

PROPOSED INVESTMENT IN PROPnex REALTY SDN. BHD.

1. INTRODUCTION

- 1.1. The board of directors (the "**Board**" or "**Directors**") of PropNex Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that the Group's wholly-owned subsidiary, PropNex Realty Pte. Ltd. ("**PRPL**") had on 6 November 2019 entered into an agreement (the "**Agreement**") with PropNex Holding Sdn. Bhd. ("**PHSB**"), MPX Nexus Berhad ("**MPX**") and PropNex Realty Sdn. Bhd. ("**PRSB**") in relation to a proposed investment ("**Proposed Investment**") in PRSB. Under the terms of the Agreement, PRPL will subscribe for up to 10,000 new ordinary shares in the capital of PRSB ("**Shares**"), representing approximately 20% of PRSB's enlarged share capital after the completion of the Proposed Investment, for an aggregate cash consideration of RM1.1 million (the "**Consideration**").
- 1.2. Based on the latest unaudited financial statements of PRSB for the financial position as at 30 June 2019, PRSB's net tangible liability is approximately RM0.2 million. The Consideration was arrived at on arm's length negotiations having considered PRSB's recent financial performance, the historical growth rate of the PRSB's salesforce and PRSB's growth potential. The Consideration shall be satisfied in full in cash on completion of the Proposed Investment. Upon completion of the Proposed Investment, the shareholding structure of PRSB will be as follows:

Shareholders of PRSB	Number of Shares	Shareholding Proportion
PHSB	25,500	51%
MPX	14,500	29%
PRPL	10,000	20%
Total	50,000	100%

2. INFORMATION ON PRSB AND RATIONALE

- 2.1. PRSB is a licensee company incorporated in Malaysia, and as at the date of this announcement, has an issued and paid up share capital of RM 1,000 comprising 40,000 Shares. PRSB is in the business of providing consultancy and other services to real estate developers in connection with (i) the sales of new project developments, (ii) the resale of and the leasing of project developments and (iii) the management of project developments, in each case in Malaysia.
- 2.2. The Company disclosed in its prospectus dated 25 June 2018 (the "**Prospectus**") that on 26 March 2018, PRPL entered into a licensing agreement with PRSB in order to expand the PropNex brand in Malaysia. The Board has considered the business of PRSB and its own core business and is of the view that the Proposed Investment is in line with the Group's growth strategy in Malaysia. The Proposed Investment will allow the Group to have a direct

stake in the Malaysian business, create synergies between the businesses of PRSB with the Group and in turn, create value for shareholders in the long term.

The Prospectus is available for download on the Company's website at www.propnex.com.

3. RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**") do not exceed 5%, the Proposed Investment is considered a "non-discloseable" transaction under Chapter 10 of the Listing Manual. However, the Board has decided to disclose the Proposed Investment in line with its policy to enhance the corporate disclosure standards of the Company.

4. FINANCIAL EFFECTS OF THE PROPOSED INVESTMENT

The Proposed Investment will be funded through the Company's internal resources and is not expected to have a material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2019.

5. DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTEREST IN THE PROPOSED INVESTMENT

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect in the Proposed Investment, save for their interests by virtue of their shareholdings and/or directorships, as the case may be, in the Group.

By Order of the Board

Ismail Gafuore
Executive Chairman and CEO
6 November 2019