PROGEN HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 199605118C)

PROGEN

RESPONSES TO QUERIES RAISED BY THE SINGAPORE EXCHANGE REGULATION

The Board of Directors (the "**Board**") of Progen Holdings Ltd (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its SGXNet announcement dated 13 August 2021 on its unaudited condensed interim financial statements for the six months ended 30 June 2021 and wishes to provide its responses to the following queries raised by the Singapore Exchange Regulation Pte Ltd ("**SGX RegCo**") on 18 August 2021.

SGX Queries	**Company's Responses**
1. The Group has non-current Other Receivables balance of S$580k. Please disclose:	
(i) the breakdown and nature of the Group's other receivables;	The non-current other receivables of S$580k consist of interest receivable for the loan to an associated company for its working capital purposes.
(ii) the Board's assessment of the recoverability of the non-current other receivables.	The Board does not expect credit losses arising from the non-current other receivables as they are repayable in cash upon the completion of the associated company's property development project, which is expected to obtain its temporary occupation permit within the next 12 months.
2. The Group has current trade receivables balance of S$886k. Please disclose:	
(i) the breakdown and nature of the current trade receivables balance in the current assets category;	see table (i) below
(ii) aging of the Group's current trade receivables	Aging of trade receivables: see table (ii) below

(i)

	30 Jun 2021 **$'000**
Trade receivables (gross)	775
Retention receivables (gross)	915
	1,690
Provision for impairment	(804)
Total	**886**

(ii) Aging of trade receivables:

	30 Jun 2021 **$'000**
Current	180
1 – 30 days past due	26
31 – 60 days past due	50
61 – 90 days past due	3
More than 90 days past due	516
Total	775
Provision for impairment	(222)
Net trade receivables	**553**

<table>
<tr><th>SGX Queries</th><th>Company's Responses</th></tr>
<tr><td></td><td>Aging of retention receivables:

<table>
<tr><th></th><th>30 Jun 2021
$'000</th></tr>
<tr><td>Current</td><td>333</td></tr>
<tr><td>More than 90 days past due</td><td>582</td></tr>
<tr><td>Total</td><td>915</td></tr>
<tr><td>Provision for impairment</td><td>(582)</td></tr>
<tr><td>Net retention receivables</td><td>333</td></tr>
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Trade receivables are non-interest bearing and are generally on 30 to 90 days' credit terms. Retention receivables will only be due after the defect liability periods of the respective contracts.

Trade receivables which were past due for more than 90 days and impaired amounting to $222k pertains to sales reported prior to the financial year ended 31 December ("FY") 2020 and the remaining trade receivables balances of $553k pertains to sales reported during FY2020 and FY2021.

Out of the $553k of trade receivables of which no provision for impairment has been made, $453k were either collected subsequent to 30 June 2021 up till 19 August 2021 or is deductible against corresponding payables as at 30 June 2021. For the remaining balance of trade receivables which amounts to $100k (the "Balance Amount"), the Group is of the view that they are collectible. The remaining retention receivables amounting to $333k are still not due yet and hence no provision for impairment has been made.</td></tr>
<tr><td>(iii) the Company's plans to recover these trade receivables and what were the actions taken to recover them;</td><td>The management reviews the trade receivables ledgers monthly and follows up with the respective project managers and/or customers on collection matters. If overdue debts remain unpaid, the Group will stop transacting with the customers until the old debts are settled. Trade receivables are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group after various attempts to engage the debtor. The Group may also take legal action to recover the outstanding trade receivables and retention receivables, if necessary.</td></tr>
<tr><td>(iv) whether they are major customer(s) and whether the Company continues to transact with these customer(s);</td><td>5 of the Group's major customers accounted for about 6% of total trade receivables and retention receivables of $1,690k as at 30 June 2021. Considering the payment track record of these major customers, no allowance for impairment was made for the amounts due as at 30 June 2021 and the Group continues to transact with them.</td></tr>
<tr><td>(v) How long are the debts outstanding and in which period the sales were reported;</td><td>Please refer to the response to query 2(ii) above.</td></tr>
<tr><td>(vi) The Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the trade receivables; and</td><td>For trade receivables and contract assets (including retention receivables), the Group applies a simplified approach in calculating expected credit losses ("ECL"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its</td></tr>
</table>

SGX Queries	Company's Responses
	historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. In accordance with the ECL assessment methodology adopted by the management in the assessment of the recoverability of the trade receivables and retention receivables, if there is any indication of impairment, appropriate provisions would be made. Based on the information available as at the date of the unaudited interim financial statement as at 30 June 2021, the Board has adopted the assessment on the recoverability of the trade receivables and retention receivables made by the management and is satisfied with the reasonableness of the methodologies used to determine the value of the impairment of the trade receivables and retention receivables, and concurs with the management's view that there is no indication to further impair the remaining trade receivables and retention receivables as at 30 June 2021.
(vii) The Board's assessment of the recoverability of the remaining trade receivables.	The Board does not expect material credit losses arising from the Balance Amount, as detailed in the response to query 2(vi) above.
3. Given the Group's significant current liabilities of S$5.6m, and cash and bank balance of only S$0.4m, and noting that the Company incurred losses of S$0.4m in HY2021, please disclose the Board's assessment (i) whether the Company's current assets are adequate to meet the Company's current liabilities, including its bases of assessment; and (ii) how the Company intends to fulfil its significant payment obligations in the next 12 months. Where the Company has worked out debt repayment plans to fulfil its debt obligations, please disclose if the Company is on track to fulfilling these obligations.	The Board expects that the Company is able to meet its current liabilities and fulfill its payment obligations in the next 12 months as its wholly owned subsidiary has sufficient unutilised committed banking facilities for it to drawdown on when necessary. The banking facilities consist of a revolving credit facility which is secured against the Group's investment property that has a fair value of $20 million as at 30 June 2021. The Company does not have any debt repayment plans.

BY ORDER OF THE BOARD

Lee Ee @ Lee Eng
Managing Director
20 August 2021

*This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "***Sponsor***"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "***Exchange***") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

The contact person for the Sponsor is Ms Jennifer Tan, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.