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## RESPONSES TO SGX QUERIES

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### SGX Query on 2021 Commission

The Board of Directors (the “**Board**”) of PropNex Limited (the “**Company**”) refers to the queries from Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 17 February 2022. The queries and Company’s responses are listed as follows:

**We have received feedback that the Company’s Chairman and CEO, Mr Mohamed Ismail, had disclosed to the Company’s property agents in a private event on 9 Jan 2022, that the Group’s full year commission for 2021 is more than S\$1 billion and hence one could deduce that the Group’s full year revenue would be more than S\$1 billion.**

The submitter has also provided relevant screenshots of the postings by the Company’s executive officer and property agents on social media that the Company has crossed the S\$1b mark in revenue for 2021.

**a. Please clarify whether news that the Group’s full year commission and/or revenue for 2021 exceeds S\$1 billion is factual.**

***Company’s response:***

The amount of commission that a salesperson may earn can be estimated at the date when the transaction was carried out (i.e. at the signing of the Option-To-Purchase). However, that commission is earned and recognised as revenue only at the point when that transaction is completed upon the execution of the Sales & Purchase agreement. On the other hand, should the transaction be aborted, no revenue will be recognised.

The buyer is usually given time to execute the Sales & Purchase agreement. As such, the date when a transaction is carried out differs from the date when that transaction is completed. The completion of a transaction may also be further delayed due to reasons, such as the buyer needing more time to dispose his/her existing property, to arrange bank loan, or to review the Sales & Purchase agreement. Consequently, the amount of commission when transactions are carried out within a financial period is different from the amount of revenue recognised for that period. These terms relative to the completion of transactions have been used consistently in the announcement of results for each quarter.

The Company conducted a jumpstart event on 10 Jan 2022 to update its salespersons on the development in 2021. In that event, our CEO highlighted that the volume of property transactions for 2021 exceeded 86,000. He had indicated that the commission relating to those property transactions carried out by its salespersons exceeded \$1 billion, which was factual. However, as stated above, there is a difference in the commission related to the property transactions and the recognition of those commissions as revenue. As not all transactions were completed at the end of the financial period, he had not said that the Group’s full year revenue for 2021 was more than \$1 billion.

**b. Please disclose the Board's opinion as to whether the Group's full year revenue for 2021 exceeds S\$1 billion is material and bases for their opinion. If yes, please advise if the Company has disclosed such information via SGXNet. Please also confirm as to whether there had been selective disclosure of material information by the Company to its property agents, and whether the Company would be making any announcement to the public regarding its full year revenue so that there is equal and proper dissemination of this information to investors.**

***Company's response:***

Please refer to the response to Query (a) above.

The Company had not made selective disclosure of material information to its salespersons. The full year revenue would be disclosed in the announcement of the full year results, after that has been reviewed and approved by the Board.

**c. Please provide the Board's confirmation as to whether and how the Group has complied with Rule 703(1) of the listing manual which provides that an issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which (a) is necessary to avoid the establishment of a false market in the issuer's securities; or (b) would be likely to materially affect the price or value of its securities.**

***Company's response:***

The Board confirmed that it has complied with Rule 703(1) of the listing manual and has not released any material information that is not in compliance with Rule 703(1).

**By Order of the Board**

Ismail Gafoore  
Executive Chairman and CEO  
21 February 2022