

PROPNEX LIMITED

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

TERMINATION OF MASTER FRANCHISE AGREEMENT AND DISPOSAL OF ENTIRE EQUITY INTEREST IN PROPnex REALTY VIETNAM

1. Introduction

The Board of Directors ("**Board**") of PropNex Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the announcement of the Company dated 14 August 2018 in relation to the entry into a master franchise agreement ("**Master Franchise Agreement**") with PropNex Realty (Vietnam) Company Limited ("**Franchisee**" or "**PropNex Realty Vietnam**") and the acquisition of 25% of the total issued and paid-up charter capital ("**Sale Equity Interest**") of PropNex Realty Vietnam for a nominal sum of S\$1.00. As previously announced, the Master Franchise Agreement is for an initial term of ten (10) years commencing from 14 August 2018, and may be renewed for a further ten (10) years subject to the fulfilment of the conditions as stipulated in the Master Franchise Agreement.

The Board wishes to announce that upon the Franchisee's request and taking into consideration the rationale as disclosed in this announcement, the Company has consented to the early termination of the Master Franchise Agreement with the Franchisee and that in connection with the termination, the Company will be disposing the entire Sale Equity Interest to Aidan Wee Wen Wei ("**Aidan Wee**" or "**Transferee**"). The Company had on 1 November 2021 entered into a deed ("**Deed**") with PropNex Realty Vietnam to mutually terminate the Master Franchise Agreement and provide for the transfer of the Sale Equity Interest subject to the terms and conditions of the Deed.

The Board also wishes to announce that the Company's subsidiary, PropNex Realty Pte. Ltd. ("**Franchisor**") had on 1 September 2021 entered into an unit franchise agreement ("**Unit Franchise Agreement**") with Wee Realty Co Ltd. ("**Unit Franchisee**"), pursuant to which the Unit Franchisee is appointed as an unit franchisee of the Franchisor in Vietnam to establish, manage and operate a single PropNex unit franchise agency office under the Franchisor's trade marks in accordance to the terms and conditions set out in the Unit Franchise Agreement. The Unit Franchisee is a company registered in Vietnam which carries on the business of real estate brokerage and is 100% owned by Aidan Wee.

2. Termination of the Master Franchise Agreement

Pursuant to the Deed, the Company has consented to and agreed for the termination of the Master Franchise Agreement to take effect from 1 April 2021 subject to the Franchisee's agreement for obligations (including the payment obligations as described below) and the mutual release and discharge of obligations under the Master Franchise Agreement as described below.

The Franchisee has agreed that within 12 months from the date of the Deed, it shall (i) finalise and pay all unpaid royalties due or payable to the Company as the franchisor under the Master Franchise Agreement for its sub-franchisees and in respect of every office (as defined in the Master Franchise Agreement) being calculated up to 31 March 2021; and (ii) pay all other outstanding amounts

(including any fees and costs) owing to the Company as the franchisor under the Master Franchise Agreement, without any deduction or set-off.

The Company and the Franchisee have agreed to discharge and release each other from all liabilities, obligations, undertakings, actions, claims, rights, demands and set-offs, whether in Singapore or any other jurisdictions, whether or not presently known to it or to the law, and whether in law or equity, that it, its related parties or any of them ever had, may have or hereafter can, shall or may have against the other party or any of its related parties arising out of or connected with the Master Franchise Agreement, except for the Franchisee's obligations (including the payment obligations described above) expressly created under the Deed and the Franchisee's obligations expressed to survive termination and post-termination obligations under the Master Franchise Agreement.

3. **Disposal of the Sale Equity Interest in PropNex Realty Vietnam**

As at the date hereof, PropNex Realty Vietnam is an investment of the Company. The Company has agreed to dispose of and transfer the entire Sale Equity Interest to the Transferee for a nominal sum of S\$1.00 ("**Consideration**") based on the terms of the Deed. All rights, title, interest, and risk in the Sale Equity Interest shall, subject to the provisions of this Deed, be passed to the Transferee with effect from the date of the Deed on an "as is where is basis". All taxes, (including without limitation, any documentary tax, capital gains tax or otherwise) in respect of the transfer of the Sale Equity Interest shall be borne by the Company and the Transferee, jointly and severally. Following the completion of this transfer, the Company will cease to have any equity interest in PropNex Realty Vietnam.

Information on the Transferee

The Transferee is one of the existing equity owners of PropNex Realty Vietnam. As at the date hereof, he holds 25% of the total issued and paid-up charter capital of PropNex Realty Vietnam.

Under the Deed, the Transferee shall procure the performance of the Franchisee's payment obligations in accordance with the terms of the Deed.

Consideration

The Consideration will be paid in cash upon signing of the Deed and was arrived at after arm's length negotiations between the Company and the Transferee, on a willing-buyer and willing-seller basis.

Value of the Sale Equity Interest

Based on the latest announced unaudited consolidated financial statements of the Group for the financial year ended 31 December 2020, the book value and the net tangible asset value attributable to the Sale Equity Interest to be disposed of by the Company were both at S\$6,000 as at 31 December 2020. There is no market value of these equity as the equity of PropNex Realty Vietnam is not publicly traded and no independent valuation was undertaken.

4. **Rationale for the Transactions**

Having considered the Franchisee's request for an early termination of the Master Franchise Agreement and in light of the uncertainty in the global economy and in the property market caused by the COVID-19 pandemic, the Company undertook a strategic review of its franchise arrangements and investment in Vietnam and

decided that it is in the best interests of the Company to proceed with the early termination of the Master Franchise Agreement and divest the Company's entire interests in the Franchisee. The entry into the Unit Franchise Agreement allows the Group to maintain presence while waiting for the economy in that country to recover.

5. **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 mutual termination of the Master Franchise Agreement, the disposal of the Sale Equity Interest and the entry into the Unit Franchise Agreement ("**Transactions**") are considered a "Non-Discloseable Transaction" under Rule 1008 of the Listing Manual.

6. **Financial Effects**

The Transactions are 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.

7. **Interests of Directors and Controlling Shareholders**

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

8. **Document Available for Inspection**

A copy of the Deed 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 Deed 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 Deed. 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 November 2021