is independent, in accordance with the Code of Corporate Governance 2012 (or any revised version issued by MAS) and other salient factors;<br>• 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;<br>• reviewing and approving any new employment of related persons and the proposed terms of their employment; and<br>• reviewing board succession plans, as well as training and professional development programmes for the Board. |
| 4.4 | (a) What is the maximum number of listed company board representations that the Company has prescribed for its Directors? What are the reasons for this number? | 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.<br><br>All Directors declare their board memberships and/or principal commitments as and when practicable. |

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| | | Having reviewed each of the other Director's directorships in other companies as well as each of the other Director's attendance and contribution to the Board in FY 2018, the NC is satisfied that the Directors have been able to devote adequate time and attention to the Company's affairs and have adequately discharged their duties as Directors of the Company. |
| | (b) If a maximum has not been determined, what are the reasons? | Not applicable. |
| | (c) What are the specific considerations in deciding on the capacity of directors? | The factors considered in assessing the capacity of Directors include the following:<br><br>• expected and/or competing time commitments of Directors;<br>• geographical location of Directors;<br>• size and composition of the Board; and<br>• nature and scope of the Group's operations and size. |
| | (d) Have the Directors adequately discharged their duties? | The NC reviews the performance of the Directors as well as their contributions to the Board on an annual basis. After conducting reviews, the NC is satisfied that the Directors have been able to devote adequate time and attention to the affairs of the Company and they are able to fulfil their duties as directors of the Company in FY 2018. |
| 4.5 | Are there alternate Directors? | The Company current does not have any alternate Directors. |
| 4.6 | Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors (ii) re-electing incumbent directors and (iii) directors to be retired. | **(i) Table 4.6 (a) – Process for the Selection and Appointment of New Directors**<br><br>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.<br><br>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' abilities, 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.<br><br>3. Assessment of shortlisted candidates: • The NC would meet and interview the shortlisted candidates to assess their suitability.<br><br>4. Appointment of director: • The NC would recommend the selected candidate to the Board for consideration and approval. |

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<table>
<tr><th colspan="3">(ii) Table 4.6 (b) – Process for the Re-electing Incumbent Directors</th></tr>
<tr><td>1.</td><td>Assessment of director</td><td>• The NC would assess the performance of the director in accordance with the performance criteria set by the Board; and<br>• The NC would also consider the current needs of the Board.</td></tr>
<tr><td>2.</td><td>Re-appointment of director</td><td>• 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.</td></tr>
</table>
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.<br><br>
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.<br><br>
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.<br><br>
Mr. Mohamed Ismail s/o Abdul Gafoore will be retiring by rotation and seeking re-election at the forthcoming AGM. Mr. Kelvin Fong Keng Seong, Dr. Ahmad Bin Mohamed Magad, Mr. Kan Yut Keong and Mr. Low Wee Siong who are appointed pursuant to Regulation 122 of the Company's Constitution, will be retiring at the forthcoming AGM. All retiring Directors have consented to remain in office and are nominated for re-election.
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<td>4.7</td>
<td>Please provide Directors' key information:<br>• Academic and professional qualifications;<br>• Shareholding in the Company and its related corporation;<br>• Board committees served on (as a member or chairman), date of first appointment and last reappointment as a director;</td>
<td>The key information of the Directors, including their profiles and directorships held in the past 3 years, are set out under the section entitled "Board of Directors" of this Annual Report.<br><br>
The shareholdings of the individual directors of the Company are set out under the Directors' Statement section in this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.<br><br>
Directors who are seeking re-election at the forthcoming AGM to be held on 25 April 2019 are stated in the Notice of AGM set out on pages 120 to 125 of this Annual Report.</td>
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| | • Directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments;<br>• Indicate which directors are executive, non-executive or considered by the NC to be independent; and<br>• The names of the directors submitted for appointment or re-appointment should also be accompanied by such details and information to enable shareholders to make informed decisions. | |
| **Board Performance** | | |
| 5.1<br>5.2<br>5.3 | What is the performance criteria set to evaluate the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by each Director to the effectiveness of the Board? | 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 to the effectiveness of the Board.<br><br>**Evaluation process**<br>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.<br><br>To assess the effectiveness of the Board as a whole, the factors evaluated by the NC include but are not limited to:<br><br>• Board structure<br>• Information to the Board<br>• Board processes<br>• Governance – Board risk management & internal controls<br>• Board accountability<br>• Access to top management<br>• Standards of conduct<br>• Board committees' performance in relation to discharging their responsibilities set out in their respective terms of reference |

<table>
<tr><td></td><td></td><td>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:<br><br>• Attendance in meetings<br>• Adequacy of preparation for meetings<br>• Participation in discussions<br>• Contribution in own specialist relevant area<br>• Area of expertise<br><br>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.</td></tr>
<tr><td></td><td>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</td><td>For FY 2018, 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.<br><br>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.</td></tr>
<tr><td></td><td>(b) Has the Board met its performance objectives?</td><td>Yes, the Board has met its performance objectives.</td></tr>
<tr><td colspan="3">Access to Information</td></tr>
<tr><td>6.1<br>6.2</td><td>What types of information does the Company provide to Independent Directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?</td><td>
<table>
<tr><th colspan="3">Table 6 – Types of Information Provided by Key Management Personnel to Independent Directors</th></tr>
<tr><th></th><th>Information</th><th>Frequency</th></tr>
<tr><td>1.</td><td>Board papers (with background or explanatory information relating to the matters brought before the Board, where necessary)</td><td>As and when, relevant</td></tr>
<tr><td>2.</td><td>Updates to the Group’s operations and the markets in which the Group operates in</td><td>Quarterly</td></tr>
<tr><td>3.</td><td>Quarterly and full year financial results</td><td>Quarterly</td></tr>
<tr><td>4.</td><td>Reports on on-going or planned corporate actions</td><td>As and when, relevant</td></tr>
<tr><td>5.</td><td>Enterprise risk framework and internal auditors’ (“IA”) report(s)</td><td>Yearly</td></tr>
<tr><td>6.</td><td>Shareholding statistics</td><td>Yearly</td></tr>
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| | | Key management personnel will also provide any additional material or information that is requested by Directors or that is necessary to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. |
| 6.3<br>6.4 | What is the role of the Company Secretary? | The Company Secretary and/or a representative of the Company Secretary attends all meetings of the Board and Board Committees of the Company and ensures that Board procedures are followed and that applicable rules and regulations are complied with. The minutes of Board and Board Committees' meetings are circulated to the Board. The Company Secretary is also responsible for the proper maintenance of the records of Board and Board Committees meetings and records of discussions on key deliberations and decisions taken. The directors have separate and independent access to the Company Secretary. The appointment and the removal of the Company Secretary are subject to the Board's approval.<br><br>All Directors have direct access to the Group's independent professional advisors, as and when necessary, to discharge his/her responsibilities effectively. In addition, the Directors, either individually or as a group, may seek separate independent professional advice, if necessary. The cost of all such professional advice is borne by the Company. |
| **REMUNERATION MATTERS** | | |
| **Developing Remuneration Policies** | | |
| 7.1<br>7.2<br>7.4 | What is the role of the RC? | Please refer to Table 1.3 on the names of the members and the composition of the RC. The terms of reference of the RC include, **inter alia**, the following:<br><br>• recommending to the Board a comprehensive remuneration policy framework and guidelines for the remuneration of the Directors and Executive Officers, and determining specific remuneration packages for each of them. The recommendations of RC shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options 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;<br>• performing an annual review of the remuneration of employees related to the Directors 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 Remuneration Committee. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review;<br>• reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans, including the administering of the Employees Share Option Scheme ("PropNex ESOS") and the Performance Share Plans ("PropNex PSP");"<br>• in the case of Service Contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Executive Officers contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and<br>• approving performance targets for assessing the performance of each of the Executive Directors and Executive Officers and recommending such targets as well as employee specific remuneration packages for each of them, for endorsement by the Board. |

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| 7.3 | Were remuneration consultants engaged in the last financial year? | No remuneration consultants were engaged by the Company for FY 2018. The service of an external remuneration consultant will be sought, as and when necessary. |
| **Level and Mix of Remuneration** | | |
| 8.1 | What are the measures for assessing the performance of Executive Director and key management personnel? | In its deliberations of the remuneration packages of the Executive Directors and key management personnel, the RC takes into consideration their responsibilities, skills, expertise and contribution, industry practices and norms in compensation in addition to the Company's relative performance. No Director or key management personnel will be involved in deciding his own remuneration. |
| 8.2 | Are there long-term incentive schemes for Executive Directors and key management personnel? | The Company had adopted ("PropNex PSP") as well as ("PropNex ESOS") on 13 June 2018. The PropNex PSP and PropNex ESOS 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.<br><br>Both PropNex PSP and PropNex ESOS are administered by the RC. |
| 8.3 | How the remuneration of Non-Executive Directors is determined? | The Non-Executive Directors, which, in the Company's case, are three Independent Directors, do not have service agreements with the Company and accordingly do not receive any salary. They are paid Directors' fees, which are determined by the Board based on the effort, time spent and responsibilities of the Directors (including but not limited to their appointments to the various Board Committees). The RC ensures that the Non-Executive Directors should not be over-compensated to the extent that their independence may be compromised.<br><br>The Non-Executive Directors receive a basic retainer fee and additional fees for serving on board committees. The Chairman of each Board Committee is paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office. The Directors' fees are subject to approval by shareholders at each AGM. |
| 8.4 | Are there any contractual provisions to allow the Company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company? | 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.<br><br>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. |

<table>
<tr><th colspan="3">Disclosure on Remuneration</th></tr>
<tr><td>9<br>9.1<br>9.2</td><td>Has the Company disclosed each Director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and long-term incentives? If not, what are the reasons for not disclosing so?</td><td>
The breakdown for the remuneration of the Directors for FY 2018 is as follows:
<table>
<tr><th colspan="5">Table 9 – Directors' Remuneration</th></tr>
<tr><th>Name</th><th>Salary (%) (1)</th><th>Bonus (%) (1)</th><th>Director's Fees (%)</th><th>Total (%)</th></tr>
<tr><td colspan="5">S$1,250,000 to S$1,449,999</td></tr>
<tr><td>Mr. Kelvin Fong Keng Seong</td><td>47</td><td>53</td><td>_</td><td>100</td></tr>
<tr><td colspan="5">S$750,000 to S$999,999</td></tr>
<tr><td>Mr. Mohamed Ismail s/o Abdul Gafoore</td><td>77</td><td>23</td><td>_</td><td>100</td></tr>
<tr><td colspan="5">S$500,000 to S$749,999</td></tr>
<tr><td>Mr. Alan Lim Tow Huat</td><td>77</td><td>23</td><td>_</td><td>100</td></tr>
<tr><td colspan="5">S$249,999 and below</td></tr>
<tr><td>Dr. Ahmad Bin Mohamed Magad</td><td>_</td><td>_</td><td>100</td><td>100</td></tr>
<tr><td>Mr. Kan Yut Keong</td><td>_</td><td>_</td><td>100</td><td>100</td></tr>
<tr><td>Mr. Low Wee Siong</td><td>_</td><td>_</td><td>100</td><td>100</td></tr>
</table>
Notes:<br>(1) The Salary and Allowance amounts shown are inclusive of Singapore Central Provident Fund.
There were no termination, retirement and post-employment benefits that may be granted to Directors and key management personnel during FY 2018.
There were no PropNex PSP and PropNex ESOS awarded to Directors in FY 2018.
After reviewing the industry practice and analysing the advantages and disadvantages in relation to the disclosure of remuneration of each Director and key management personnel, the Company is of the view that such disclosure would be prejudicial to its business interest given the highly competitive environment the Group operates in. As such, the remuneration of the Directors is disclosed in bands of S$250,000.
No Director is involved in deliberating or deciding his own remuneration.
</td></tr>
<tr><td>9.3</td><td>a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or more in detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related</td><td>During FY 2018, the Company only had three key management personnel (who are not Directors nor the CEO). As at the date of this Annual Report, there are four key management personnel including Cheong Yew Meng, Chief Financial Officer ("CFO") of the Company appointed on 11 February 2019.</td></tr>
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<td>income/bonuses, benefits in kind, stock options granted, share-based incentives and award, and other long-term incentives? If not, what are the reasons for not disclosing so?</td>
<td>
The breakdown for the remuneration of the Company's key management personnel for FY 2018 is as follows:

<table>
<tr><th colspan="4">Table 9.3 – Remuneration of Key Management Personnel</th></tr>
<tr><th>Name</th><th>Salary (%) (1)</th><th>Bonus (%) (1)</th><th>Total (%)</th></tr>
<tr><td>S$250,000 to S$449,999</td><td></td><td></td><td></td></tr>
<tr><td>Lim Yong Hock</td><td>48</td><td>52</td><td>100</td></tr>
<tr><td>Chow Mei Lin</td><td>60</td><td>40</td><td>100</td></tr>
<tr><td>S$249,999 and below</td><td></td><td></td><td></td></tr>
<tr><td>Hon Chee Wei</td><td>75</td><td>25</td><td>100</td></tr>
</table>

Notes:<br>
(1) The Salary and Allowance amounts shown are inclusive of Singapore Central Provident Fund.<br><br>
There were no termination, retirement and post-employment benefits that may be granted to the key management personnel during FY 2018.<br><br>
There were no PropNex PSP and PropNex ESOS awarded to key management personnel in FY 2018.
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<td></td>
<td>(b) Please disclose the aggregate remuneration paid to the top four key management personnel (who are not Directors nor the CEO).</td>
<td>The aggregate remuneration of the above key management personnel for FY 2018 amounted to S$925,122.</td>
</tr>
<tr>
<td>9.4</td>
<td>Is there any employee who is an immediate family member of a Director or the Managing Director, and whose remuneration exceeds S$50,000 during the financial year? If so, please identify the employee and specify the relationship with the relevant Director or the CEO.</td>
<td>There was no employee of the Group whom is an immediate family of a Director or the CEO of the Group in FY 2018.</td>
</tr>
<tr>
<td>9.5</td>
<td>Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td>
<td>The Company had adopted PropNex PSP as well as PropNex ESOS on 13 June 2018. Further information on PropNex PSP and PropNex ESOS are set out in the Prospectus dated 25 June 2018. Since the adoption of the PropNex PSP and PropNex ESOS, no options and/or awards have been granted under the PropNex PSP and PropNex ESOS respectively.</td>
</tr>
<tr>
<td>9.6</td>
<td>(a) Please describe how the remuneration received by Executive Directors and key management personnel has been determined by the performance criteria.</td>
<td>The remuneration received by the Executive Directors and key management personnel takes into consideration his or her individual performance and contribution toward the overall performance of the Group during the financial year under review. Their remuneration is made up of fixed compensations and variable compensation. The fixed compensation consists of an annual base salary and allowances. Any variable compensation is determined based on the level of achievement of corporate and individual performance objectives.</td>
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| | | Under the service agreements, Mr. Mohamed Ismail s/o Abdul Gafoore and Mr. Kelvin Fong Keng Seong are entitled to a performance incentive calculated based on the Group's audited consolidated net profit before tax (which excludes minority interest). Mr. Kelvin Fong is also entitled to a performance incentive based on the gross profit received by PropNex Realty. Please refer to the section entitled "Directors, Management and Staff – Service Agreement" in the Prospectus dated 25 June 2018 for further details. |
| | (b) What were the performance conditions used to determine their entitlement under the short term and long-term incentive schemes? | The following performance conditions were chosen for the Group to remain competitive and to motivate the Executive Directors and key management personnel to work in alignment with the goals of all stakeholders: (see Table 9.6 (b) below) |
| | (c) Were all of these performance conditions met? If not, what were the reasons? | Yes, the RC has reviewed and is satisfied that the performance conditions were met for FY 2018. |

**Table 9.6 (b)**

| **Performance Conditions** | **Short-term Incentives** (Such as performance bonus) | **Long-term Incentives** (Such as PropNex PSP) |
|---|---|---|
| **Executive Directors** | | |
| **Qualitative** | 1. Leadership<br>2. People development<br>3. Commitment<br>4. Teamwork<br>5. Current market and industry practices | 1 Commitment<br>2. Current market and industry practices |
| **Quantitative** | 1. Relative financial performance of the Group in terms of profit to its industry peers<br>2. Performance of the Group in terms of meeting performance targets | 1. Relative financial performance of the Group in terms of profit to its industry peers<br>2. Performance of the Group in terms of meeting performance targets |
| **Key Management Personnel** | | |
| **Qualitative** | 1. Relative financial performance of the Group in terms of profit to its industry peers<br>2. Performance of the Group in terms of meeting performance targets | 1. Relative financial performance of the Group in terms of profit to its industry peers<br>2. Performance of the Group in terms of meeting performance targets |

| ACCOUNTABILITY AND AUDIT | | |
|---|---|---|
| **Accountability** | | |
| 10.1<br>10.2<br>10.3 | The Board should present a balanced and understandable assessment of the Company's performance, position and prospects. | The Board is accountable to shareholders and ensures that all material information is fully disclosed in a timely manner to shareholders in compliance with statutory and regulatory requirements. The Board strives to provide its shareholders a balanced and understandable assessment of the Group's performance, position and prospects.<br><br>The Board takes steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules, where appropriate. The Independent Directors in consultation with management will request for management's consideration for the establishment of written policies for any particular matter that is deemed to be essential to form part of management control.<br><br>Management provides appropriately detailed management accounts of the Group's performance on a quarterly basis to the Board to enable the Board to make a balanced and informed assessment of the Group's performance, position and prospects. As and when circumstances arise, the Board can request management to provide any necessary explanation and/or information on the management accounts of the Group. |
| **Risk Management and Internal Controls** | | |
| 11.1 | The Board should determine the company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems. | The Board reviews the Group's business and operational activities to identify areas of significant business risk as well as the measures in place to control and mitigate these risks within the Group's policies and business strategies. The risk assessment exercise also includes identifying and assessing key risk areas to the Group such as financial, operational, compliance and information technology risks based on the feedback of the internal auditors and external auditors. The Board also oversees the Management in implementing the risk management and internal controls system.<br><br>The Board, with the assistance of AC, is also responsible for governance of risk management, and determining the Company's levels of risk tolerance and risk policies. The Board consults with the external auditors and internal auditors to determine the risk tolerance level and corresponding risk policies.<br><br>Management regularly reviews the Group's business and operational activities in respect of the key risk control areas including financial, operational, compliance and information technology controls and continues to apply appropriate measures to control and mitigate these risks. All significant matters are highlighted to the AC and the Board for further discussion. The AC and the Board also work with the internal auditors, external auditors and management on their recommendations to institute and execute relevant controls with a view to managing such risks.<br><br>During FY 2018, the AC reviewed the reports submitted by the IA relating to the audits conducted to assess the adequacy and the effectiveness of the Group's risk management and the internal control systems put in place, including financial, operational, compliance and information technology controls. Any material non-compliance or lapses in internal controls, together with recommendation for improvement are reported to the AC. A copy of the report is also issued to the relevant department for its follow-up action. The timely and proper implementation of all required detective, preventive or improvement measures are closely monitored. |

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|---|---|---|
| 11.2<br>11.4 | The Board should, at least annually, review the adequacy and effectiveness of the company's risk management and internal control systems, including financial, operational, compliance and information technology controls. Such review can be carried out internally or with the assistance of any competent third parties. | The AC evaluates the findings of the external and internal auditors on the Group's internal controls annually. Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost-effective internal control system will preclude all errors and irregularities. A system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.<br><br>The Board has not established a separate risk committee and relies on internal control policies and procedures established and maintained by the Group, and the regular audits, monitoring and reviews performed by the internal and external auditors in carrying out its responsibility of overseeing the Company's risk management and policies. |
| 11.3<br>Listing Rule 1207(10) | (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. | The Board, with the concurrence of the AC, is of the view that the Company's internal controls (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective in FY 2018.<br><br>The bases for the Board's view are as follows:<br>• Assurance had been received from the CEO and CFO;<br>• Key management personnel regularly evaluate, monitor and report to the AC on material risks;<br>• Internal audit reports done by the internal auditor and matters highlighted to the AC and key management personnel were appropriately addressed;<br>• Discussion held between the AC and external auditor in the absence of the key management personnel to review and address any potential concerns; and<br>• Discussion held between the AC and internal auditor in the absence of the key management personnel to review and address any potential concerns. |
| | (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO that (i) the financial records have been properly maintained and the financial statements present fairly, in all material respects, the state of affairs of the Group and of the Company; and (ii), from the internal auditors as well, that the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above? | Yes, the Board has obtained such assurance from the CEO and CFO in respect of the FY 2018.<br><br>In FY 2018, prior to the listing of the Company on 2 July 2018, the Company has commissioned Baker Tilly Consultancy (Singapore) Pte. Ltd. (**"Baker Tilly"**) as internal auditors to conduct internal controls review and follow-up review of implementation of recommendations before the IPO. Post listing, the Company has also commissioned internal auditors, PricewaterhouseCoopers Risk Services Pte. Ltd. (**"PwC"**) to conduct internal controls review in FY 2018 and subsequent follow-up review in FY 2019. The AC has met up with Baker Tilly in FY 2018 and subsequently with PwC on 21 February 2019 to be briefed on the internal controls matters and highlighted to the AC on the issues identified and management responses to recommendations.<br><br>The Board has relied on the internal controls review conducted by Baker Tilly, follow-up review of implementation of recommendations conducted by Baker Tilly and PwC's internal controls review, as assurances that the Company's risk management and internal control systems are effective and adequate. |

| Audit Committee | | |
|---|---|---|
| 12.1<br>12.3<br>12.4 | What is the role of the AC? | The terms of reference of the AC include, **inter alia**, the following:<br><br>(a) reviewing 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;<br>(b) reviewing 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;<br>(c) reviewing 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;<br>(d) reviewing 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;<br>(e) ensuring co-ordination between the external and internal auditors and the management and reviewing the assistance given by the management to the auditors, and discussing 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);<br>(f) commissioning and reviewing 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;<br>(g) considering 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;<br>(h) making recommendations to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;<br>(i) reviewing and recommending to the board of Directors any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;<br>(j) reviewing any potential conflict of interests that may arise in respect of any Director(s) of the Company;<br>(k) reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors;<br>(l) reviewing the adequacy and effectiveness of the Group's risk management and internal audit function and ensuring that a clear reporting structure is in place between the Audit Committee and the internal auditors;<br>(m) reviewing 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;<br>(n) undertaking such other reviews and projects as may be requested by the Board of Directors, and reporting to the Board of Directors its findings from time to time on matters arising and requiring the attention of the Audit Committee; |

| | | |
|---|---|---|
| | | (o) undertaking 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;<br>(p) assessing the performance of the financial director 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;<br>(q) on an annual basis or any other period that the Audit Committee deems fit, ensuring that trade receivables are stated at fair value, accurately recorded in the financial statements and that credit policies are adhered to;<br>(r) monitoring the cash flows of the Group;<br>(s) monitoring the use of proceeds to be raised from the Proposed Offering and ensuring that any change in the use of proceeds will be subject to Shareholders' approval;<br>(t) reviewing and establishing 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; and<br>(u) oversight over the measures put in place to monitor the obligations of P&N in relation to the PropNex International SHA.<br><br>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.<br><br>**Summary of AC's activities**<br>In line with the terms of reference of the AC, the following activities were carried out by the AC during FY 2018 in the discharge of its functions and duties including the deliberation and review of:<br><br>• 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;<br>• the external auditors' plan and report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the Management;<br>• cooperation given by Management to the external and internal auditors;<br>• the internal audit findings report including internal control processes and procedures;<br>• the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls and reporting the findings to the Board;<br>• the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval;<br>• the external audit fees for FY 2018;<br>• the independence and re-appointment of the external auditors;<br>• interested person transactions; and<br>• the appointment of the Chief Financial Officer. |

<table>
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<td></td>
<td>Key Audit Matters<br><br>In its review of the financial statements of the Group for FY 2018, 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 clarity of key disclosures in the financial statement. The AC also met with the external auditors to discuss the audit findings as well as their audit.<br><br>During the audit of the financial statements for FY 2018, 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.<br><br>
<table>
<tr><th>KAM</th><th>AC's comments</th></tr>
<tr><td>Valuation of trade receivables of $61.2 million</td><td>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 input in relation to GDP growth and etc.<br><br>The valuation of trade receivables was also an area of focus for the external auditors, which has been included as KAM in their independent auditors' report for the year ended 31 December 2018. Refer to page 54 of this AR.</td></tr>
</table>
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<tr>
<td>12.2</td>
<td>Are the members of the AC appropriately qualified to discharge its responsibilities?</td>
<td>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 14 of this Annual Report under the section entitled "Board of Directors" of this Annual Report.</td>
</tr>
<tr>
<td>12.5</td>
<td>Has the AC met with the auditors in the absence of key management personnel?</td>
<td>The AC had met and discussed with the external and internal auditors in the absence of key management personnel in FY 2018.</td>
</tr>
<tr>
<td>12.6</td>
<td>Has the AC reviewed the independence of the external auditor?</td>
<td>The AC had reviewed the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services would not prejudice the independence of the external auditor, and has recommended the re-appointment of the external auditor at the forthcoming AGM.</td>
</tr>
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<td></td>
<td>(a) Please provide a breakdown of the fees paid in total to the external auditor for audit and non-audit services for the financial year.</td>
<td>
Table 12.6 (a) – Fees Paid/Payable to the external auditor for FY 2018
<table>
<tr><th></th><th>S$</th><th>% of total</th></tr>
<tr><td>Audit fees</td><td>154,600</td><td>30.2</td></tr>
<tr><td>Non-audit fees</td><td></td><td></td></tr>
<tr><td>- Tax Compilation Service fees</td><td>33,100</td><td>6.5</td></tr>
<tr><td>- Sustainability reporting</td><td>35,000</td><td>6.8</td></tr>
<tr><td>- IPO fee[1]</td><td>289,800</td><td>56.5</td></tr>
<tr><td>Total</td><td>512,500</td><td>100.0</td></tr>
</table>
Notes:<br>
(1) Relates to one-off IPO fees paid to KPMG as the independent reporting accountant for the Group.
</td>
</tr>
<tr>
<td></td>
<td>(b) If the external auditor has supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's review on the independence of the external auditor.</td>
<td>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. In accordance with SGX requirements post-IPO, the audit partner will be rotated from FY 2019 onwards as the current audit partner has been in charge since 2009 as rotation rules do not apply to non-public interest entities prior to IPO.</td>
</tr>
<tr>
<td>12.7</td>
<td>Does the Company have a whistle-blowing policy?</td>
<td>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.<br><br>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.</td>
</tr>
<tr>
<td>12.8</td>
<td>What are the AC's activities or the measures it has taken to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements?</td>
<td>The AC had been briefed by the external auditors on the changes or amendments to the accounting standards and its corresponding impact on the financial statements, if any.</td>
</tr>
</table>

| | | |
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| 12.9 | Are any of the members of the AC (i) a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) hold any financial interest in the auditing firm or auditing corporation? | None of the members of the AC (i) is a former partner or director of the Company's existing auditing firm or auditing corporation within the previous 12 months and (ii) holds any financial interest in the auditing firm or auditing corporation. |
| **Internal Audit** | | |
| 13.1<br>13.2<br>13.3<br>13.4<br>13.5 | Please provide details of the Company's internal audit function, if any. | The AC's responsibility in overseeing 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.<br><br>The internal auditors have full 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. |
| **SHAREHOLDER RIGHTS AND RESPONSIBILITIES** | | |
| **Shareholder Rights** | | |
| 14.1 | Companies should facilitate the exercise of ownership rights by all shareholders. In particular, shareholders have the right to be sufficiently informed of changes in the company or its business which would be likely to materially affect the price or value of the company's shares. | The Company's corporate governance practices promote the fair and equitable treatment to all shareholders. To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET, especially information pertaining to the Company's business development and financial performance which could have a material impact on the price or value of its shares, so as to enable shareholders to make informed decisions in respect of their investments in the Company. |
| 14.2 | Companies should ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders should be informed of the rules, including voting procedures, that govern general meetings of shareholders. | 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 senior 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.<br><br>The notice of AGM, together with the annual report, are despatched to shareholders at least 21 or 14 days before the scheduled AGM date depending on the types of business to be transacted. Shareholders are invited to attend the general meetings to put forth any questions they may have on the motions to be debated and decided upon.<br><br>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. |

| | | |
|---|---|---|
| | | 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. |
| 14.3 | Companies should allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies. | 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. |
| **Communication with Shareholders** | | |
| 15.1 | Does the Company have an investor relations policy? | 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 carry out investor relations activities in tandem with our in-house corporate communications team.<br><br>The Company is committed to corporate governance and transparency by disclosing to its stakeholders, including its shareholders, in a timely, fair and transparent manner.<br><br>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. |
| 15.2<br>15.3<br>15.4 | (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? | 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:<br><br>(1) Announcements, including quarterly and full-year financial results announcements, via SGXNET;<br>(2) Annual reports and notices of AGM;<br>(3) Company's general meetings;<br>(4) Investor/analyst briefings; and<br>(5) Corporate website of the Company at www.propnex.com.<br><br>The Company also solicits feedback from and addresses the concerns of shareholders via the Company's corporate website at www.propnex.com. |
| | (b) Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? | The Company has engaged an external investor relations adviser, Citigate Dewe Rogerson Singapore Pte Ltd, to carry out investor relations activities in tandem with our in-house corporate communications team. |
| | (c) How does the Company keep shareholders informed of corporate developments, apart from SGXNET announcements and the annual report? | Apart from the SGXNET announcements and its annual report, the Company updates shareholders on its corporate developments through its corporate website www.propnex.com. |

| | | |
|---|---|---|
| 15.5 | Does the Company have a dividend policy? | The Company currently does not have a fixed dividend policy. However, as 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 our announced net profit after tax attributable to the owners of the Company (excluding exceptional items) for the period from the Listing Date to 31 December 2018 and FY 2019 as disclosed in the Prospectus dated 25 June 2018.<br><br>In considering the form, frequency and amount of future dividends in respect of any particular financial year or period, the Directors will take into account the following factors:<br><br>(a) the financial position, results of operations and cash flow of the Group;<br>(b) the ability of the subsidiaries to make dividend payment to the Company;<br>(c) the expected working capital requirements and general financing condition of the Group;<br>(d) the actual and projected financial performance of the Group; and<br>(e) any other factors deemed relevant by the Directors. |
| | Is the Company paying dividends for the financial year? If not, please explain why. | The Board is proposing a final one-tier tax exempt cash dividend (**"Final Dividend"**) of S$0.015 per ordinary share and a special one-tier tax exempt cash dividend (**"Special Dividend"**) of S$0.020 per ordinary share in respect of FY 2018. The proposed Final Dividend and Special Dividend are subject to shareholders' approval at the upcoming AGM. |
| **CONDUCT OF SHAREHOLDER MEETINGS** | | |
| 16.1<br>16.3<br>16.4<br>16.5 | How are the general meetings of shareholders conducted? | 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.<br><br>All Directors (including the respective chairman of the Board Committees) and senior management will be present at all general meetings, unless of exigencies. The external auditors are also required to be present to address shareholders' queries about the conduct of audit and the preparation and content of the audited financial statements. The Company Secretary prepares minutes of general meetings 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 during office hours upon their request.<br><br>The Company will conduct its voting by poll at the forthcoming AGM 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 AGM and also on SGXNET after the AGM. Electronic polling may be considered taking into consideration the logistics involved, costs, and number of shareholders, amongst other factors. |

| 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. |
| 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 entered into by the Company or any of its subsidiaries involving the interest of any Director, CEO or controlling shareholder of the Company which are still subsisting as at 31 December 2018.<br><br>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"**) | 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.<br><br>The Company does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual. |
| 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.<br><br>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"**) after deducting IPO expenses of approximately S$2.6 million, of which approximately S$1.5 million was capitalised against share capital and approximately S$1.1 million was expensed off in the profit or loss. The Board wishes to provide an update on the use of Net Proceeds as at 28 February 2019. |

| Listing Rule | Rule Description | Company's Compliance or Explanation |
|---|---|---|
| | | (table below) |

| In S$'000<br>Use of Net Proceeds | Allocation of Net Proceeds as disclosed in the Prospectus | Net Proceeds utilised 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 | 19 (1) | 11,981 |
| Enhancement of real estate brokerage business | 8,000 | 2,464 (2) | 5,536 |
| Expansion in range of business services | 7,000 | 302 (3) | 6,698 |
| Enhancement of technological capabilities | 6,000 | 385 (4) | 5,615 |
| Working capital purposes | 5,280 | - | 5,280 |
| | **38,280** | **3,170** | 35,110 |

**Notes:**

(1) These are mainly business trip expenses to franchisees and due diligence expenses on the Vietnam franchisee.

(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 Auction and En Bloc departments that are newly formed in 2018.

(4) These are mainly expenses incurred for subscriptions of new software, renewal of IT software, purchases of new hardware and expansion of in-house IT team for software development.

# DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the period from 10 January 2018 (date of incorporation) to 31 December 2018.

In our opinion:

(a) the financial statements set out on pages 58 to 117 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 2018, and the financial performance, changes in equity and cash flows of the Group for the period from 10 January 2018 (date of incorporation) to 31 December 2018 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) | (Appointed on 10 January 2018) |
| **Lim Tow Huat** (Executive Director) | (Appointed on 10 January 2018) |
| **Kelvin Fong Keng Seong** (Executive Director) | (Appointed on 13 June 2018) |
| **Ahmad Bin Mohamed Magad** (Non-Executive Lead Independent Director) | (Appointed on 13 June 2018) |
| **Kan Yut Keong** (Non-Executive Independent Director) | (Appointed on 13 June 2018) |
| **Low Wee Siong** (Non-Executive Independent Director) | (Appointed on 13 June 2018) |

## 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 period (including those held by their spouses and children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

### (a) The Company

| Name of director and corporation in which interests are held | Holdings at date of incorporation/ date of appointment | Holdings at end of the period | Holdings at 21 January 2019 |
|---|---|---|---|
| **PropNex Limited** | | | |
| Ordinary shares | | | |
| **Mohamed Ismail s/o Abdul Gafoore** | | | |
| - interests held | – | 24,076,650 | 24,076,650 |
| - deemed interests | 1 | 212,545,229 | 212,695,229 |
| **Lim Tow Huat** | | | |
| - interests held | – | 6,799,221 | 6,799,221 |
| - deemed interests | 1 | 214,921,129 | 214,921,129 |
| **Kelvin Fong Keng Seong** | | | |
| - interests held | 30,710,000 | 26,900,000 | 26,900,000 |
| - deemed interests | – | 1,336,900 | 1,336,900 |
| **Ahmad Bin Mohamed Magad** | | | |
| - interests held | – | 60,000 | 60,000 |

### (b) Ultimate holding company

| Name of director and corporation in which interests are held | Holdings at date of incorporation/ date of appointment | Holdings at end of the period |
|---|---|---|
| **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 date of incorporation/ date of appointment | Holdings at end of the period |
|---|---|---|
| **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 |

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

| Name of director and corporation in which interests are held | Holdings at date of incorporation/ date of appointment | Holdings at end of the period |
|---|---|---|
| **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 | 153,000 |
| **Lim Tow Huat** | | |
| - deemed interests | 153,000 | 153,000 |
| **SingCapital Holdings Pte. Ltd.** | | |
| Ordinary shares | | |
| **Mohamed Ismail s/o Abdul Gafoore** | | |
| - deemed interests | – | 51 |
| **Lim Tow Huat** | | |
| - deemed interests | – | 51 |

Except as disclosed in this statement, no director who held office at the end of the financial period had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the date of incorporation, or date of appointment if later, or at the end of the financial period.

There were no changes in any of the above mentioned interests in the Company between the end of the financial period and 21 January 2019 except as disclosed in this statement.

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 period, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## Share options

During the financial period, 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 period, 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 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 Remuneration Committee ("RC"). As at the date of this statement, no option or awards have been granted under the ESOS or 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 Remuneration Committee 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 Remuneration Committee's 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.

**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 Remuneration Committee 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 Remuneration Committee 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 period 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 period; and

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

### Audit Committee

The members of the Audit Committee during the period 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 2 meetings during the financial period in discharge of its functions and duties including deliberation and review of the following, where relevant, with the executive directors, external and internal auditors of the Company.

The Audit Committee also reviewed the following:

(a) 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;

(b) the internal (including the enterprise risk management framework) and external audit plans in terms of their scope prior to their commencement;

(c) the external auditors' report in relation to audit and accounting issues arising from the audit and meeting with the external auditors without presence of the executive board members and the management;

(d) the internal audit findings report including internal control processes and procedures;

(e) the adequacy and effectiveness of the Company's internal controls in addressing financial, operational, compliance and information technology controls and risk management systems and reporting the findings to the Board;

(f) the audited financial statements of the Group and of the Company prior to submission to the Board for consideration and approval; and

(g) interested persons transactions (as defined in Chapter 9 of the SGX Listing Manual).

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 their independence and 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

Pursuant to a directors' resolution dated on 28 March 2018, KPMG LLP were appointed as auditors of the Company. 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** | **Lim Tow Huat** |
| **Director** | **Director** |

29 March 2019

# 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 2018, 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 58 to 117.

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 2018 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 period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Valuation of trade receivables of $61.2 million

(Refer to Note 9 to the financial statements)

### The key audit matter

As at 31 December 2018, the Group has trade receivables of $61.2 million, which represents 43% of its total assets. Given the size of the balances 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. In conjunction with the adoption of SFRS(I) 9 Financial Instruments by the Group on 1 January 2018, 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 input, such as GDP growth in the estimate.

As a result of the significance of trade receivables and management's significant judgement and estimate are involved, this is considered a key audit risk.

### 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 input, 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 and balanced. We also found that the key assumptions used by management in the ECL model to be 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.

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 period 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.

### 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 Jeya Poh Wan S/O K. Suppiah.

**KPMG LLP**
Public Accountants and
Chartered Accountants

**Singapore**
29 March 2019

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2018

| | Note | Group | | | Company |
|---|---|---|---|---|---|
| | | 31 December 2018 $ | 31 December 2017 $ Restated | 1 January 2017 $ Restated | 31 December 2018 $ |
| **Assets** | | | | | |
| Plant and equipment | 4 | 2,793,869 | 1,747,231 | 683,024 | – |
| Trademark | 5 | 187,862 | 7,862 | 7,862 | 180,000 |
| Subsidiaries | 6 | – | – | – | 18,098,166 |
| Associate | 7 | – | – | – | – |
| Deferred tax assets | 8 | 1,149 | – | – | 1,125 |
| **Non-current assets** | | **2,982,880** | **1,755,093** | **690,886** | **18,279,291** |
| Trade and other receivables | 9 | 63,458,007 | 62,926,455 | 34,025,557 | 18,016,584 |
| Cash and cash equivalents | 10 | 75,671,200 | 27,675,713 | 16,129,642 | 39,139,286 |
| **Total current assets** | | **139,129,207** | **90,602,168** | **50,155,199** | **57,155,870** |
| **Total assets** | | **142,112,087** | **92,357,261** | **50,846,085** | **75,435,161** |
| **Equity** | | | | | |
| Share capital | 11 | 57,490,729 | 435,002 | 435,002 | 57,490,729 |
| Merger reserve | 11 | (17,663,164) | – | – | – |
| Foreign currency translation reserve | 11 | (739) | (1,037) | – | – |
| Capital reserve | 11 | 606,615 | 606,615 | 606,615 | – |
| Retained earnings | | 26,443,270 | 17,057,586 | 10,479,992 | 14,791,841 |
| **Equity attributable to owners of the Company** | | **66,876,711** | **18,098,166** | **11,521,609** | **72,282,570** |
| Non-controlling interests | 12 | 3,520,404 | 3,061,404 | 1,510,393 | – |
| **Total equity** | | **70,397,115** | **21,159,570** | **13,032,002** | **72,282,570** |
| **Liabilities** | | | | | |
| Deferred tax liabilities | 8 | 168,743 | 143,710 | 30,714 | – |
| **Non-current liabilities** | | **168,743** | **143,710** | **30,714** | **–** |
| Trade and other payables | 13 | 65,761,499 | 67,211,115 | 36,001,153 | 3,016,277 |
| Current tax liabilities | | 4,856,369 | 3,194,525 | 1,160,212 | 136,314 |
| Deferred income | 14 | 928,361 | 648,341 | 622,004 | – |
| **Current liabilities** | | **71,546,229** | **71,053,981** | **37,783,369** | **3,152,591** |
| **Total liabilities** | | **71,714,972** | **71,197,691** | **37,814,083** | **3,152,591** |
| **Total equity and liabilities** | | **142,112,087** | **92,357,261** | **50,846,085** | **75,435,161** |

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

| | Note | 2018<br>$ | 2017<br>$<br>Restated |
|---|---|---|---|
| Revenue | 15 | 431,539,196 | 331,851,434 |
| Cost of services rendered | | (390,176,771) | (298,095,703) |
| Finance income | 16 | 725,760 | 121,231 |
| Other income | 17 | 3,475,702 | 2,816,525 |
| Staff costs | 18 | (12,068,806) | (8,283,136) |
| Depreciation of plant and equipment | 4 | (747,234) | (373,702) |
| Amortisation of trademark | 5 | (30,000) | – |
| IPO expenses | | (1,112,924) | – |
| Other expenses | | (5,231,712) | (5,847,282) |
| Share of loss of associate | | – | (33,000) |
| **Profit before tax** | 19 | **26,373,211** | **22,156,367** |
| Tax expense | 20 | (4,436,328) | (3,270,956) |
| **Profit for the year** | | **21,936,883** | **18,885,411** |
| | | | |
| **Profit attributable to:** | | | |
| Owners of the Company | | 19,412,077 | 16,273,279 |
| Non-controlling interests | 12 | 2,524,806 | 2,612,132 |
| **Profit for the year** | | **21,936,883** | **18,885,411** |
| | | | |
| **Earnings per share** | | | |
| **Basic earnings per share (cents)** | 21 | **5.72** | **5.30** |
| **Diluted earnings per share (cents)** | 21 | **5.72** | **5.30** |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

| | Note | 2018<br>$ | 2017<br>$<br>Restated |
|---|---|---|---|
| **Profit for the year** | | **21,936,883** | **18,885,411** |
| | | | |
| **Other comprehensive income, net of tax** | | | |
| **Items that are or may be reclassified subsequently to profit or loss:** | | | |
| Foreign currency translation differences – foreign operations | | 348 | (1,208) |
| **Other comprehensive income for the year, net of tax** | | **348** | **(1,208)** |
| **Total comprehensive income for the year** | | **21,937,231** | **18,884,203** |
| | | | |
| **Total comprehensive income attributable to:** | | | |
| Owners of the Company | | 19,412,375 | 16,272,242 |
| Non-controlling interests | 12 | 2,524,856 | 2,611,961 |
| **Total comprehensive income for the year** | | **21,937,231** | **18,884,203** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

| | Note | Share capital $ | Foreign currency translation reserve $ | Capital reserve $ | Retained earnings $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|
| **At 1 January 2017** | | **435,002** | **11,645** | **606,615** | **10,468,347** | **11,521,609** | **1,510,393** | **13,032,002** |
| Adjustment on initial application of SFRS(I) 1 | 26 | – | (11,645) | – | 11,645 | – | – | – |
| **Adjusted balance at 1 January 2017** | | **435,002** | **–** | **606,615** | **10,479,992** | **11,521,609** | **1,510,393** | **13,032,002** |
| Profit for the year | | – | – | – | 16,273,279 | 16,273,279 | 2,612,132 | 18,885,411 |
| **Other comprehensive income** | | | | | | | | |
| Foreign currency translation differences – foreign operations | | – | (1,037) | – | – | (1,037) | (171) | (1,208) |
| **Total other comprehensive income, net of tax** | | **–** | **(1,037)** | **–** | **–** | **(1,037)** | **(171)** | **(1,208)** |
| **Total comprehensive income for the year** | | **–** | **(1,037)** | **–** | **16,273,279** | **16,272,242** | **2,611,961** | **18,884,203** |
| **Transaction with owners, recognised directly in equity** | | | | | | | | |
| **Distributions to owners** | | | | | | | | |
| Dividends paid | 11 | – | – | – | (9,695,685) | (9,695,685) | (1,060,950) | (10,756,635) |
| **Total transaction with owners of the Company** | | **–** | **–** | **–** | **(9,695,685)** | **(9,695,685)** | **(1,060,950)** | **(10,756,635)** |
| **At 31 December 2017** | | **435,002** | **(1,037)** | **606,615** | **17,057,586** | **18,098,166** | **3,061,404** | **21,159,570** |

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

| | Note | Share capital $ | Foreign currency translation reserve $ | Merger reserve $ | Capital reserve $ | Retained earnings $ | Total $ | Non-controlling interests $ | Total equity $ |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 January 2018** | | **435,002** | **(1,037)** | **–** | **606,615** | **17,057,586** | **18,098,166** | **3,061,404** | **21,159,570** |
| Adjustment on initial application of SFRS(I) 9 | 26 | – | – | – | – | 1,201,707 | 1,201,707 | 6,044 | 1,207,751 |
| **Adjusted balance at 1 January 2018** | | **435,002** | **(1,037)** | **–** | **606,615** | **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 | 11 | – | – | – | – | (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 | 11 | 1 | – | – | – | – | 1 | – | 1 |
| Adjustment on restructuring exercise | 11 | 17,663,164 | – | (17,663,164) | – | – | – | – | – |
| Shares issued pursuant to initial public offering | 11 | 40,885,000 | – | – | – | – | 40,885,000 | – | 40,885,000 |
| Share issuance expenses | 11 | (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** | **(739)** | **(17,663,164)** | **606,615** | **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 CASH FLOWS

Year ended 31 December 2018

| | Note | 2018 $ | 2017 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year | | 21,936,883 | 18,885,411 |
| Adjustments for: | | | |
| Amortisation of trademark | 5 | 30,000 | – |
| Bad debts written off | 19 | 116,484 | 250,000 |
| Depreciation of plant and equipment | 4 | 747,234 | 373,702 |
| Impairment losses recognised on trade and other receivables | 19 | 63,681 | 979,553 |
| Interest income | 16 | (725,760) | (121,231) |
| Loss on disposal of plant and equipment | 19 | 3,405 | 1,192 |
| Plant and equipment written off | 19 | 36,777 | 30,815 |
| Share of loss of associate | | – | 33,000 |
| Tax expense | 20 | 4,436,328 | 3,270,956 |
| | | **26,645,032** | **23,703,398** |
| Changes in: | | | |
| - trade and other receivables | | 712,497 | (30,130,451) |
| - trade and other payables | | (1,449,268) | 31,208,754 |
| - deferred income | | 280,020 | 26,337 |
| **Cash generated from operations** | | **26,188,281** | **24,808,038** |
| Tax paid | | (3,250,833) | (1,159,910) |
| Tax refunded | | 283,770 | 36,263 |
| **Net cash from operating activities** | | **23,221,218** | **23,684,391** |
| **Cash flows from investing activities** | | | |
| Acquisition of plant and equipment | 4 | (1,845,960) | (1,472,316) |
| Acquisition of trademark | 5 | (210,000) | – |
| Investment in associate | | – | (33,000) |
| Deposits pledged | | (153) | (152) |
| Interest received | | 725,760 | 121,231 |
| Proceeds from disposal of plant and equipment | | 11,906 | 2,400 |
| **Net cash used in investing activities** | | **(1,318,447)** | **(1,381,837)** |
| **Cash flows from financing activities** | | | |
| Dividends paid to owners | 11 | (11,228,100) | (9,695,685) |
| Dividends paid to non-controlling interests | 11 | (2,071,900) | (1,060,950) |
| Proceeds from shares issued on date of incorporation of the Company | 11 | 1 | – |
| Proceeds from shares issued pursuant to initial public offering | 11 | 40,885,000 | – |
| Share issuance expenses | 11 | (1,492,438) | – |
| **Net cash from/(used in) financing activities** | | **26,092,563** | **(10,756,635)** |
| **Net increase in cash and cash equivalents** | | **47,995,334** | **11,545,919** |
| Cash and cash equivalents at 1 January | | 27,614,683 | 16,068,764 |
| **Cash and cash equivalents at 31 December** | 10 | **75,610,017** | **27,614,683** |

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

# NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2019.

## 1 Domicile and activities

PropNex Limited (the "Company") 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 2018 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

The Company was listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 2 July 2018.

The Group is primary 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.

### 1.1 The restructuring exercise ("Restructuring Exercise")

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

(a) Acquisition of subsidiaries

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 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 (see Note 3.1 (iii)).

(b) Sub-division of shares

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

## 2 Basis of preparation

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (SFRS(I)s). These are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) has been applied.

In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore (FRS). An explanation of how the transition to SFRS(I) and application of SFRS(I) 9 and SFRS(I) 15 have affected the reported financial position, financial performance and cash flows is provided in Note 26.

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

## 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing the opening SFRS(I) statements of financial position at 1 January 2017 for the purposes of the transition to SFRS(I), unless otherwise indicated.

The accounting policies have been applied consistently by Group entities.

### 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.

**Acquisitions from 1 January 2017**

For acquisitions from 1 January 2017, 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 transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

**Acquisitions before 1 January 2017**

As part of transition to SFRS(I), the Group elected not to restate those business combinations that occurred before the date of transition to SFRS(I), i.e. 1 January 2017. Goodwill arising from acquisition before 1 January 2017 has been carried forward from the previous FRS framework as at the date of transition.

**(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 Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

**(iv) Loss of control**

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

**(v) Investment in associates**

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

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

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

**(vi) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses 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. Since 1 January 2017, the Group's date of transition to SFRS(I), such differences have been recognised in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation differences is allocated to the NCI. When a foreign operation is disposed of such that control, significant influence is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant portion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of its investment in associate that includes a foreign operation while retaining significant influence, the relevant portion of the cumulative amount is reclassified to profit or loss.

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

### 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 – Policy applicable from 1 January 2018**

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.

**Financial assets: Business model assessment – Policy applicable from 1 January 2018**

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 sales 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 – Policy applicable from 1 January 2018**

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.

**Non-derivative financial assets: Subsequent measurement and gains and losses - Policy applicable from 1 January 2018**

**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.

**Non-derivative financial assets – Policy applicable before 1 January 2018**

The Group classifies non-derivative financial assets into the following categories: financial assets at FVTPL, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

**Non-derivative financial assets: Subsequent measurement and gains and losses – Policy applicable before 1 January 2018**

**Loans and receivables**

Loans and receivables were financial assets with fixed or determinable payments that were not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprised cash and cash equivalents and trade and other receivables.

**(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.

**(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.

### 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.

When 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, or remaining lease period if shorter |

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 for the current year 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

**Policy applicable from 1 January 2018**

The Group recognises loss allowances for expected credit loss ("ECLs") on financial assets measured at amortised costs.

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

**Simplified approach**

The Group applies the simplified approach to provide for ECLs for all trade and other receivables. 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 considers a financial asset to be in default when:

- the borrower 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 Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

**Measurement of ECLs**

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

**Credit-impaired financial assets**

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

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

- significant financial difficulty of the borrower or issuer;
- 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 borrower 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.

**Policy applicable before 1 January 2018**

A financial asset not carried at FVTPL, including an interest in an associate, was assessed at each reporting date to determine whether there was any objective evidence that it was impaired. A financial asset was impaired if objective evidence indicates that a loss event had occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that could be estimated reliably.

Objective evidence that financial assets (including equity investments) were impaired included default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer would enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost was objective evidence of impairment. The Group considered a decline of 20% to be significant and a period of 9 months to be prolonged.

**Loans and receivables**

The Group considered evidence of impairment for loans and receivables at both an individual asset and collective level. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or less than suggested by historical trends.

An impairment loss was calculated as the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Group considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

**(ii) Associates**

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 favourable change in the estimates used to determine the recoverable amount.

**(iii) 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 CGU.

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.

### 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

#### (i) Commission income from real estate agency services

Revenue from real estate agency services is recognised in profit or loss when the Group satisfies a performance obligation ("PO") by transferring control of a promised service to the customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of the consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

Revenue from real estate agency services is usually success-based fee arrangement where the amount of consideration is contingent on the achievement of specific outcome. Revenue is recognised at a point in time.

The Group also enters into certain co-broking arrangements with third party co-brokers in the provision of real estate agency 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 PO performed by the third party co-brokers.

#### (ii) Commission income from real estate project marketing services

Revenue from real estate project marketing services is recognised in profit or loss when the Group satisfies a PO by transferring control of a promised service to the customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of the consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

Revenue from real estate project marketing services is usually success-based fee arrangement where the amount of consideration is contingent on the achievement of specific outcome. Revenue is recognised at a point in time.

The Group also enters into certain co-broking arrangements with third party co-brokers in the provision of 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 PO performed by the third party co-brokers.

**(iii) Administrative support fee income**

Revenue from administrative support services is recognised in profit or loss when the Group satisfies a PO by transferring control of a promised service to the customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of the consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

Revenue is recognised at a point in time.

**(iv) Property management fee income**

Revenue from real estate management services is recognised in profit or loss when the Group satisfies a PO by transferring control of a promised service to the customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of the consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

Revenue is recognised at a point in time.

**(v) Courses and related fee income training services**

Revenue from the provision of real estate related courses and training programmes are recognised in profit or loss when the Group satisfies a PO by transferring control of a promised service to the customers. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is the amount of the consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised services.

Revenue is recognised at a point in time.

### 3.10 Government grants

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

### 3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

### 3.12 Finance income

The Group’s finance income includes:

- interest income; and
- dividend income.

Interest income 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 receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). 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.

### 3.13 Tax

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

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, 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. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future.

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.

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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

### 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.

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, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in Note 27.

## 4 Plant and equipment

| | Office equipment $ | Computers $ | Furniture and fittings $ | Renovation $ | Total $ |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **Cost** | | | | | |
| At 1 January 2017 | 227,899 | 1,371,445 | 120,525 | 1,044,813 | 2,764,682 |
| Additions | 325,379 | 519,401 | 35,681 | 591,855 | 1,472,316 |
| Disposals | (16,130) | (2,400) | – | – | (18,530) |
| Written off | (54,575) | – | (9,357) | (472,928) | (536,860) |
| At 31 December 2017 | 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** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2017 | 147,615 | 1,111,180 | 81,225 | 741,638 | 2,081,658 |
| Depreciation for the year | 37,884 | 184,488 | 16,447 | 134,883 | 373,702 |
| Disposals | (14,605) | (333) | – | – | (14,938) |
| Written off | (51,998) | – | (9,357) | (444,690) | (506,045) |
| At 31 December 2017 | 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** |
| **Carrying amounts** | | | | | |
| **At 1 January 2017** | **80,284** | **260,265** | **39,300** | **303,175** | **683,024** |
| **At 31 December 2017** | **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** |

## 5 Trademark

| | Group $ | Company $ |
|---|---|---|
| **Cost** | | |
| At 1 January 2017 and 31 December 2017/ At 10 January 2018 (date of incorporation) | 7,862 | – |
| Additions | 600,000 | 600,000 |
| **At 31 December 2018** | **607,862** | **600,000** |
| **Accumulated amortisation** | | |
| At 1 January 2017 and 31 December 2017/ At 10 January 2018 (date of incorporation) | – | – |
| Additions | 390,000 | 390,000 |
| Amortisation for the year/period | 30,000 | 30,000 |
| **At 31 December 2018** | **420,000** | **420,000** |
| **Carrying amounts** | | |
| At 1 January 2017 and 31 December 2017/ At 10 January 2018 (date of incorporation) | 7,862 | – |
| **At 31 December 2018** | **187,862** | **180,000** |

The remaining amortisation period of the trademark is 6 years.

## 6 Subsidiaries

| | Company 31 December 2018 $ |
|---|---|
| Equity investments at cost | 18,098,166 |

As disclosed in Note 1.1, the Company had on 13 June 2018, entered into a restructuring agreement with P & N Holdings Pte. Ltd. to acquire the equity interest of 5 entities for a consideration of $18,098,166.

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.

Details of the subsidiaries are as follows:

| Name of subsidiaries | Operating segments | Principal place of business/ country of incorporation | Ownership interest 31 December 2018 % |
|---|---|---|---|
| PropNex Realty Pte. Ltd. | Real estate agency services | Singapore | 100 |
| PropNex International Pte. Ltd. | Real estate project marketing services | Singapore | 71.83 |
| PropNex Grandeur Homes Pte. Ltd. | Administrative support services | Singapore | 100 |
| PropNex Property Management Consultants Pte. Ltd. | Property management services | Singapore | 75 |
| Life Mastery Academy Pte. Ltd. | Training | Singapore | 100 |
| **Subsidiary of PropNex International Pte. Ltd.** | | | |
| PropNex International Sdn. Bhd. | Real estate project marketing services | Malaysia | 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.

## 7 Associate

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ |
| Interests in associate | – | – | – |

Details of the associate are as follows:

| Name of associate | Operating segment | Principal place of business/ country of incorporation | Ownership interests | | |
|---|---|---|---|---|---|
| | | | 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
| Soreal Prop Pte. Ltd. | Real estate investment | Singapore | 33 | 33 | – |

## 8 Deferred tax assets/(liabilities)

| | As at 1 January 2017 $ | Recognised in profit or loss (Note 20) $ | As at 31 December 2017 $ | Adjustment on initial application of SFRS(I) 9 $ | As at 1 January 2018 $ | Recognised in profit or loss (Note 20) $ | As at 31 December 2018 $ |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| Plant and equipment | (30,714) | (112,996) | (143,710) | – | (143,710) | (45,926) | (189,636) |
| Trade and other receivables | – | – | – | (216,463) | (216,463) | 238,505 | 22,042 |
| | **(30,714)** | **(112,996)** | **(143,710)** | **(216,463)** | **(360,173)** | **192,579** | **(167,594)** |

| | At 10 January 2018 (date of incorporation) $ | Recognised in profit or loss $ | As at 31 December 2018 $ |
|---|---|---|---|
| **Company** | | | |
| Trade and other receivables | – | 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 |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ | 31 December 2018 $ |
| Deferred tax assets | 1,149 | – | – | 1,125 |
| Deferred tax liabilities | (168,743) | (143,710) | (30,714) | – |
| | **(167,594)** | **(143,710)** | **(30,714)** | **1,125** |

## 9 Trade and other receivables

| | Group | | | Company |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ | 31 December 2018 $ |
| **Trade receivables:** | | | | |
| - third parties | 61,990,485 | 63,869,951 | 31,612,966 | – |
| - non-controlling shareholder of a subsidiary | – | 54,257 | 176,209 | – |
| | 61,990,485 | 63,924,208 | 31,789,175 | – |
| Impairment losses | (797,763) | (2,363,431) | (1,601,001) | – |
| | **61,192,722** | **61,560,777** | **30,188,174** | **–** |
| **Other receivables:** | | | | |
| - third parties | 643,396 | 320,054 | 134,411 | – |
| - ultimate holding company | – | – | 3,141,021 | – |
| - subsidiaries | – | – | – | 2,155,052 |
| - related corporation | 333 | – | – | – |
| - associate | 500,000 | 150,000 | – | – |
| Dividend receivables from subsidiaries | – | – | – | 15,400,000 |
| Deposits | 518,245 | 371,532 | 244,620 | 296,367 |
| | **1,661,974** | **841,586** | **3,520,052** | **17,851,419** |
| Impairment losses | (4,487) | (6,057) | – | (6,619) |
| | **1,657,487** | **835,529** | **3,520,052** | **17,844,800** |
| | 62,850,209 | 62,396,306 | 33,708,226 | 17,844,800 |
| Prepayments | 607,798 | 530,149 | 317,331 | 171,784 |
| | **63,458,007** | **62,926,455** | **34,025,557** | **18,016,584** |

The non-trade amounts due from ultimate holding company, subsidiaries, related corporation 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 25.

## 10 Cash and cash equivalents

| | Group | | | Company |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ | 31 December 2018 $ |
| Cash at bank and on hand | 31,697,564 | 26,850,160 | 15,477,088 | 816,175 |
| Fixed deposits | 43,973,636 | 825,553 | 652,554 | 38,323,111 |
| Cash and cash equivalents in the statements of financial position | 75,671,200 | 27,675,713 | 16,129,642 | 39,139,286 |
| Deposits pledged | (61,183) | (61,030) | (60,878) | – |
| Cash and cash equivalents in the statement of cash flows | **75,610,017** | **27,614,683** | **16,068,764** | **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% (31 December 2017: 0.25%; 1 January 2017: 0.25%) per annum.

## 11 Capital and reserves

### Share capital

| | Number of shares | | Amount | |
|---|---|---|---|---|
| Group | 2018 | 2017 | 2018 $ | 2017 $ |
| **Issued and fully-paid ordinary shares:** | | | | |
| In issue at 1 January | 450,002 | 450,002 | 435,002 | 435,002 |
| Incorporation of the Company on 10 January 2018 | 1 | – | 1 | – |
| Adjustment on restructuring exercise (Note 1.1) | 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) | – |
| In issue at 31 December | **370,000,000** | **450,002** | **57,490,729** | **435,002** |

| Company | Number of shares 2018 | Amount 2018 $ |
|---|---|---|
| **Issued and fully-paid ordinary shares:** | | |
| At 10 January 2018 (date of incorporation) | 1 | 1 |
| Adjustment on restructuring exercise (Note 1.1) | 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) |
| In issue at 31 December | **370,000,000** | **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.

**Restructuring Exercise**

The Restructuring Exercise was not completed as at 31 December 2017. Accordingly, the share capital of the Group as at 31 December 2017 and 1 January 2017 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 issued 18,098,166 ordinary shares pursuant to the Restructuring Exercise to acquire the equity interest in 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. from P & N Holdings Pte. Ltd.

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 | | | Company |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ | 31 December 2018 $ |
| Gain arising from the debt waived by a related corporation | 207,119 | 207,119 | 207,119 | – |
| Gain on acquisition of non-controlling interests | 399,496 | 399,496 | 399,496 | – |
| | **606,615** | **606,615** | **606,615** | **–** |

**Dividends**

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

**For the years ended 31 December**

| | Group | |
|---|---|---|
| | 2018<br>$ | 2017<br>$ |
| **Paid to the owners** | | |
| **PropNex Realty Pte. Ltd.**<br>$50 (2017: $60.52) per ordinary share | 5,000,000 | 6,051,635 |
| **PropNex International Pte. Ltd.**<br>$70 (2017: $35) per ordinary share | 5,028,100 | 2,514,050 |
| **PropNex Grandeur Homes Pte. Ltd.**<br>$250,000 (2017: $202,500) per ordinary share | 500,000 | 405,000 |
| **PropNex Property Management Consultants Pte. Ltd.**<br>$2.67 (2017: $2.00) per ordinary share | 300,000 | 225,000 |
| **Life Mastery Academy Pte. Ltd.**<br>$4 (2017: $5) per ordinary share | 400,000 | 500,000 |
| | **11,228,100** | **9,695,685** |
| **Paid by the subsidiaries to non-controlling interests** | | |
| **PropNex International Pte. Ltd.**<br>$70 (2017: $35) per ordinary share | 1,971,900 | 985,950 |
| **PropNex Property Management Consultants Pte. Ltd.**<br>$2.67 (2017: $2.00) per ordinary share | 100,000 | 75,000 |
| | **2,071,900** | **1,060,950** |
| **Total** | **13,300,000** | **10,756,635** |

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

| | Company |
|---|---|
| | 2018<br>$ |
| Final dividends - $0.015 per ordinary share | 5,550,000 |
| Special dividends - $0.020 per ordinary share | 7,400,000 |
| | **12,950,000** |

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

The reconciliation of movements of liabilities to cash flows arising from financing activities are disclosed in the consolidated statement of changes in equity.

## 12 Non-controlling interests

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group.

| Name | Principal place of business/ Country of incorporation | Operating segment | Ownership interests held by NCI 31 December 2018 % | 31 December 2017 % | 1 January 2017 % |
|---|---|---|---|---|---|
| PropNex International Pte. Ltd. | Singapore | Real estate project marketing services | 28.17 | 28.17 | 28.17 |
| PropNex Property Management Consultants Pte. Ltd. | Singapore | Property management services | 25 | 25 | 25 |

The following summarises the financial information for the above subsidiaries 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 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** |

| | PropNex International Pte. Ltd. $ | PropNex Property Management Consultants Pte. Ltd. $ | Total $ |
|---|---|---|---|
| **Group** | | | |
| **31 December 2017** | | | |
| Revenue | 109,796,704 | 2,273,759 | 112,070,463 |
| Profit for the year | 8,973,222 | 337,503 | 9,310,725 |
| Total comprehensive income | 8,972,618 | 337,503 | 9,310,121 |
| **Attributable to NCI:** | | | |
| - Profit for the year | 2,527,756 | 84,376 | 2,612,132 |
| - Total comprehensive income | 2,527,585 | 84,376 | 2,611,961 |
| Non-current assets | 101,625 | 13,337 | 114,962 |
| Current assets | 40,959,922 | 958,132 | 41,918,054 |
| Non-current liabilities | – | (2,360) | (2,360) |
| Current liabilities | (30,844,557) | (235,996) | (31,080,553) |
| **Net assets** | **10,216,990** | **733,113** | **10,950,103** |
| **Net assets attributable to NCI** | **2,878,126** | **183,278** | **3,061,404** |
| Cash flows from operating activities | 8,673,283 | 370,358 | 9,043,641 |
| Cash flows from/(used in) investing activities | 28,293 | (2,030) | 26,263 |
| Cash flows used in financing activities | (2,518,261) | (225,182) | (2,743,443) |
| - Dividends to NCI | (985,950) | (75,000) | (1,060,950) |
| **Net increase in cash and cash equivalents** | **5,197,365** | **68,146** | **5,265,511** |
| **Group** | | | |
| **1 January 2017** | | | |
| Non-current assets | 139,317 | 17,915 | 157,232 |
| Current assets | 14,105,726 | 884,498 | 14,990,224 |
| Non-current liabilities | – | (2,360) | (2,360) |
| Current liabilities | (9,500,671) | (204,443) | (9,705,114) |
| **Net assets** | **4,744,372** | **695,610** | **5,439,982** |
| **Net assets attributable to NCI** | **1,336,490** | **173,903** | **1,510,393** |

## 13 Trade and other payables

| | Group | | | Company |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ | 31 December 2018 $ |
| **Trade payables:** | | | | |
| - third parties | 59,414,112 | 61,101,409 | 31,785,065 | 31,078 |
| - ultimate holding company | – | – | 475,520 | – |
| - non-controlling shareholder of a subsidiary | 101,341 | 246,699 | 35,462 | – |
| **Other payables:** | | | | |
| - third parties | 1,592,348 | 1,269,175 | 899,440 | 93,018 |
| - ultimate holding company | – | 1,283,336 | 330,538 | – |
| - subsidiary | – | – | – | 1,500,000 |
| - related corporations | 116 | 1,101 | 5,341 | – |
| Accrued expenses | 4,095,479 | 2,935,061 | 2,168,164 | 1,248,591 |
| Refundable deposits | 313,381 | 286,965 | 216,645 | – |
| Liability for short-term accumulating compensated absences | 244,722 | 87,369 | 84,978 | 143,590 |
| | **65,761,499** | **67,211,115** | **36,001,153** | **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 ultimate holding company, 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 25.

## 14 Deferred income

| | Group | | |
|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ |
| Deferred income | 928,361 | 648,341 | 622,004 |

Deferred income mainly relates to receipts from the sales of convention tickets.

## 15 Revenue

| | Group 2018 $ | Group 2017 $ Restated |
|---|---|---|
| Commission income from real estate agency services | 307,760,179 | 216,588,982 |
| Commission income from real estate project marketing services | 117,323,150 | 109,796,704 |
| Administrative support fee income | 2,272,858 | 2,135,334 |
| Property management fee income | 2,674,111 | 2,273,759 |
| Courses and related fee income from training services | 1,508,898 | 1,056,655 |
| | **431,539,196** | **331,851,434** |

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.<br><br>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 credit terms granted for administrative support services while invoices are issued on a monthly basis without credit terms for real estate management services. |

**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 prior to the services rendered to the customers. |

**Disaggregation of revenue from contracts with customers**

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

The timing of revenue recognition for the Group's revenue is transferred at a point in time upon transferring control of a promised service to the customers.

**Contract balances**

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

| | | Group | | |
|---|---|---|---|---|
| | Note | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ |
| Trade receivables | 9 | 61,192,722 | 61,560,777 | 30,188,174 |
| Deferred income | 14 | 928,361 | 648,341 | 622,004 |

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

Revenue recognised during the year that was included in the deferred income balance at the beginning of the year was $648,341 (2017: $622,004).

**Transaction price allocated to the remaining performance obligations**

The Group applies the practical expedient in paragraph C5(d) of SFRS(I) 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the year ended 31 December 2017.

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.

| | 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** |

## 16 Finance income

| | Group 2018 $ | Group 2017 $ |
|---|---|---|
| Interest income | 725,760 | 121,231 |

## 17 Other income

| | Group 2018 $ | Group 2017 $ |
|---|---|---|
| Corporate event income | 46,859 | 15,370 |
| E-stamping income | 19,102 | 17,237 |
| Government grants | 159,379 | 181,268 |
| Management fee income | 16,460 | – |
| Marketing fee income | 345,926 | 329,714 |
| Merchandising income | 223,209 | 191,127 |
| Referral fee income | 1,578,302 | 1,396,137 |
| Sponsorship income | 191,328 | 125,327 |
| Training and seminar income | 294,215 | 132,033 |
| Others | 600,922 | 428,312 |
| | **3,475,702** | **2,816,525** |

## 18 Staff costs

| | Group 2018 $ | Group 2017 $ |
|---|---|---|
| Salaries, wages and related costs | 10,901,807 | 7,667,692 |
| Contributions to defined contribution plan | 1,016,043 | 611,759 |
| Increase in liability for short-term accumulating compensated absences | 150,956 | 3,685 |
| | **12,068,806** | **8,283,136** |

## 19 Profit before tax

The following items have been charged/(credited) in arriving at profit before tax:

| | Note | Group 2018 $ | Group 2017 $ |
|---|---|---|---|
| Assignment fee | | – | 700,000 |
| Audit fees paid to: | | | |
| - auditors of the Company | | 154,600 | 74,600 |
| - other auditors | | 234 | 225 |
| Non-audit fees paid to auditors of the Company (net of capitalised amount as share issuance expenses of $53,550) | | 304,350 | – |
| Bad debts written off | | 116,484 | 250,000 |
| Corporate events | | 466,087 | 249,410 |
| Directors' fee | | 155,000 | – |
| Donation | | 72,000 | 104,127 |
| Education and training expenses | | 34,107 | 181,297 |
| General office expenses | | 499,739 | 300,817 |
| Impairment losses recognised on trade and other receivables | 25 | 63,681 | 979,553 |
| Loss on disposal of plant and equipment | | 3,405 | 1,192 |
| Marketing expenses | | 595,217 | 780,678 |
| Net foreign exchange loss/(gain) | | 17,736 | (812) |
| Operating lease expenses | | 2,659,316 | 2,362,671 |
| Plant and equipment written off | | 36,777 | 30,815 |
| Recruitment expenses | | 481,692 | 495,078 |
| Referral fee expenses | | 871,729 | 753,354 |

## 20 Tax expense

| | Group 2018 $ | Group 2017 $ |
|---|---|---|
| **Current tax expense** | | |
| Current year | 4,855,155 | 3,194,525 |
| Over provision in prior years | (226,248) | (36,565) |
| | **4,628,907** | **3,157,960** |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | (268,828) | 84,562 |
| Under provision in prior years | 76,249 | 28,434 |
| | **(192,579)** | **112,996** |
| **Total tax expense** | **4,436,328** | **3,270,956** |

| | Group | |
|---|---|---|
| | 2018<br>$ | 2017<br>$ |
| **Reconciliation of effective tax rate** | | |
| Profit for the year | 21,936,883 | 18,885,411 |
| Tax expense | 4,436,328 | 3,270,956 |
| **Profit before tax** | **26,373,211** | **22,156,367** |
| Tax using Singapore tax rate of 17% | 4,483,446 | 3,766,582 |
| Non-deductible expenses | 298,441 | 110,257 |
| Non-taxable income | – | (103) |
| Tax-exempt income | (148,075) | (129,625) |
| Tax incentives | – | (422,615) |
| Tax rebates | (47,544) | (47,955) |
| (Over)/Under provision in prior years | | |
| - current tax | (226,248) | (36,565) |
| - deferred tax | 76,249 | 28,434 |
| Others | 59 | 2,546 |
| | **4,436,328** | **3,270,956** |

In 2017, the tax incentives comprised mainly enhanced Productivity and Innovation Credit of 400% for certain plant and equipment purchases.

## 21 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 | |
|---|---|---|
| | 2018<br>$ | 2017<br>$ |
| Profit for the year, attributable to the owners of the Company | 19,412,077 | 16,273,279 |

**Weighted average number of ordinary shares**

| | Group | |
|---|---|---|
| | 2018 Number of shares | 2017 Number of shares |
| Pre-invitation ordinary shares* | 307,100,000 | 307,100,000 |
| Effect of shares issued pursuant to initial public offering | 32,053,151 | – |
| | **339,153,151** | **307,100,000** |

* 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 1.1.

**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 reporting period.

## 22 Operating leases

At the reporting date, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | Group | |
|---|---|---|
| | 2018 $ | 2017 $ |
| Within one year | 2,497,453 | 2,028,896 |
| Between one and five years | 2,045,507 | 1,730,392 |
| | **4,542,960** | **3,759,288** |

The Group leases premises under operating leases which are renewable upon expiry.

## 23 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 2018 $ | Group 2017 $ |
|---|---|---|
| **Ultimate holding company** | | |
| Acquisition of an associate | – | 33,000 |
| Acquisition of trademark | 210,000 | – |
| Administrative support fee income | – | (128,796) |
| Course fee income | – | (33) |
| Service fee expense | 7,971 | 127,294 |
| Reimbursement of staff costs | – | 2,821,580 |
| **Related corporations** | | |
| Administrative support fee income | (260) | (8,686) |
| Commission fee income | – | (108,800) |
| Course fee income | – | (1,261) |
| Rental fee income | (912) | (960) |
| Merchandising expense | 112 | – |
| Referral fee income | – | 5,816 |
| Trainer fee expense | 8,829 | 30,090 |
| **Non-controlling shareholder of a subsidiary** | | |
| Commission fee income | (716,303) | (241,131) |
| Commission fee expense | 227,987 | 829,278 |
| **Directors** | | |
| Administrative support income | (5,681) | (43,265) |
| Commission fee income | (40,455) | (27,551) |

**Transactions with key management personnel**

**Key management personnel compensation**

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 2018 $ | Group 2017 $ |
|---|---|---|
| Salaries and other short-term employee benefits | 3,883,355 | 2,957,359 |
| Post-employment benefits (including contributions to defined contribution plan) | 103,080 | 65,619 |
| | **3,986,435** | **3,022,978** |

Details of the remuneration of the key management personnel, in terms of percentage of total remuneration of each key management personnel for the year ended 31 December 2018, are as follows:

| | Salaries* % | Bonuses* % | Commission % | 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% |
| **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% |
| **2017** | | | | |
| **Executive directors and Chief Executive Officer** | | | | |
| **In the band from $1,000,000 to $1,249,999** | | | | |
| Kelvin Fong Keng Seong | – | – | 100% | 100% |
| **In the band from $500,000 to $749,999** | | | | |
| Mohamed Ismail s/o Abdul Gafoore | 80% | 20% | – | 100% |
| Lim Tow Huat | 80% | 20% | – | 100% |
| **Other key management personnel** | | | | |
| **In the band from $250,000 to $499,999** | | | | |
| Lim Yong Hock | 52% | 48% | – | 100% |
| **In the band up to $249,999** | | | | |
| Johnsonwill Hon Chee Wei | 80% | 20% | – | 100% |
| Josephine Chow Mei Lin | 80% | 20% | – | 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 $393,790 (2017: $Nil).

### 24 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.

**Information about reportable segments**

| | 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 |
| - 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 |

| | Agency services<br>$ | Project marketing services<br>$ | Administrative support services<br>$ | Property management services<br>$ | Training services<br>$ | Others<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2017** | | | | | | | |
| Revenue | 311,916,546 | 109,796,704 | 3,151,246 | 2,273,759 | 1,458,787 | – | 428,597,042 |
| Inter-segment revenue | (95,327,564) | – | (1,015,912) | – | (402,132) | – | (96,745,608) |
| **External revenues** | **216,588,982** | **109,796,704** | **2,135,334** | **2,273,759** | **1,056,655** | **–** | **331,851,434** |
| Finance income | 75,256 | 39,608 | 4,935 | 1,055 | 377 | – | 121,231 |
| Depreciation expense | (267,917) | (49,007) | – | (7,663) | (49,115) | – | (373,702) |
| **Segment profit before tax** | **10,006,596** | **10,775,359** | **551,597** | **371,303** | **451,512** | **–** | **22,156,367** |
| Other material non-cash items: | | | | | | | |
| - Bad debts written off | 250,000 | – | – | – | – | – | 250,000 |
| - Impairment losses on trade and other receivables | 956,723 | 16,773 | – | 6,057 | – | – | 979,553 |
| - Net foreign exchange gain | – | (812) | – | – | – | – | (812) |
| - Plant and equipment written off | 30,815 | – | – | – | – | – | 30,815 |
| - Share of loss of associate | 33,000 | – | – | – | – | – | 33,000 |
| Reportable segment assets | 47,990,461 | 41,040,243 | 1,525,381 | 971,470 | 829,706 | – | 92,357,261 |
| Capital expenditure | 1,396,809 | 11,315 | – | 3,086 | 61,106 | – | 1,472,316 |
| Reportable segment liabilities | 66,808,898 | 2,961,816 | 1,034,437 | 238,356 | 154,184 | – | 71,197,691 |

**Reconciliations of reportable segment revenues**

| | Group | |
|---|---|---|
| | 2018<br>$ | 2017<br>$ |
| **Revenue** | | |
| Total revenue for reportable segments | 533,683,973 | 428,597,042 |
| Revenue for other segments | 21,739,611 | – |
| Elimination of inter-segment revenue | (123,884,388) | (96,745,608) |
| Consolidated revenue | **431,539,196** | **331,851,434** |
| **Profit before tax** | | |
| Total profit before tax for reportable segments | 26,840,362 | 22,156,367 |
| Loss before tax for other segments | (467,151) | – |
| Consolidated profit before tax | **26,373,211** | **22,156,367** |
| **Assets** | | |
| Total assets for reportable segments | 102,324,326 | 92,357,261 |
| Assets for other segments | 39,787,761 | – |
| Consolidated total assets | **142,112,087** | **92,357,261** |
| **Liabilities** | | |
| Total liabilities for reportable segments | 70,062,381 | 71,197,691 |
| Liabilities for other segments | 1,652,591 | – |
| Consolidated total liabilities | **71,714,972** | **71,197,691** |

**Geographic information**

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

**Major customer**

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

## 25 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.

### 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 represents 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 | |
|---|---|---|
| | 2018<br>$ | 2017<br>$ |
| Impairment losses on trade and other receivables | 63,681 | 979,553 |

### 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 |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ | 1 January 2017 $ | 31 December 2018 $ |
| **Trade receivables** | | | | |
| - real estate agency services | 32,210,287 | 32,787,212 | 22,219,917 | – |
| - real estate project marketing services | 29,510,447 | 30,887,520 | 9,333,290 | – |
| - administrative support services | 34,700 | 16,245 | 10,769 | – |
| - property management services | 229,908 | 233,231 | 225,199 | – |
| - training services | 5,143 | – | – | – |
| **Other receivables and deposits** | | | | |
| - real estate agency services | 1,250,862 | 647,151 | 3,188,918 | – |
| - real estate project marketing services | 81,087 | 78,854 | 83,395 | – |
| - administrative support services | 278 | – | 135,000 | – |
| - property management services | 5,702 | 11,597 | 7,275 | – |
| - training services | 27,679 | 103,984 | 105,464 | – |
| - others | 296,366 | – | – | 17,851,419 |
| **Total gross carrying amount** | **63,652,459** | **64,765,794** | **35,309,227** | **17,851,419** |
| Loss allowance | (802,250) | (2,369,488) | (1,601,001) | (6,619) |
| **Net carrying amount** | **62,850,209** | **62,396,306** | **33,708,226** | **17,844,800** |

**Comparative information under FRS 39**

Analysis of the credit quality of trade and other receivables that were neither past due nor impaired and the ageing of trade and other receivables that were past due but not impaired is as follows:

| | Group | | | |
|---|---|---|---|---|
| | 31 December 2017 | | 1 January 2017 | |
| | Gross carrying amount $ | Impairment loss allowance $ | Gross carrying amount $ | Impairment loss allowance $ |
| **Not past Due** | 1,025,165 | – | 3,681,245 | – |
| **Past due** | | | | |
| - Past due 1 to 30 days | 28,379,595 | – | 14,818,566 | – |
| - Past due 31 to 90 days | 25,199,244 | – | 8,743,069 | – |
| - Past due 91 to 180 days | 7,557,333 | – | 6,363,696 | – |
| - Past due 181 to 270 days | 1,656,798 | (1,421,829) | 926,532 | (824,882) |
| - Past due more than 270 days | 947,659 | (947,659) | 776,119 | (776, 119) |
| | **64,765,794** | **(2,369,488)** | **35,309,227** | **(1,601,001)** |

**Expected credit loss assessment for trade receivables of real estate agency services as at 1 January 2018 and 31 December 2018**

The Group uses an allowance matrix to measure the ECLs of trade receivables from non-recurring 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 2018:

| | | Group | |
|---|---|---|---|
| | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $ |
| **Not past due** | 0.00 | – | – |
| **Past due** | | | |
| - Past due 1 to 30 days | 0.03 | 14,408,659 | (3,931) |
| - Past due 31 to 90 days | 0.06 | 8,457,206 | (4,666) |
| - Past due 91 to 180 days | 0.16 | 5,589,572 | (9,113) |
| - Past due 181 to 270 days | 0.30 | 2,119,539 | (6,317) |
| - Past due more than 270 days | 1.16 | 1,635,311 | (693,307) |
| | | **32,210,287** | **(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 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 as at 1 January 2018 and 31 December 2018**

The Group assessed the credit exposure of these receivables is insignificant based on the historical collection trends as well as these trade receivables are mainly recurring customers in nature which has insignificant default rate in the past. The Group applied the ECL rate based on the published independent default rate of real estate industry. The Group monitors changes in the default rate of real estate industry 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 2018:

| | Group | | |
|---|---|---|---|
| | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $ |
| **Not past due** | 0.03 – 0.27 | 188,104 | (504) |
| **Past due** | | | |
| - Past due 1 to 30 days | 0.03 – 0.27 | 6,720,644 | (2,038) |
| - Past due 31 to 90 days | 0.03 – 0.27 | 12,415,369 | (3,810) |
| - Past due 91 to 180 days | 0.03 – 0.27 | 6,888,536 | (2,074) |
| - Past due 181 to 270 days | 0.03 – 0.27 | 2,113,987 | (633) |
| - Past due more than 270 days | 0.03 – 0.27 | 1,453,558 | (71,370) |
| | | **29,780,198** | **(80,429)** |

**Expected credit loss assessment for other receivables and deposits as at 1 January 2018 and 31 December 2018**

The Group assessed the credit exposure of these receivables is insignificant based on the historical collection trends. The Group applied the ECL rate based on the published independent default rate of real estate industry.

| | Group | | | Company | | |
|---|---|---|---|---|---|---|
| | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $ | Weighted average loss rate % | Gross carrying amount $ | Impairment loss allowance $ |
| **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 | 0.00 | – | – | 0.00 | 15,400,000 | – |
| | | **1,661,974** | **(4,487)** | | **17,851,419** | **(6,619)** |

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

| | Group $ |
|---|---|
| At 1 January 2017 per FRS 39 | 1,601,001 |
| Impairment loss recognised | 979,553 |
| Amounts written off against receivables | (211,066) |
| **At 31 December 2017 per FRS 39** | **2,369,488** |

| | Notes | Group $ | Company $ |
|---|---|---|---|
| At 1 January 2018 per FRS 39 | | 2,369,488 | – |
| Adjustment on initial application of SFRS(I) 9 | 26 | (1,424,214) | – |
| At 1 January 2018 / At 10 January 2018 (date of incorporation) per SFRS(I) 9 | | 945,274 | – |
| Impairment loss recognised | | 63,681 | 6,619 |
| Amounts written off against receivables | | (206,705) | – |
| At 31 December 2018 per SFRS(I) 9 | | **802,250** | **6,619** |

**Cash and cash equivalents**

The Group and the Company held cash and cash equivalents of $75,671,200 and $39,139,286 respectively at 31 December 2018 (2017: $27,675,713; 1 January 2017: $16,129,642). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated A3 to AA1.

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 2018** | | | | |
| Trade and other payables* | 65,516,777 | (65,516,777) | (65,516,777) | – |
| **31 December 2017** | | | | |
| Trade and other payables* | 67,123,746 | (67,123,746) | (67,123,746) | – |
| **1 January 2017** | | | | |
| Trade and other payables* | 35,916,175 | (35,916,175) | (35,916,175) | – |
| **Company** | | | | |
| **31 December 2018** | | | | |
| Trade and other payables* | 2,872,687 | (2,872,687) | (2,872,687) | – |

*Excludes liability for short-term accumulating compensated absences.

**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.

**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 |
|---|---|---|---|---|
| | 31 December 2018 $ | 31 December 2017 $ Restated | 1 January 2017 $ Restated | 31 December 2018 $ |
| Total liabilities | 71,714,972 | 71,197,691 | 37,814,083 | 3,152,591 |
| Cash and cash equivalents | (75,671,200) | (27,675,713) | (16,129,642) | (39,139,286) |
| **Net (cash)/debt** | **(3,956,228)** | **43,521,978** | **21,684,441** | **(35,986,695)** |
| **Total equity** | **70,397,115** | **21,159,570** | **13,032,002** | **72,282,570** |
| **Net debt to equity ratio** | **N/A** | **2.06** | **1.66** | **N/A** |

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

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

**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.

| | | Carrying amount | | |
|---|---|---|---|---|
| | Note | Loans and receivables $ | Other financial liabilities $ | Total $ |
| **Group** | | | | |
| **31 December 2018** | | | | |
| Trade and other receivables* | 9 | 62,850,209 | – | 62,850,209 |
| Cash and cash equivalents | 10 | 75,671,200 | – | 75,671,200 |
| | | **138,521,409** | **–** | **138,521,409** |
| Trade and other payables^ | 13 | – | 65,516,777 | 65,516,777 |
| **31 December 2017** | | | | |
| Trade and other receivables* | 9 | 62,396,306 | – | 62,396,306 |
| Cash and cash equivalents | 10 | 27,675,713 | – | 27,675,713 |
| | | **90,072,019** | **–** | **90,072,019** |
| Trade and other payables^ | 13 | – | 67,123,746 | 67,123,746 |
| **1 January 2017** | | | | |
| Trade and other receivables* | 9 | 33,708,226 | – | 33,708,226 |
| Cash and cash equivalents | 10 | 16,129,642 | – | 16,129,642 |
| | | **49,837,868** | **–** | **49,837,868** |
| Trade and other payables^ | 13 | – | 35,916,175 | 35,916,175 |
| **Company** | | | | |
| **31 December 2018** | | | | |
| Trade and other receivables* | 9 | 17,844,800 | – | 17,844,800 |
| Cash and cash equivalents | 10 | 39,139,286 | – | 39,139,286 |
| | | **56,984,086** | **–** | **56,984,086** |
| Trade and other payables^ | 13 | – | 2,872,687 | 2,872,687 |

*Excludes prepayments.
^Excludes liability for short-term accumulating compensated absences.

## 26 Explanation of transition to SFRS(I) and adoption of new standards

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

As stated in Note 2.1, these are the first financial statements of the Group and of the Company prepared in accordance with SFRS(I).

The accounting policies set out in Note 3 have been applied in preparing the financial statements for the year ended 31 December 2018, the comparative information presented in these financial statements for the year ended 31 December 2017 and in the preparation of the opening SFRS(I) statement of financial position at 1 January 2017 (the Group's date of transition), subject to the mandatory exceptions and optional exemptions under SFRS(I) 1.

In preparing the opening SFRS(I) statement of financial position, the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS.

In addition to the adoption of the new framework, the Group also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 Revenue from Contracts with Customers which includes clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes amendments arising from IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and measurement of share-based payment transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of investment property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS(I) – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The application of the above standards and interpretations do not have material effect on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

An explanation of how the transition from previous FRS to SFRS(I) and the adoption of SFRS(I) 9 and SFRS(I) 15 have affected the Group's financial position, financial performance and cash flows, and the Company's financial position is set out under the summary of quantitative impact and the accompanying notes.

The following reconciliations summarise the impacts on initial application of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 on the Group's financial position as at 1 January 2017, 31 December 2017 and 1 January 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 December 2017. There were no material adjustments to the Group's statement of cash flows for the year ended 31 December 2017 arising on transition to SFRS(I).

**Consolidated statement of financial position**

| | Note | As at 31 December 2017 | | | As at 1 January 2018 | |
|---|---|---|---|---|---|---|
| | | FRS framework $ | SFRS(I) 1 adjustment $ | SFRS(I) framework $ | SFRS(I) 9 adjustment $ | SFRS(I) framework $ |
| **Assets** | | | | | | |
| Plant and equipment | | 1,747,231 | – | 1,747,231 | – | 1,747,231 |
| Trademark | | 7,862 | – | 7,862 | – | 7,862 |
| Associate | | – | – | – | – | – |
| **Non-current assets** | | **1,755,093** | **–** | **1,755,093** | **–** | **1,755,093** |
| Trade and other receivables | (iii) | 62,926,455 | – | 62,926,455 | 1,424,214 | 64,350,669 |
| Cash and cash equivalents | | 27,675,713 | – | 27,675,713 | – | 27,675,713 |
| **Total current assets** | | **90,602,168** | **–** | **90,602,168** | **1,424,214** | **92,026,382** |
| **Total assets** | | **92,357,261** | **–** | **92,357,261** | **1,424,214** | **93,781,475** |
| **Equity** | | | | | | |
| Share capital | | 435,002 | – | 435,002 | – | 435,002 |
| Foreign currency translation reserve | (i) | 10,608 | (11,645) | (1,037) | – | (1,037) |
| Capital reserve | | 606,615 | – | 606,615 | – | 606,615 |
| Retained earnings | (i),(iii) | 17,045,941 | 11,645 | 17,057,586 | 1,201,707 | 18,259,293 |
| **Equity attributable to owners of the Company** | | **18,098,166** | **–** | **18,098,166** | **1,201,707** | **19,299,873** |
| Non-controlling interests | (iii) | 3,061,404 | – | 3,061,404 | 6,044 | 3,067,448 |
| **Total equity** | | **21,159,570** | **–** | **21,159,570** | **1,207,751** | **22,367,321** |
| **Liabilities** | | | | | | |
| Deferred tax liabilities | (iii) | 143,710 | – | 143,710 | 216,463 | 360,173 |
| **Non-current liabilities** | | **143,710** | **–** | **143,710** | **216,463** | **360,173** |
| Trade and other payables | | 67,211,115 | – | 67,211,115 | – | 67,211,115 |
| Current tax liabilities | | 3,194,525 | – | 3,194,525 | – | 3,194,525 |
| Deferred income | | 648,341 | – | 648,341 | – | 648,341 |
| **Current liabilities** | | **71,053,981** | **–** | **71,053,981** | **–** | **71,053,981** |
| **Total liabilities** | | **71,197,691** | **–** | **71,197,691** | **216,463** | **71,414,154** |
| **Total equity and liabilities** | | **92,357,261** | **–** | **92,357,261** | **1,424,214** | **93,781,475** |

Consolidated statement of financial position

| | Note | As at 1 January 2017 FRS framework $ | SFRS(I) 1 adjustment $ | SFRS(I) framework $ |
|---|---|---|---|---|
| **Assets** | | | | |
| Plant and equipment | | 683,024 | – | 683,024 |
| Trademark | | 7,862 | – | 7,862 |
| **Non-current assets** | | **690,886** | **–** | **690,886** |
| Trade and other receivables | | 34,025,557 | – | 34,025,557 |
| Cash and cash equivalents | | 16,129,642 | – | 16,129,642 |
| **Total current assets** | | **50,155,199** | **–** | **50,155,199** |
| **Total assets** | | **50,846,085** | **–** | **50,846,085** |
| **Equity** | | | | |
| Share capital | | 435,002 | – | 435,002 |
| Foreign currency translation reserve | (i) | 11,645 | (11,645) | – |
| Capital reserve | | 606,615 | – | 606,615 |
| Retained earnings | (i) | 10,468,347 | 11,645 | 10,479,992 |
| **Equity attributable to owners of the Company** | | **11,521,609** | **–** | **11,521,609** |
| Non-controlling interests | | 1,510,393 | – | 1,510,393 |
| **Total equity** | | **13,032,002** | **–** | **13,032,002** |
| **Liabilities** | | | | |
| Deferred tax liabilities | | 30,714 | – | 30,714 |
| **Non-current liabilities** | | **30,714** | **–** | **30,714** |
| Trade and other payables | | 36,001,153 | – | 36,001,153 |
| Current tax liabilities | | 1,160,212 | – | 1,160,212 |
| Deferred income | | 622,004 | – | 622,004 |
| **Current liabilities** | | **37,783,369** | **–** | **37,783,369** |
| **Total liabilities** | | **37,814,083** | **–** | **37,814,083** |
| **Total equity and liabilities** | | **50,846,085** | **–** | **50,846,085** |

Consolidated statement of profit or loss

| | Note | For the year ended 31 December 2017 FRS framework $ | SFRS(I) 15 adjustment $ | SFRS(I) framework $ |
|---|---|---|---|---|
| Revenue | (ii) | 361,255,677 | (29,404,243) | 331,851,434 |
| Cost of services rendered | (ii) | (327,499,946) | 29,404,243 | (298,095,703) |
| Finance income | | 121,231 | – | 121,231 |
| Other income | | 2,816,525 | – | 2,816,525 |
| Staff costs | | (8,283,136) | – | (8,283,136) |
| Depreciation of plant and equipment | | (373,702) | – | (373,702) |
| Other expenses | | (5,847,282) | – | (5,847,282) |
| Share of loss of associate | | (33,000) | – | (33,000) |
| **Profit before tax** | | **22,156,367** | **–** | **22,156,367** |
| Tax expense | | (3,270,956) | – | (3,270,956) |
| **Profit for the year** | | **18,885,411** | **–** | **18,885,411** |
| | | | | |
| Profit attributable to: | | | | |
| Owners of the Company | | 16,273,279 | – | 16,273,279 |
| Non-controlling interests | | 2,612,132 | – | 2,612,132 |
| **Profit for the year** | | **18,885,411** | **–** | **18,885,411** |
| | | | | |
| Earnings per share | | | | |
| **Basic earnings per share (cents)** | | **5.30** | **–** | **5.30** |
| **Diluted earnings per share (cents)** | | **5.30** | **–** | **5.30** |

Consolidated statement of comprehensive income

| | For the year ended 31 December 2017 FRS framework $ | SFRS(I) 15 adjustment $ | SFRS(I) framework $ |
|---|---|---|---|
| **Profit for the year** | **18,885,411** | **–** | **18,885,411** |
| Other comprehensive income, net of tax | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences – foreign operations | (1,208) | – | (1,208) |
| **Other comprehensive income for the year, net of tax** | **(1,208)** | **–** | **(1,208)** |
| **Total comprehensive income for the year** | **18,884,203** | **–** | **18,884,203** |
| | | | |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 16,272,242 | – | 16,272,242 |
| Non-controlling interests | 2,611,961 | – | 2,611,961 |
| **Total comprehensive income for the year** | **18,884,203** | **–** | **18,884,203** |

**(i) SFRS(I) 1**

In adopting SFRS(I) in 2018, the Group has applied the transition requirements in SFRS(I) 1 with 1 January 2017 as the date of transition. SFRS(I) 1 generally requires that the Group applies SFRS(I) that are effective as at 31 December 2018 on a retrospective basis, as if such accounting policy had always been applied, subject to the mandatory exceptions and optional exemptions in SFRS(I) 1. Except as described below, the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 did not have any significant impact on the financial statements.

**Foreign currency translation reserve ("FCTR")**

The Group elected the optional exemption in IFRS 1 to reset its cumulative FCTR for its foreign operation to nil at date of transition, and reclassified the cumulative of FCTR of $11,645 as at 1 January 2017 determined in accordance with FRS to the retained earnings. After the date of transition, any gain or loss on disposal of its foreign operation will exclude translation differences that arose before the date of transition.

By electing this optional exemption, the cumulative FCTR decreased by $11,645 and retained earnings increased by the same amount as at 31 December 2017.

**(ii) SFRS(I) 15**

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group adopted SFRS(I) 15 in its financial statements using the retrospective approach. All requirements of SFRS(I) 15 have been applied retrospectively. As a result, the Group applied all of the requirements of SFRS(I) 15 retrospectively and the comparative period presented in the 2018 financial statements were restated.

The impact upon the adoption of SFRS(I) 15 is described below.

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

The Group enters into certain co-broking arrangements with co-brokers in the provision of real estate agency services and real estate project marketing services. The commission income was recognised on the gross basis under the current risk-and-reward approach under FRS 118. The Group has assessed the co-broking arrangement with third party co-brokers to determine whether the Group is acting as an agent or a principal under the new transfer-of-control approach under SFRS(I) 15.

Under SFRS(I) 15, the Group recognises the commission income with co-broking arrangements on a net basis as the Group is able to control the extent of its performance obligation to services its customers but unable to entirely control or satisfy the performance obligations by the third party co-brokers. The impact to the financial statements is as follows:

**Consolidated statement of profit or loss**

| | For the year ended 31 December 2017 | | |
|---|---|---|---|
| | FRS framework $ | SFRS(I) 15 adjustment $ | SFRS(I) framework $ |
| Revenue | 361,255,677 | (29,404,243) | 331,851,434 |
| Cost of services rendered | (327,499,946) | 29,404,243 | (298,095,703) |

**(iii) SFRS(I) 9**

SFRS(I) 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new 'expected credit loss' ("ECL") model and a new general hedge accounting requirements.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate information for 2017. Accordingly, the information presented for 2017 is presented, as previously reported, under FRS 39 Financial Instruments: Recognition and Measurement. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings as at 1 January 2018.

Arising from this election, the Group is exempted from providing disclosures required by SFRS(I) 7 Financial Instruments: Disclosures for the comparative period to the extent that these disclosures relate to items within the scope of SFRS(I) 9. Instead, disclosures under FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39 are provided for the comparative period.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 have been generally applied by the Group retrospectively, except as described below.

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018.
  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The impact upon adoption of SFRS(I) 9, including the corresponding tax effects, are described below.

**Classification of financial assets and liabilities**

Under SFRS(I) 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI – debt instrument, FVOCI – equity instrument; or FVTPL. The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

For an explanation of how the Group classifies and measures financial assets under SFRS(I) 9, see Note 3.3(ii).

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets as at 1 January 2018.

| | | | As at 1 January 2018 | |
|---|---|---|---|---|
| Group | Original classification under FRS 39 | New classification under SFRS(I) 9 | Original carrying amount under FRS 39 $ | New carrying amount under SFRS(I) 9 $ |
| Financial assets | | | | |
| Trade and other receivables* | Loans and receivables | Amortised cost | 62,396,306 | 63,820,520 |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 27,675,713 | 27,675,713 |
| Total financial assets | | | **90,072,019** | **91,496,233** |

*Excluded prepayments.

**Impairment of financial assets**

SFRS(I) 9 replaces the current 'incurred loss' model in FRS 39 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost.

The application of SFRS(I) 9 impairment requirements at 1 January 2018 results in decrease in allowances for impairment as follows:

| | Group $ |
|---|---|
| Loss allowance at 31 December 2017 under FRS 39 | 2,369,488 |
| Decrease in impairment recognised at 1 January 2018 on trade and other receivables as at 31 December 2017 | (1,424,214) |
| Loss allowance at 1 January 2018 under SFRS(I) 9 | **945,274** |

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

Additional information about how the Group and the Company measure the allowance for impairment is described in Note 25.

**Transition impact on related account balances**

The following table summarises the impact of transition to SFRS(I) 9 on the related account balances at 1 January 2018.

| Group | As at 31 December 2017 $ | Adjustment on initial application of SFRS(I) 9 $ | As at 1 January 2018 $ |
|---|---|---|---|
| Trade and other receivables | 62,926,455 | 1,424,214 | 64,350,669 |
| Retained earnings | (17,057,586) | (1,201,707) | (18,259,293) |
| Non-controlling interests | (3,061,404) | (6,044) | (3,067,448) |
| Deferred tax liabilities | (143,710) | (216,463) | (360,173) |

## 27 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2018 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 effective for annual periods beginning after 1 January 2018:

**Applicable to 2019 financial statements**
- SFRS(I) 16 Leases
- SFRS(I) INT 23 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)
- Plan Amendment, Curtailment or Settlement (Amendments to SFRS(I) 1-19)

**Applicable to 2021 financial statements**
- SFRS(I) 17 Insurance Contracts

**Mandatory effective data deferred**
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group has assessed the estimated impact that initial application of SFRS(I) 16 will have on the financial statements. The Group's assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

**SFRS(I) 16**

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. SFRS(I) 16 replaces existing lease accounting guidance, including SFRS(I) 1-17 Leases, SFRS(I) INT 4 Determining whether an Arrangement contains a Lease, SFRS(I) INT 1-15 Operating Leases – Incentives and SFRS(I) INT 1-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

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

**The Group as lessee**

The Group expects to measure lease liabilities by applying a single discount rate to their portfolio of office premises leases. Furthermore, the Group is likely to apply the practical expedient to recognise amounts of ROU assets equal to their lease liabilities at 1 January 2019. For lease contracts that contain the option to renew, the Group is expected to use hindsight in determining the lease term.

The Group expects their existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. Lease payments that are increased every three years to reflect market rentals, and those that are based on changes in local price index, are included in the measurement of lease liabilities as at date of initial application. In addition, the Group will no longer recognise provisions for operating leases that it assessed to be onerous. Instead, the Group will include the payments due under the lease in their lease liability.

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

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

## 28 Subsequent events

**(i) Associate**

On 14 August 2018, the Group entered into a master franchise agreement with PropNex Realty (Vietnam) Company Limited ("PRV"), a company incorporated in Vietnam pursuant to which PRV is appointed as a master franchisee of the Group in Vietnam to establish, manage and operate PropNex franchise agency offices in Vietnam. Pursuant to the said master franchise agreement, the Group will acquire 25% of the issued and paid up share capital of PRV at a nominal sum of USD 1.

The Group had on 21 February 2019 completed the acquisition of 25% of the issued and paid share capital of PRV. Consequent thereupon, PRV became an associate of the Group.

**(ii) Dividends**

On 25 February 2019, the Group proposed a final and special exempt (one-tier) dividends of $0.015 and $0.02 per ordinary share amounting to a total of $12,950,000 for the financial year ended 31 December 2018. These financial statements do not reflect this dividends, which will be accounted for in the financial year ending 31 December 2019.

**(iii) 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 Pte. Ltd. ("Soreal Prop") to SEAA.

Pursuant to the SPA, the Group will sell 17% equity interests in Soreal Prop to SEAA at a cash consideration of $17,000. Consequent thereupon, the Group's equity interest in Soreal Prop will decrease from 33% to 16%.

In addition, SEAA, being the new shareholder of Soreal Prop, will proportionately contribute its share in the shareholders' loan to Soreal Prop, which will eventually result in a repayment of $315,600 by Soreal Prop to the Group in relation to the shareholder loan granted by the Group to Soreal Prop.

# SHAREHOLDING STATISTICS
# AS AT 12 MARCH 2019

| | | |
|---|---|---|
| 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 | 0.07 | 30 | 0.00 |
| 100 - 1,000 | 215 | 15.30 | 194,200 | 0.05 |
| 1,001 - 10,000 | 693 | 49.32 | 3,671,600 | 0.99 |
| 10,001 - 1,000,000 | 489 | 34.81 | 30,163,800 | 8.15 |
| 1,000,001 AND ABOVE | 7 | 0.50 | 335,970,370 | 90.81 |
| **TOTAL** | **1,405** | **100.00** | **370,000,000** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | SHAREHOLDER'S NAME | NUMBER OF SHARES HELD | % |
|---|---|---|---|
| 1 | UOB KAY HIAN PTE LTD | 294,075,000 | 79.48 |
| 2 | DBS NOMINEES PTE LTD | 23,468,210 | 6.34 |
| 3 | RAFFLES NOMINEES (PTE) LIMITED | 10,671,400 | 2.88 |
| 4 | DBSN SERVICES PTE LTD | 2,466,500 | 0.67 |
| 5 | CITIBANK NOMINEES SINGAPORE PTE LTD | 2,096,460 | 0.57 |
| 6 | HSBC (SINGAPORE) NOMINEES PTE LTD | 1,673,000 | 0.45 |
| 7 | DB NOMINEES (SINGAPORE) PTE LTD | 1,519,800 | 0.41 |
| 8 | CHIA CHIOW KUAN | 1,000,000 | 0.27 |
| 9 | PHUA TECK LING | 965,500 | 0.26 |
| 10 | TEO KEE BOCK | 617,800 | 0.17 |
| 11 | PHILLIP SECURITIES PTE LTD | 610,800 | 0.17 |
| 12 | HOH CHIN YIEP | 599,600 | 0.16 |
| 13 | LAM CHEE FENG | 502,000 | 0.14 |
| 14 | WONG KENG LEONG RAYNEY | 450,000 | 0.12 |

| NO. | SHAREHOLDER'S NAME | NUMBER OF SHARES HELD | % |
|---|---|---|---|
| 15 | SOON KAH WEE (SUN JIASUI) | 443,200 | 0.12 |
| 16 | LEE KIEN YONG DOMINIC | 425,000 | 0.11 |
| 17 | GOH BOON KIAT ALEX (WU WENJIE) | 424,000 | 0.11 |
| 18 | ANDREW HO WEI HENG | 350,900 | 0.09 |
| 19 | PAUL LAWRENCE | 340,000 | 0.09 |
| 20 | LIM AND TAN SECURITIES PTE LTD | 338,100 | 0.09 |
| | **TOTAL** | **343,037,270** | **92.70** |

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2019

| | 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 | - | - | 236,871,879[2] | 64.02 |
| Lim Tow Huat | - | - | 221,720,350[3] | 59.92 |
| Kelvin Fong Keng Seong | - | - | 28,236,900[4] | 7.63 |

**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 236,871,879 shares includes:-
   (a) 205,844,129 shares held by P&N (62% owned by Mr Ismail Gafoore);
   (b) 30,927,750 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 221,720,350 shares includes:-
   (a) 205,844,129 shares held by P&N (38% owned by Mr Lim); and
   (b) 15,876,221 shares held by him through the nominee accounts maintained with UOB Kay Hian.

4. The shares are held by Mr Kelvin Fong through his nominee accounts maintained with UOB Kay Hian.

## SUBSTANTIAL SHAREHOLDERS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 12 MARCH 2019

To the best knowledge of the Company and based on the Shareholders' Information provided to the Company as at 12 March 2019, approximately 22.29% 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.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting (the "AGM") of PropNex Limited (the "Company") will be held at 480 Lorong 6 Toa Payoh, #18-01, HDB Hub, Singapore 310480 on Thursday, 25 April 2019 at 10.00 a.m. to transact the following business:

## ORDINARY BUSINESS

| | | |
|---|---|---|
| 1. | To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2018 and the Directors' Statement and Auditor's Report thereon. | **(Resolution 1)** |
| 2. | To declare a final one-tier tax exempt dividend of 1.5 Singapore cents per ordinary share and a special one-tier tax exempt dividend of 2.0 Singapore cents per ordinary share for the year ended 31 December 2018. | **(Resolution 2)** |
| 3. | To approve the Directors' Fees of S$155,000 for the year ended 31 December 2018. | **(Resolution 3)** |
| 4. | To approve the Directors' Fees of S$228,000 for the financial year ending 31 December 2019, payable half-yearly in arrears. | **(Resolution 4)** |
| 5. | To re-elect Mohamed Ismail s/o Abdul Gafoore, a Director who is retiring by rotation in accordance with Regulation 117 of the Company's Constitution, and being eligible, offers himself for re-election. | **(Resolution 5)** |
| 6. | To re-elect the following Directors who are retiring pursuant to Regulation 122 of the Company's Constitution, and being eligible, offer themselves for re-election: | |
| | (a) Kelvin Fong Keng Seong | **(Resolution 6)** |
| | (b) Ahmad Bin Mohamed Magad | **(Resolution 7)** |
| | (c) Kan Yut Keong | **(Resolution 8)** |
| | (d) Low Wee Siong | **(Resolution 9)** |
| 7. | To re-appoint KPMG LLP as Auditor of the Company and to authorise the Directors to fix its remuneration. | **(Resolution 10)** |

## SPECIAL BUSINESS

| | | |
|---|---|---|
| To consider and, if thought fit, to pass, the following as ordinary resolutions, with or without modifications: | | |
| 8. | **Authority to Allot and Issue Shares**<br><br>That authority be and is hereby given to the Directors to:<br><br>(a) (i) allot and issue shares in the capital of the Company ("Shares") whether by way of rights, bonus or otherwise; and/or<br><br>(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,<br><br>at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and<br><br>(b) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force, | **(Resolution 11)** |

| | | |
|---|---|---|
| | provided that:<br><br>(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution), shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);<br><br>(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for:<br><br>(i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and<br>(ii) any subsequent bonus issue or consolidation or sub-division of Shares,<br><br>and, in sub-paragraph (1) above and this sub-paragraph (2), "subsidiary holdings" has the meaning given to it in the Listing Manual of the SGX-ST;<br><br>(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable requirements under the Companies Act (Chapter 50) and the Constitution of the Company for the time being; and<br><br>(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. | |
| 9. | **Authority to allot and issue shares under the PropNex Employee Share Option Scheme**<br><br>That authority be and is hereby given to the Directors to offer and grant options ("Options") in accordance with the rules of the PropNex Employee Share Option Scheme ("Scheme"), and to allot and issue from time to time such number of ordinary shares as may be required to be issued pursuant to the exercise of Options granted by the Company under the Scheme, provided always that the aggregate number of ordinary shares to be allotted and issued pursuant to the Scheme, the PropNex Performance Share Plan and any other share based schemes (if applicable) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. | **(Resolution 12)** |

| | | |
|---|---|---|
| 10. | **Authority to allot and issue shares under the PropNex Performance Share Plan**<br><br>That authority be and is hereby given to the Directors to offer and grant awards ("Awards") in accordance with the provisions of the PropNex Performance Share Plan ("Plan"), and to allot and issue from time to time such number of ordinary shares as may be required to be issued pursuant to the vesting of the Awards granted under the Plan, provided always that the aggregate number of new ordinary shares to be allotted and issued pursuant to the Plan, the PropNex Employee Share Option Scheme and any other share based schemes (if applicable) shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. | **(Resolution 13)** |
| 11. | **Share Purchase Mandate**<br><br>**That :**<br><br>(a) authority be and is hereby given to the Directors, in accordance with Section 76C and 76E of the Companies Act of Singapore (the "Companies Act") and Part XIII of Chapter 8 of the Listing Manual of the SGX-ST, to purchase or otherwise acquire Shares ("Share Buy-Back Mandate") not exceeding in aggregate the Maximum Limit (as defined below), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:<br><br>(i) on-market purchases ("Market Purchase") transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or<br>(ii) off-market purchases ("Off-Market Purchase") in accordance with any equal access scheme(s) as defined in Section 76C of the Companies Act as may be determined or formulated by the Directors as they may consider fit and in the best interests of the Company, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the Listing Manual of the SGX-ST;<br><br>and in accordance with all applicable laws, regulations and rules;<br><br>(b) any Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act;<br><br>(c) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the proposed Share Buy-Back Mandate may be exercised by the Directors of the Company at any time and during the period commencing from the passing of this resolution and expiring on the earliest of:<br>(i) the date on which the next annual general meeting of the Company is held or required by law to be held;<br>(ii) the date on which the authority contained in the Share Buy-Back Mandate is varied or revoked by the Company in a general meeting;<br>(iii) the date on which purchases and acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated; and<br><br>(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution. | **(Resolution 14)** |

| | | |
|---|---|---|
| | In this resolution:<br><br>"Maximum Limit" means the number of Shares representing ten percent (10%) of the total issued ordinary share capital of the Company ascertained as at the date of the passing of this resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act;<br><br>"Maximum Price" in relation to a Share to be purchased, means the purchase price (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:<br><br>(i) in the case of a Market Purchase, 105% of the Average Closing Price; and<br>(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price; and<br><br>"Average Closing Price" means the average of the closing market prices of a Share over the last five (5) market days on which the Shares were transacted on the SGX-ST or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to an Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant five (5) market day period. | |

**BY ORDER OF THE BOARD**

Kong Wei Fung
Company Secretary
Singapore, 10 April 2019

**Explanatory notes:**

**Resolution 2** – is to approve the final and special dividends. The Transfer Books and Register of Members will be closed on 30 April 2019, for the preparation of the final and special dividends. Registrable transfers received up to 5.00 p.m. on 29 April 2019 will be entitled to the final and special dividends. If approved, the final and special dividends will be paid on 13 May 2019.

**Resolution 4** – The Directors' fees proposed for the financial year ending 31 December 2019 are calculated based on the assumption that all Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to the enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

**Resolution 5** – Mr Mohamed Ismail s/o Abdul Gafoore will, upon re-election, remain as Chairman of the Board and Chief Executive Officer.

**Resolution 6** – Mr Kelvin Fong Keng Seong will, upon re-election, remain as Executive Director of the Company.

**Resolution 7** – Dr Ahmad Bin Mohamed Magad will, upon re-election, remain as the Chairman of the Remuneration Committee and member of the Audit and Nominating Committees. The Board considers Dr Ahmad Magad to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

**Resolution 8** – Mr Kan Yut Keong will, upon re-election, remain as the Chairman of the Audit Committee and member of Remuneration and Nominating Committees. The Board considers Mr Kan to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

**Resolution 9** – Mr Low Wee Siong will, upon re-election, remain as the Chairman of the Nominating Committee and member of the Audit and Remuneration Committees. The Board considers Mr Low to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.

Further information of the retiring directors can be found under **"Board of Directors"**, **"Corporate Governance Report"** and **"Additional Information on Directors Seeking Re-election"** sections of the Company's Annual Report. Saved as disclosed therein, there are no relationships (including immediate family relationships) between each of these Directors and the other Directors, the Company or its 10% shareholders.

**Resolution 11** – the proposed resolution 11 in item 8 above, if passed, will authorise and empower the Directors of the Company from the date of the AGM to issue shares and to make or grant instruments (such as warrants or debentures) convertible into shares, and to issue shares in pursuance of such instruments, without seeking any further approval from shareholders in general meeting but within the limitation imposed by this Resolution, for such purposes as the Directors may consider would be in the best interests of the Company. The aggregate number of shares (including shares to be made in pursuance of Instruments made or granted pursuant to this Resolution) to be allotted and issued would not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this resolution is passed, of which the total number of shares that may be issued other than on a pro-rata basis to shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time the resolution is passed. This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company.

**Resolution 12** – the proposed resolution 12 in item 9 above if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme provided that the aggregate number of ordinary shares which may be allotted and issued pursuant to the Scheme, the PropNex Performance Share Plan and any other share based schemes (if applicable) is limited to 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

**Resolution 13** – the proposed resolution 13 in item 10 above, if passed, will empower the Directors of the Company, from the date of this AGM until the next AGM of the Company, or the date by which the next AGM of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue from time to time such number of ordinary shares as may be required to be allotted and issued pursuant to the vesting of the Awards under the Plan provided that the aggregate number of ordinary shares which may be allotted and issued pursuant to the Plan, the PropNex Employee Share Option Scheme and any other share based schemes (if applicable) is limited to 15% of the total issued share capital of the Company (excluding treasury shares and subsidiary holdings) from time to time.

**Resolution 14** – the proposed Resolution 14 proposed in item 11 above, if passed, will empower the Directors of the Company from the date of this AGM until the next AGM to repurchase ordinary shares of the Company by way of Market Purchase or Off-Market Purchase of up to 10% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix dated 10 April 2019 to this notice.

**Notes:**

1. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting of the Company. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act (Chapter 50) (the "Act").

2. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy needs not be a member of the Company.

4. If a member is a corporation, the form of proxy must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation.

5. A depositor's name must appear in the Depository Register maintained by The Central Depository (Pte) Limited as at seventy-two (72) hours before the time appointed for holding the Annual General Meeting in order for the depositor to be entitled to attend, speak and vote at the Annual General Meeting.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898, not less than seventy-two (72) hours before the time appointed for the Annual General Meeting. Completion and return of the form of proxy by a member will not prevent him from attending and voting at the Annual General Meeting if he so wishes. In such event, the relevant proxy form will be deemed to be revoked.

**Personal data privacy:** By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

# 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 2018:

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| Date of Appointment | 10 January 2018 | 13 June 2018 | 13 June 2018 | 13 June 2018 | 13 June 2018 |
| Date of last re-appointment | N.A. | N.A. | N.A. | N.A. | N.A. |
| Age | 55 | 44 | 63 | 41 | 67 |
| Country of principal residence | Singapore | Singapore | Singapore | 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 Kelvin Fong was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his overall contribution and performance. | The re-election of Mr Kan was recommended by the Nominating Committee and the Board has accepted the recommendation, after taking into consideration his independence, 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. | The re-election of Dr Ahmad Magad 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. | Executive. He oversees our training development curriculum and is also responsible for our real estate salespersons skills. He also oversees the development of our IT strategies and technology innovations so as to improve our competitive edge in the industry. | Non-Executive | Non-Executive | Non-Executive |
| Job Title (e.g. Lead ID, AC Chairman, AC Member etc.) | Executive Chairman and Chief Executive Officer | Executive Director | Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee | Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee | Lead Independent Director, Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| Professional Qualifications | Bachelor Degree in Land Economics and an IBMEC higher diploma in Real Estate & Property Management from the University of Technology, Sydney | • Bachelor Degree in Business Administration from La Trobe University, Australia<br>• Diploma in Electronics Engineering from Singapore Polytechnic | • Bachelor Degree in Economics from the University of Hull, United Kingdom<br>• 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 | • Bachelor of Laws from the National University of Singapore<br>• Bachelor of Accountancy from Nanyang Technological University<br>• Advocate and Solicitor of the Supreme Court of Singapore<br>• Solicitor on the Roll of Solicitors of England and Wales<br>• Chartered Accountant of Singapore | • Doctorate in Business Administration from Brunel University (UK)<br>• Masters of Business Administration from Henley Management College/Brunel University (UK)<br>• Advanced Post-Graduate Diploma in Management Consultancy (UK)<br>• Inginieur Grad. (Graduate Engineer) in Optical Engineering from Fach Hochschule Aalen (Germany)<br>• Fellow Member of Certified Public Accountant (Australia)<br>• Fellow Member of Chartered Institute of Marketing (UK)<br>• Fellow Member of Singapore Institute of Directors |
| 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 a Director and shareholder (62% interest) of P & N Holdings Pte. Ltd., a substantial shareholder of the Company | None, except that he is a substantial shareholder of the Company with a total interest of 7.63% in the Company | None | None | None |
| Conflict of interests (including any competing business) | No | No | No | No | No |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| 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 Kelvin Fong joined as a PropNex salesperson in 2003. He was one of our top Team Leaders and his team of salespersons has a strong track record for outstanding sales performance and excellent customer service. Mr Kelvin Fong was appointed as an executive director (non-statutory) of PropNex Realty on 9 March 2016 and appointed to the Board of PropNex Limited on 13 June 2018. | Mr Kan has more than 34 years of experience in professional accounting, corporate finance and consulting in Asia and in the United Kingdom. He joined PricewaterhouseCoopers Singapore after qualifying as a Chartered Accountant in UK. He was the partner instrumental in the formation of a corporate advisory practice and the incorporation of PricewaterhouseCoopers Corporate Finance Pte. Ltd., subsequently, to hold a Capital Market Services Licence to conduct corporate finance activities in Singapore. He was the managing director of PricewaterhouseCoopers Corporate Finance Pte. Ltd. until his retirement in June 2014. | 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) and Allen & Gledhill. He was also an investment banker at RHB Bank and at HL Bank Singapore. In addition, he is currently an independent director of Beng Kuang Marine Limited. | Dr Ahmad Magad served as the Chairman of each of the Government Parliamentary Committees for Finance and Trade and Industry, Manpower and Education at various stages of his tenure as a Member of Parliament. He has also sat on the board of various Government statutory boards such as the Public Utilities Board (PUB), the Energy Market Authority (EMA), the Institute of Technical Education (ITE) and the Accounting and Corporate Regulatory Authority of Singapore (ACRA).<br><br>Dr Ahmad Magad was the group Managing Director of II-VI Singapore Pte. Ltd. and its group of companies and retired in August 2018.<br><br>He is currently the Secretary General of the Singapore Manufacturing Federation. |
| Undertaking has been submitted to the listed issuer in the form of Appendix 7.7 under Rule 720(1) | Yes | Yes | Yes | Yes | Yes |
| Shareholding interest in the listed issuer and its subsidiaries | Deemed interest: 237,371,879 ordinary shares representing 64.15% interest in PropNex Limited | Deemed interest: 28,236,900 ordinary shares representing 7.63% interest in PropNex Limited | Nil | Nil | 60,000 ordinary shares representing 0.02% interest in PropNex Limited |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| Other Principal Commitments Including Directorships:<br><br>Past (for the last 5 years) | Directorships:<br>Nil<br><br>Other Principal Commitment:<br>Nil | Directorships:<br>• Mega Force (S) Pte. Ltd.<br>• MPS Pte. Ltd.<br>• MRS Pte. Ltd.<br>• ZAG Investment Private Limited<br>• ZAG Investprop Private Limited<br>• Zest Invest Private Limited<br>• IAPPS Pte. Ltd.<br>• Zest Consultancy Pte. Ltd.<br>• Affluence Venture Pte. Ltd.<br>• Affluence Invest Pte. Ltd.<br>• Affluence Group Pte. Ltd.<br>• KF Investment Group Pte. Ltd.<br>• KJPS Consultancy Pte. Ltd.<br>• KJPS Invest Pte. Ltd.<br>• Seventy5 Management Pte. Ltd.<br>• I7 International Pte. Ltd.<br>• IAPPS Holdings Pte. Ltd.<br>• Zest Guru Pte. Ltd.<br>• Absolutum Soleil Pte. Ltd.<br>• TREK01 Pte. Ltd.<br><br>Other Principal Commitment:<br>Nil | Directorships:<br>• PricewaterhouseCoopers Corporate Finance Pte Ltd<br><br>Other Principal Commitment:<br>Nil | Directorships:<br>Nil<br><br>Other Principal Commitment:<br>Nil | Directorships:<br>• Singapore Institute of Directors<br>• First Learning & Training Centre Pte. Ltd.<br>• II-VI Photop Technologies Holding Pte. Ltd.<br>• II-VI Singapore Pte Ltd<br>• II-VI Optics Suzhou Co Ltd.<br>• II-VI IR Laser Co. Ltd.<br><br>Other Principal Commitment:<br>Nil |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| Present | Directorships:<br>• PropNex Realty Pte. Ltd.<br>• PropNex International Pte. Ltd.<br>• PropNex Property Management Consultants Pte. Ltd.<br>• PropNex Grandeur Homes Pte. Ltd.<br>• Life Mastery Academy Pte. Ltd.<br>• Soreal Prop Pte. Ltd.<br>• PropNex International Sdn. Bhd.<br>• PN Realty Pte. Ltd.<br>• Singbuilders Development Pte. Ltd.<br>• P & N Holdings Pte. Ltd.<br>• P & N Property Investment Pte. Ltd.<br>• Singcapital Pte. Ltd.<br>• Singbuilders Pte. Ltd.<br>• P & N Development Private Limited<br>• PT Ventures Pte. Ltd.<br><br>Other Principal Commitment:<br>Nil | Directorships:<br>• Zest Consultants Pte. Ltd.<br>• Zest Academy Group Pte. Ltd.<br>• KJ MGT Pte. Ltd.<br>• MPS Invest Pte. Ltd.<br>• YKC Group Pte. Ltd.<br>• ISolution Investment Pte. Ltd.<br>• Champ Invest Pte. Ltd.<br><br>Other Principal Commitment:<br>Nil | Directorships:<br>• Nam Cheong Limited<br>• Cornerstone Advisors Pte. Ltd.<br>• Yick Cheong Kedai Emas Sdn. Bhd.<br>• Yee Cheong Kedai Emas Sdn. Bhd.<br><br>Other Principal Commitment:<br>• Competition & Consumer Commission of Singapore<br>• Securities Industries Council | Directorships:<br>• Wong Tan & Molly Lim LLC<br>• Beng Kuang Marine Limited<br><br>Other Principal Commitment:<br>Legal Practice at Wong Tan & Molly Lim LLC | Directorships:<br>• Second Chance Properties Ltd<br>• Sense College Pte. Ltd.<br>• Mendaki Social Enterprise Network Singapore Pte. Ltd.<br>• Singapore Productivity Centre Pte. Ltd.<br>• Singapore Innovation and Productivity Institute Pte. Ltd.<br>• Singapore PMC Certification Pte. Ltd.<br>• SME Centre @ SMF Pte. Ltd.<br>• SMF Centre for Corporate Leaning Pte. Ltd.<br>• SMF Institute of Higher Learning Pte. Ltd.<br>• SMF Biz Search Pte. Ltd.<br><br>Other Principal Commitment:<br>• Singapore Productivity Association<br>• Management Development Institute of Singapore<br>• Singapore Manufacturing Federation |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| (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 | No | 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 | No | No | No |
| (c) Whether there is any unsatisfied judgment against him? | No | No | No | No | No |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| (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 | No | 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 | No | No | No |
| (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 | No | No | No |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| (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 | No | 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 | No | 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 | No | 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 | No | No | No |
| (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 | No | No | No |

| Name of Person | Mohamed Ismail S/O Abdul Gafoore | Kelvin Fong Keng Seong | Kan Yut Keong | Low Wee Siong | Ahmad Bin Mohamed Magad |
|---|---|---|---|---|---|
| (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 | No | 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,<br>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | No | No | No | 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 | No | No | No |

# PROXY FORM

**PROPNEX LIMITED**
Company Registration No. 201801373N
(Incorporated in the Republic of Singapore)

**IMPORTANT:**
1. Relevant Intermediaries (as defined in Section 181 of the Companies Act (Chapter 50)) (the "Act") may appoint more than two (2) proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF/SRS monies to buy PropNex Limited shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

**PERSONAL DATA PRIVACY**
By submitting an instrument appointing a proxy(ies) or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 10 April 2019.

I/We ______________________________ (Name) ___________________________ (NRIC/Passport/Company Registration No.)
of ______________________________________________________________________________________ (Address)

being a member/members of PropNex Limited (the **"Company"**), hereby appoint:

| Name | Address | NRIC/ Passport Number | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| | | | | |

and/or (please delete as appropriate)

| Name | Address | NRIC/ Passport Number | Proportion of Shareholdings | |
|---|---|---|---|---|
| | | | No. of Shares | % |
| | | | | |

or failing him/them, the Chairman of the Annual General Meeting (**"AGM"**), as my/our proxy/proxies, to attend, speak and vote for me/us and on my/our behalf at the AGM of the Company to be held at 480 Lorong 6 Toa Payoh, #18-01, HDB Hub, Singapore 310480, on Thursday, 25 April 2019 at 10 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. In the absence of specific directions as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion.

| No. | Ordinary Resolutions relating to: | For* | Against* |
|---|---|---|---|
| **Ordinary Business** | | | |
| 1. | Adoption of the Audited Financial Statements and the Directors' Statement and Auditor's Report thereon | | |
| 2. | Declaration of Final Dividend and Special Dividend | | |
| 3. | Approval of Directors' Fees for financial year ended 31 December 2018 | | |
| 4. | Approval of Directors' Fees for financial year ending 31 December 2019 | | |
| 5. | Re-election of Mohamed Ismail s/o Abdul Gafoore as Director | | |
| 6. | Re-election of Kelvin Fong Keng Seong as Director | | |
| 7. | Re-election of Ahmad Bin Mohamed Magad as Director | | |
| 8. | Re-election of Kan Yut Keong as Director | | |
| 9. | Re-election of Low Wee Siong as Director | | |
| 10. | Re-appointment of KPMG LLP as Auditor and authorisation to Directors to fix its remuneration | | |
| **Special Business** | | | |
| 11. | Authority to allot and issue Shares | | |
| 12. | Authority to offer and grant options and to issue new Shares pursuant to the Scheme | | |
| 13. | Authority to offer and grant awards and to issue new Shares pursuant to the Plan | | |
| 14. | Approval of Share Purchase Mandate | | |

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", please indicate so with a [√] within the relevant box. Alternatively, please indicate the number of votes "For" or "Against" each resolution.

Dated this ____________ day of ______________________ 2019

| | |
|---|---|
| **Total Number of Shares held (Note 1)** | |

______________________________
Signature(s) or Common Seal of Member(s)

**IMPORTANT: PLEASE READ THE NOTES ON THE OVERLEAF.**

**NOTES:**

1. Please insert the total number of shares in the share capital of the Company (**"Shares"**) held by you. If you have Shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the meeting of the Company. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument appointing a proxy or proxies. If no proportion of shareholdings is specified, the proxy whose name appears first shall be deemed to carry one hundred per cent (100%) of the shareholdings of his/its appointor and the proxy whose name appears after shall be deemed to be appointed in the alternate.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the meeting of the Company, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies.

5. A proxy need not be a member of the Company.

6. The instrument appointing a proxy or proxies must be deposited at the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #11-02, Singapore 068898, not less than seventy-two (72) hours before the time appointed for the meeting.

7. Completion and return of the instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument appointing a proxy or proxies to the meeting.

8. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an attorney or a duly authorised officer of the corporation. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument.

9. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument appointing a proxy or proxies, failing which the instrument may be treated as invalid.

10. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Act.

**GENERAL**

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.


With a strong commitment to service excellence and quality, PropNex is the proud recipient of numerous accolades and is a recognised leader in real estate agency services.

480 Lorong 6 Toa Payoh
#10-01 HDB Hub
Singapore 310480

https://www.propnex.com/

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