

THIS APPENDIX IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Appendix is circulated to the Shareholders of PropNex Limited (the “**Company**”) together with the Company’s Annual Report 2023 (as defined herein). Its purpose is to explain to the Shareholders the rationale of and to provide information pertaining to the Proposed Change of Auditors (as defined herein) and to seek Shareholders’ approval of the same at the Annual General Meeting to be held on **23 April 2024 at 10.00 a.m. at 480 Lorong 6 Toa Payoh, #18-01 HDB Hub, Singapore 310480.**

The Notice of Annual General Meeting and Proxy Form are enclosed with the Annual Report 2023. If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, accountant, solicitor or other professional adviser immediately.

The SGX-ST (as defined herein) assumes no responsibility for the contents of this Appendix including the correctness of any of the statements or opinions made or reports contained in this Appendix.

PROPNE X LIMITED
(Company Registration Number: 201801373N)
(Incorporated in the Republic of Singapore)

APPENDIX B

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 5 APRIL 2024

IN RELATION TO

**THE PROPOSED CHANGE OF AUDITORS FROM KPMG LLP
TO ERNST & YOUNG LLP**

DEFINITIONS

In this Appendix, the following definitions apply throughout unless otherwise stated:

“Accountants Act”	:	Accountants Act 2004 of Singapore, as amended, modified or supplemented from time to time
“ACRA”	:	Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	Annual General Meeting of the Company and unless the context otherwise requires, shall refer to the upcoming annual general meeting to be held on 23 April 2024 at 10.00 a.m.
“Annual Report 2023”	:	The Company’s annual report for the financial year ended 31 December 2023
“Appendix”	:	This Appendix B to the Notice
“Auditors”	:	The external auditors appointed by the Company
“Audit Committee”	:	The audit committee of the Company as at the date of this Appendix, comprising of Mr. Kan Yut Keong, Dr. Ahmad Bin Mohamed Magad and Mr. Low Wee Siong
“Board”	:	The Board of Directors of the Company as at the date of this Appendix
“CDP”	:	The Central Depository (Pte) Limited
“Company”	:	PropNex Limited
“Companies Act”	:	The Companies Act 1967 of Singapore, as amended, modified or supplemented from time to time
“Constitution”	:	The constitution of the Company, as amended, modified or supplemented from time to time
“Directors”	:	The directors of the Company as at the date of this Appendix
“Ernst & Young”	:	Ernst & Young LLP
“FY” or “Financial Year”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries, collectively
“KPMG”	:	KPMG LLP
“Latest Practicable Date”	:	1 April 2024, being the latest practicable date prior to the printing of this Appendix
“Listing Manual”	:	The Listing Manual of the SGX-ST, as the same may be amended, modified or supplemented from time to time
“Notice”	:	The Notice of AGM dated 5 April 2024

DEFINITIONS

“Proposed Change of Auditors”	:	The proposed change of the Company’s auditors from KPMG to Ernst & Young
“Proxy Form”	:	The proxy form in respect of the AGM as attached to the Notice
“Securities and Futures Act”	:	The Securities and Futures Act 2001 as amended, modified or supplemented from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shares”	:	Ordinary shares in the capital of the Company and “Share” shall be construed accordingly
“Shareholders”	:	Registered holders of Shares, except that where the registered holder is the CDP, the term “Shareholder” shall, in relation to those Shares, mean the Depositors whose Securities Accounts are credited with the Shares
“Substantial Shareholder”	:	A Shareholder who has an interest in not less than 5% of the issued Shares, as defined in the Securities and Futures Act
“\$” and “cents”	:	Singapore dollars and cents respectively, being the lawful currency of the Republic of Singapore

The terms **“Depositors”**, **“Depository”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them, respectively, in section 81SF of the Securities and Futures Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine shall, where applicable, include the feminine and neuter gender and vice versa. References to persons shall, where applicable, include corporations.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day in this Appendix shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding. Accordingly, figures shown as totals in this Appendix may not be an arithmetic aggregation of the figures that precede them.

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PROPnex LIMITED

(Company Registration Number: 201801373N)
(Incorporated in the Republic of Singapore)

Board of Directors:

Mr. Mohamed Ismail S/O Abdul Gafoore (Executive Chairman and Chief Executive Officer)
Mr. Kelvin Fong Keng Seong (Executive Director and Deputy Chief Executive Officer)
Dr. Ahmad Bin Mohamed Magad (Lead Independent Director)
Mr. Kan Yut Keong (Independent Director)
Mr. Low Wee Siong (Independent Director)

Registered Office:

480 Lorong 6 Toa Payoh
#10-01 HDB Hub
Singapore 310480

5 April 2024

To: The Shareholders of PropNex Limited

Dear Sir/Madam

THE PROPOSED CHANGE OF AUDITORS FROM KPMG LLP TO ERNST & YOUNG LLP

1. INTRODUCTION

1.1 Annual General Meeting

Reference is made to the Notice of PropNex Limited (the “**Company**”) dated 5 April 2024 convening the AGM of the Company which is scheduled to be held on 23 April 2024 at 10.00 a.m at 480 Lorong 6 Toa Payoh, #18-01 HDB Hub, Singapore 310480 and Ordinary Resolution 6 in relation to the proposed change of auditors from KPMG LLP (“**KPMG**”) to Ernst & Young LLP (“**Ernst & Young**”) (“**Proposed Change of Auditors**”) under “Ordinary Business” as set out in the Notice.

The Directors are convening an AGM to be held on 23 April 2024 to, among other things, seek the approval of the Shareholders for the Proposed Change of Auditors.

1.2 Purpose of this Appendix

The purpose of this Appendix is to explain the reasons for, and to provide the Shareholders with information relating to the Proposed Change of Auditors so as to seek Shareholders’ approval of the same at the AGM.

SGX-ST takes no responsibility for the accuracy of any statement or opinion made in this Appendix.

1.3 Legal Adviser

RHTLaw Asia LLP is the legal adviser to the Company as to Singapore law in relation to the Proposed Change of Auditors.

2. THE PROPOSED CHANGE OF AUDITORS

2.1 Background and Rationale

KPMG has been the Auditors of the Company since the financial year ended 31 December 2018 and was last re-appointed at the previous AGM of the Company held on 25 April 2023, to hold office until the conclusion of the next AGM of the Company.

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As part of ongoing good corporate governance initiatives, the Board is of the view that it would be timely to effect a change of Auditors to further strengthen the corporate governance processes of the Company. A change of Auditors would also enable the Company to benefit from fresh perspectives and views of another professional audit firm, and thus, enhance the value of the audits of the Group.

Following an evaluation of the available proposals from various audit firms with audit engagement partners which have experience in auditing public listed companies in Singapore, the Board, in consultation with the Audit Committee, has determined that Ernst & Young is best suited to meet the existing needs and audit requirements of the Group.

The Audit Committee, in its evaluation process, had reviewed and deliberated on the various proposals received from each of the audit firms, had also taken into consideration the Audit Quality Indicators Disclosure Framework issued by ACRA, and various factors such as the adequacy of resources and experience of the audit firms and the audit engagement partner to be assigned to the audit, other audit engagements of the audit firms, the Group's audit requirements, the size and complexity of the Group's business and operations, and the number and experience of supervisory and professional staff to be assigned to the audit, is of the opinion that Ernst & Young will be able to meet the audit requirements of the Group.

The Board has taken into account the Audit Committee's recommendation, including the factors considered in their evaluation, and is satisfied that Ernst & Young, approved under the Accountants Act, and Mr. Lim Tze Yuen, the audit engagement partner who is a public accountant under the Accountants Act, are well suited to meet the existing needs and audit requirements of the Group and that the quality and scope of the audit is expected to be maintained.

In light of the above, the Company decided to appoint Ernst & Young as Auditors, and Ernst & Young had, on 1 April 2024, given its consent to act as Auditors of the Company. Pursuant to Rule 712(3) of the Listing Manual, the appointment of Ernst & Young as the Company's new Auditors must be specifically approved by Shareholders at a general meeting. Accordingly, the appointment of Ernst & Young as Auditors of the Company will take effect upon the approval of Shareholders at the AGM. Ernst & Young, if appointed, will hold office until the conclusion of the next AGM of the Company.

2.2 Information on Ernst & Young and the Audit Engagement Partner

The information on Ernst & Young and the audit engagement partner below was provided to the Company by Ernst & Young. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

Ernst & Young

Ernst & Young, registered with the ACRA, is a member firm of the Ernst & Young global network. Ernst & Young is one of the largest professional service organisations with more than 400,000 people globally, including over 4,000 people in Singapore. It has more than 130 years of experience in Singapore and today provides assurance, tax, consulting, strategy, transactions and law services. Its broad clientele base consists of multinational companies, private companies and public sector organisations, and has relevant industry experience with audit clients in Singapore's real estate industry. Visit www.ey.com for more information about Ernst & Young.

Audit Engagement Partner

The audit engagement partner-in-charge will be Mr. Lim Tze Yuen ("**Mr. Lim**"). Mr. Lim is a member of the Institute of Singapore Chartered Accountants and holds a Bachelor of Accountancy degree from the Nanyang Technological University in Singapore. He has more than 25 years of audit experience in providing audit and assurance services to a variety of clients, including public companies listed on the SGX-ST.

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Mr. Lim will be assisted by an audit team of 5 to 6 professionals, comprising of an audit senior manager, senior associates and associates.

The Audit Committee has enquired on whether the audit engagement partner has been subject to the Practice Monitoring Programme review by ACRA. Mr. Lim had passed the inspection conducted by ACRA pursuant to the Practice Monitoring Programme in 2015. Save for the above, Mr. Lim has not been subjected to any other Practice Monitoring Programme review by ACRA.

2.3 Compliance with Rule 712 of the Listing Manual

Ernst & Young is an established firm in Singapore registered with ACRA and approved under the Accountants Act. The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and has recommended the same to the Board for approval, after taking into consideration the suitability of the new Auditors. The Board, having taken into account the Audit Committee's recommendation, and various factors including, *inter alia*, the following:

- (a) the adequacy of the resources and experience of Ernst & Young and the audit engagement partner;
- (b) the experience of the audit engagement partner assigned to the audit of the Group;
- (c) other audit engagements of Ernst & Young;
- (d) the size and complexity of the Group's business and operations;
- (e) the number and experience of the supervisory and professional staff who will be assigned to the audit of the Group; and
- (f) that both Ernst & Young and Mr. Lim are registered with ACRA,

is of the opinion that Ernst & Young will be able to meet the audit requirements of the Group and that Rules 712(1) and 712(2) of the Listing Manual have been complied with.

Pursuant to Rule 712(3) of the Listing Manual, the appointment of Ernst & Young as the Company's new Auditors must be specifically approved by Shareholders at a general meeting. The appointment of Ernst & Young would therefore take effect upon the approval of the Shareholders at the AGM. If appointed, Ernst & Young will hold office until the conclusion of the next AGM for FY2024.

2.4 Compliance with Rule 715 of the Listing Manual

The Board confirms that upon the Shareholders' approval for the Proposed Change of Auditors, Ernst & Young shall be appointed to audit the financial statements of the Company and its Singapore-incorporated subsidiaries. On this basis, the requirements under Rule 715(1) of the Listing Manual have been complied with.

Other than its Singapore-incorporated subsidiaries, the Company does not have any significant subsidiaries incorporated outside of Singapore.

2.5 Confirmations pursuant to Rule 1203(5) Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (a) the outgoing auditors, KPMG, has confirmed that it is not aware of any professional reasons why the new auditors, Ernst & Young, should not accept appointment as Auditors of the Company;
- (b) the Company confirms that there were no disagreements with the outgoing auditors, KPMG, on accounting treatments within the last twelve (12) months;

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- (c) the Company confirms that it is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of Shareholders which has not been disclosed in this Appendix;
- (d) the Company confirms that the specific reasons for the Proposed Change of Auditors are disclosed in Section 2.1 of this Appendix. The Proposed Change of Auditors is neither due to any disagreement with KPMG nor the dismissal of KPMG; and
- (e) the Company confirms that it is or will be in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of Ernst & Young as Auditors of the Company.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the interests of the Directors and the Substantial Shareholders of the Company as recorded in the register of Directors' shareholdings and the register of Substantial Shareholders of the Company respectively, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Mr. Mohamed Ismail S/O Abdul Gafoore ⁽¹⁾	–	–	480,441,558	64.92%
Mr. Kelvin Fong Keng Seong ⁽²⁾	–	–	65,843,000	8.90%
Dr. Ahmad Bin Mohamed Magad	120,000	0.02%	–	–
Mr. Kan Yut Keong	–	–	–	–
Mr. Low Wee Siong	–	–	–	–
Substantial Shareholders				
Mr. Lim Tow Huat ⁽³⁾	–	–	445,240,700	60.17%
P & N Holdings Pte. Ltd. ⁽⁴⁾	–	–	411,688,258	55.63%

Notes:

- (1) The deemed interest in 480,441,558 Shares includes:
 - (a) 411,688,258 Shares held by P & N Holdings Pte. Ltd. (“P & N”) (62% owned by Mr. Mohamed Ismail S/O Abdul Gafoore); and
 - (b) 68,753,300 Shares held by him through the nominee account maintained with UOB Kay Hian Private Limited (“UOB Kay Hian”).
- (2) The deemed interest in 65,843,000 Shares includes:
 - (a) 65,643,000 Shares held by him through the nominee accounts maintained with Citibank Nominees Singapore Pte Ltd, DBS Nominees Pte Ltd, Raffles Nominees (Pte.) Limited and OCBC Nominees Singapore Private Limited; and
 - (b) 200,000 Shares held by his spouse, Madam Lim Bee Hua Janet.
- (3) The deemed interest in 445,240,700 Shares includes:
 - (a) 411,688,258 Shares held by P & N (38% owned by Mr. Lim Tow Huat); and
 - (b) 33,552,442 Shares held by him through the nominee account maintained with OCBC Securities Private Ltd.
- (4) The shares are held by P & N through its nominee account maintained with UOB Kay Hian.

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4. AUDIT COMMITTEE'S STATEMENT

The Audit Committee adopted the Audit Quality Indicators Disclosure Framework in assessing the suitability of potential auditors, including the audit partner, firm experience, reputation, audit quality indicators and fee consideration.

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommended the appointment of Ernst & Young as Auditors (in place of the outgoing Auditors, KPMG), after taking into account the suitability and independence of Ernst & Young to meet the audit requirements of the Group, the various factors set out in Section 2 of this Appendix, and compliance with the requirements of the Listing Manual.

5. DIRECTORS' RECOMMENDATIONS

Having considered the rationale and terms of the Proposed Change of Auditors and the Audit Committee's statement at Section 4 of this Appendix, the Directors are of the opinion that the Proposed Change of Auditors is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the ordinary resolution in respect of the Proposed Change of Auditors as set out in the Notice.

6. ADVICE TO SHAREHOLDERS

Shareholders who are in any doubt as to the action they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

7. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy to attend and vote at the AGM on their behalf are requested to complete, sign and return the Proxy Form attached to the Notice in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the office of the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte Ltd) at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, not less than seventy-two (72) hours before the time fixed for the AGM.

The completion and lodgement of the Proxy Form by a Shareholder will not prevent him from attending and voting in person at the AGM if he subsequently wishes to do so. However, any appointment of a proxy or proxies by such Shareholder shall be deemed to be revoked if the Shareholder attends the AGM in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the Proxy Form to the AGM.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register at least seventy-two (72) hours before the time appointed for the AGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in this Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Appendix in its proper form and context.

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9. DOCUMENTS FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company at 480 Lorong 6 Toa Payoh #10-01 HDB Hub, Singapore 310480 during normal business hours from the date of this Appendix to the date of the forthcoming AGM scheduled to be held on 23 April 2024:

- (i) the Company's Constitution;
- (ii) the professional clearance letter issued by KPMG dated 28 March 2024;
- (iii) the letter of consent to act as Auditors from Ernst & Young dated 1 April 2024; and
- (iv) the Annual Report 2023.

Yours faithfully,
For and on behalf of the Board of Directors of
PropNex Limited

Mohamed Ismail S/O Abdul Gafoore
Executive Chairman and Chief Executive Officer

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