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## RESPONSE TO QUERIES FROM SGX-ST

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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 May 2020 in relation to the Company’s Annual Report for the financial year ended 31 December 2019 (“**FY2019**”) as follows:

### Query 1 from SGX-ST

Listing Rule 710 requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018 (the “**Code**”), the provision from which it had varied, an explanation for the reason for variation, and an explanation on how the practices it had adopted are consistent with the intent of the relevant principle.

We note that the Company had not complied with Provision 2.4 of the Code as you have not disclosed your board diversity policy and progress made towards implementing the board diversity policy, including objectives, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 2 of the Code.

Please clarify the provision from which the Company had varied, an explanation for the reason for variation and how the practices the Company had adopted are consistent with the intent of Principle 2 of the Code, which requires the Board to have an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interest of the Company.

### Company’s Response

The Company wishes to highlight the following disclosures made in the Report on Corporate Governance of the 2019 Annual Report:

- (a) in page 24, first paragraph of the FY2019 Annual Report, the Nominating Committee (the “**NC**”) and the Board ensure that the “Board’s size is appropriate so as to facilitate effective decision making, independence requirements continue to be met, and that the Board Committees are of an appropriate size and comprise the appropriate balance and mix of skills, knowledge, experience and other aspects of diversity.” In the same paragraph, the Board further explains that diversity encompasses “appropriate balance and mix of skills, competencies, knowledge and experience, regardless of gender, ethnicity or nationality.” Having considered the scope and nature of the Group’s businesses and the requirements of the business, the NC and Board are of the view that the current board size and existing composition provides sufficient diversity with the appropriate balance and mix of skills, competencies, knowledge and experience, regardless of gender, ethnicity or nationality and the Board collectively possesses the necessary core competencies for effective functioning and informed decision-making.
- (b) in page 23, “the Board comprises two Executive Directors and three Independent Directors. There is therefore a strong and independent element on the Board, with Independent Directors making up a majority of the Board. The Board has noted that no individual or small group of individual are able to dominate the Board’s decision making and that there is a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently.”

In view of the foregoing, while the Company has not adopted a formal board diversity policy, the Board is of the view that its current composition has an appropriate level of independence and diversity of thought and background to enable it to make decisions in the best interests of the Company, consistent with the intent of Principle 2 of the Code.

### **Query 2 from SGX-ST**

We note that the Company had not complied with Provision 8.1 of the Code with regards to the disclosure for key management personnel, and there were no explanations provided for in your FY2019 annual report on how it is consistent with the intent of Principle 8 of the Code.

Please clarify the provision from which the Company had varied, an explanation for the reason for variation and how the practices the Company had adopted are consistent with the intent of Principle 8 of the Code, which requires transparency on the Company's remuneration policies, level and mix of remuneration, the procedure for setting remuneration and the relationships between remuneration, performance and value creation.

### **Company's Response**

The Company has disclosed in page 32 of the FY2019 Annual Report the breakdown of the remuneration of top four key management personnel (who are not directors or the CEO) into types of compensation in percentage terms and in bands of S\$250,000. While the Company had not disclosed the total remuneration paid to these key management personnel with respect to provision 8.1(b) of the Code, as disclosed in page 31 of the FY2019 Annual Report, "the Board is of the view that, given the confidential and commercial sensitivities associated with remuneration matters and the highly competitive human resource environment in which the Company operates and the importance of ensuring stability and continuity of business operations with a competent and experienced management team in place, it is in the best interests of the Company to not disclose the aggregate remuneration paid to the Company's key management personnel (who are not Directors or the CEO)".

Notwithstanding the above, the Company has further set out information regarding its remuneration policies, procedures for setting remuneration and relationships between remuneration, performance and value creation under principles 7 and 8 in its report on corporate governance (from page 30 to page 32 of the FY2019 Annual Report). The Company therefore believes that, taken as a whole, the disclosures provided are meaningful and sufficiently transparent in giving an understanding of the remuneration of the key management personnel. Accordingly, the Company is of the view that its practices are consistent with the intent of Principle 8 of the Code, taking into account the strategic objectives of the Company pursuant to Principle 7 of the Code.

By Order of the Board

Ismail Gafore  
Executive Chairman and CEO  
13 May 2020

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