

PROPnex LIMITED
(Company Registration No.: 201801373N)
(Incorporated in the Republic of Singapore)

PROPOSED DISPOSAL OF SUBSIDIARY

1. Introduction

- 1.1. The board of directors ("**Board**") of PropNex Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company and Lawrence February Mila Manalac (each a "**Vendor**" and collectively, the "**Vendors**") had on 1 February 2021 entered into a share sale and purchase agreement ("**Agreement**") with Newman & Goh Property Consultants Pte Ltd ("**Purchaser**") to dispose of an aggregate number of 150,000 ordinary shares ("**Sale Shares**"), representing 100% of the issued and paid-up capital of PropNex Property Management Consultants Pte. Ltd. ("**PPMC**"), to the Purchaser on the terms and subject to the conditions of the Agreement ("**Transaction**").
- 1.2. As at the date of this announcement, the Company holds 75% of the total share capital of the Company. Upon completion of the Transaction, the Company will cease to have any interest in and PPMC will cease to be a subsidiary of the Company.

2. Information on PPMC

- 2.1. PPMC is a company incorporated in Singapore on 30 May 2008, which as at the date of this announcement, has an issued and paid-up share capital of S\$150,000 comprising 150,000 ordinary shares, which are held by the Vendors as follows:

Vendor	Number of Sale Shares
Company	112,500
Lawrence February Mila Manalac	37,500

- 2.2. PPMC is a subsidiary of the Company and is principally engaged in the business of providing property management services.

3. Information on the Purchaser

The Purchaser is a company incorporated in Singapore on 24 July 1986. It is principally engaged in the business of providing residential real estate management, real estate agencies and valuation services.

4. Consideration

- 4.1. The base consideration payable by the Purchaser to the Vendors for the Sale Share will be S\$1,018,000, subject to adjustments as described in paragraph 4.4 below ("**Consideration**") and is payable in the following proportion ("**Agreed Proportion**"):

Vendor	Percentage entitlement
Company	75%
Lawrence February Mila Manalac	25%

- 4.2. The Consideration will be paid in cash and was arrived at after arm's length negotiations between the Purchaser and the Vendors, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the business operations and prospects of PPMC.
- 4.3. The Consideration shall be payable by the Purchaser in two (2) tranches as follows:
- 4.3.1. S\$814,400 ("**First Tranche Consideration**") shall be payable on completion of the transfer of the Sale Shares ("**Completion Date**"); and
- 4.3.2. S\$203,600 ("**Second Tranche Consideration**") shall be payable on the date falling 12 months after the Completion Date.
- 4.4. The Second Tranche Consideration may be adjusted based on (i) the number of property management service contracts have been novated to the Purchaser and/or renewed within 12 months from the Completion Date and (ii) the number of new property management service contracts that were tendered for before the Completion Date and entered into by PPMC within 12 months from the Completion Date (save that the total reduction to the Second Consideration shall not exceed S\$203,600 and the Second Consideration shall be capped at S\$203,600). The adjusted Second Tranche Consideration shall be calculated using the following formula:

$$\text{Second Consideration} = \text{S\$203,600} - (\text{A} \times 12 \text{ months} \times 10\% \times 5) + (\text{B} \times 12 \text{ months} \times 10\% \times 5)$$

where:

A = aggregate monthly management fees of all property management service contracts that were not novated to the Purchaser and/or renewed within 12 months from the Completion Date.

B = aggregate monthly management fees for all property management service contracts that were tendered for before the Completion Date and entered into by PPMC within 12 months from the Completion Date

5. Value of the Sale Shares disposed of by the Company

Based on the latest announced unaudited consolidated financial statements of the Group for the financial period ended 30 September 2020, the book value and the net tangible asset value attributable to the 112,500 Sale Shares disposed of by the Company were both S\$553,000 as at 30 September 2020. There is no market value of those shares as the shares of PPMC are not publicly traded and no independent valuation was undertaken.

6. Rationale for the Transaction

The disposal will allow the Company to allocate more focus on its real estate agency business.

7. Relative Figures under Rule 1006 of the Listing Manual

As the relative figures computed on the bases set out under Rule 1006 of the listing manual of the SGX-ST ("**Listing Manual**") do not exceed 5%, the Transaction is considered a "Non-Discloseable Transaction" under Rule 1008 of the Listing Manual.

8. Financial Effects

The Transaction is not expected to have any material impact on the net tangible assets per share and earnings per share of the Group for the financial year ending 31 December 2021.

9. Interests of Directors and Controlling Shareholders

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

10. Documents available for Inspection

A copy of the Agreement will be available for inspection during normal business hours at the Company's registered office at 480 Lorong 6 Toa Payoh, #10-01, HDB Hub, Singapore 310480 for a period of three (3) months from the date of this announcement.

In light of the prevailing regulations due to the COVID-19 situation, any shareholder of the Company who wishes to inspect the documents should contact the Company at the email address: inquiry@propnex.com at least three (3) working days in advance to make a prior appointment to attend at the registered office of the Company to inspect the documents. Shareholders will need to identify themselves by stating his/her/its full name as it appears on his/her/its CDP/CPF/SRS share records, contact number and NRIC/Passport/UEN number and state the manner in which he/she/it holds his/her/its Shares in the Company (e.g. via CDP, CPF or SRS).

By Order of the Board

Ismail Gafoore
Executive Chairman and CEO
1 February 2021