

RESPONSES TO SGX-ST QUERIES

The Board of Directors (the “**Board**”) of PropNex Limited (the “**Company**”) refers to the queries from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 8 March 2021 in relation to the Company’s results announcement for the financial year ended 31 December 2020 (“**FY2020**”) as follows:

Query 1 from SGX-ST

Please provide a breakdown of Trade and other receivables of \$80,591,000 and \$63,466,000 as at 31 Dec 2020 and 31 Dec 2019 respectively.

Company’s Response

The breakdown is as follows:

Receivables in \$'000	<u>FY2020</u>	<u>FY2019</u>
Trade	78,230	61,725
Others	2,361	1,741
Trade & other receivables	80,591	63,466

Refer to Company’s response to Query 3 for more clarity on trade receivables.

Query 2 from SGX-ST

Please provide the aging of Trade and other receivables as at 31 December 2020.

Company’s Response

The aging is as follows:

Aging in \$'000	<u>Amount</u>
Not Past Due	2,555
Past due 1-30 days	43,610
Past due 31-90 days	21,737
Past due 90-180 days	8,778
Past due 181-270 days	2,725
More than 270 days	1,186
Trade & other receivables	80,591

Query 3 from SGX-ST

Please provide the Board's assessment on the recoverability of the Group's Trade and other receivables, and the bases for such an assessment.

Company's Response

Trade receivables are commission fees receivable by the Group from the property sellers (individuals and developers) for units that the Company's salespersons have successfully closed. The trade payables are the commission fees payable to these salespersons for closing those property transactions. The commission fees earned by the salespersons are payable only on receipt of the commission fees from the property sellers. As part of the agency agreement between the Group and its salespersons, the Group is not obligated to pay the salespersons if the commission fees for the completed transactions have not been received from the property sellers. In general, the Group's credit risk exposure is less than 10% of the total trade receivables.

In addition, the Board considered the recoverability of trade and other receivables by reviewing their ageing analysis and their collections subsequent to the financial year. The Board also reviewed the approach and the appropriateness of the underlying assumptions used in the Expected Credit Loss model, which included the historical loss rate, adjusted for a forward-looking overlay. The Board is of the opinion that the approach and assumptions used continue to be appropriate.

Query 4 from SGX-ST

Please provide a breakdown of Trade and other payables of \$94,265,000 and \$71,702,000 as at 31 Dec 2020 and 31 Dec 2019 respectively.

Company's Response

Refer to response at Query 3 for explanation on Trade payables. The other payables included GST payable by the Group as well as staff incentive payments pegged to Group's performance. The Trade and other payables are summarised below.

Payables in \$'000	<u>FY2020</u>	<u>FY2019</u>
Trade	72,256	55,233
GST payable	11,596	9,307
Accrued performance commission	3,864	2,658
Performance bonus	2,729	1,658
Others	3,820	2,846
Trade & other payables	94,265	71,702

Query 5 from SGX-ST

In regard to the impairment loss on investment in associate of \$501,000, please provide the following:-

- i. Identity of the associate;
- ii. How the amount of impairment was determined;
- iii. Board's view of the reasonableness of the methodology used to determine the amount of impairment;
- iv. Reasons for the impairment loss.

Company's Response

- (i) The associate is Soreal Prop Pte. Ltd. ("**SPPL**").
- (ii) At 31 December 2020, the Group identified indicators of impairment in accordance with SFRS(I) 36. The Group performed an impairment assessment to determine the recoverable amount, taking into consideration of current business plan and economic condition. Based on the assessment, the Group's investment in SPPL exceeded the recoverable amount by \$501,000 and an impairment loss had been recognised in the consolidated profit or loss for the year ended 31 December 2020.
- (iii) The Board viewed the methodology to be reasonable.
- (iv) Refer to reply at (ii).

By order of the Board
Mohamed Ismail s/o Abdul Gafoore
Executive Chairman and CEO
9 March 2021