

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 renewal of the Share Buy-Back Mandate (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.

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

APPENDIX A

TO THE NOTICE OF ANNUAL GENERAL MEETING DATED 5 APRIL 2024

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

DEFINITIONS

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

- “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 A to the Notice
- “Approval Date”** : Has the meaning ascribed to it in paragraph 2.3(a)
- “Associate”** : (a) in relation to any Director, Chief Executive Officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more, and
- (b) in relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- “Average Closing Price”** : The average of the closing market prices of the Shares over the last five (5) Market Days on the SGX-ST, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant 5-day period and the day on which the purchase was made.
- “day of the making of the offer”** means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.
- “Board”** : The Board of Directors of the Company as at the date of this Appendix
- “CDP”** : The Central Depository (Pte) Limited

DEFINITIONS

“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
“Control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company. The SGX-ST may determine that a person who satisfies this paragraph is not a Controlling Shareholder; or (b) in fact, exercises Control over a company
“Directors”	:	The directors of the Company as at the date of this Appendix
“EPS”	:	Earnings per Share
“FY” or “Financial Year”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries, collectively
“Latest Practicable Date”	:	12 March 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
“Market Day”	:	A day on which the SGX-ST is open for trading of securities
“Market Price”	:	The price equal to the average of the last dealt prices for a Share, as determined by reference to the daily official list or other publication published by the SGX-ST for five (5) consecutive Market Days immediately preceding the Offer Date, rounded up to the nearest whole cent in the event of fractional prices
“Market Purchase”	:	Has the meaning ascribed to it in paragraph 2.3(c)(i)
“Maximum Price”	:	Has the meaning ascribed to it in paragraph 2.3(d)
“Notice”	:	The Notice of AGM dated 5 April 2024
“NTA”	:	Net tangible assets
“Off-Market Purchase”	:	Has the meaning ascribed to it in paragraph 2.3(c)(ii)
“Proxy Form”	:	The proxy form in respect of the AGM as attached to the Notice

DEFINITIONS

“Securities Account”	:	A securities account maintained by a Depositor with CDP, but does not include a securities account maintained with a Depository Agent
“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
“Share Buy-Back”	:	Buy-back of Shares by the Company pursuant to the Share Buy-Back Mandate
“Share Buy-Back Mandate”	:	A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Appendix as well as the rules and regulations set out in the Companies Act and the Listing Manual
“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 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
“Take-over Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“\$” 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.

LETTER TO SHAREHOLDERS

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 RENEWAL OF THE SHARE BUY-BACK MANDATE

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 10 in relation to the proposed renewal of the Share Buy-Back Mandate under “Special Business” set out in the Notice.

1.2 Purpose of this Appendix

The purpose of this Appendix is to provide the Shareholders with details in respect of the proposed renewal of the Share Buy-Back Mandate 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.

2. THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

2.1 Background

The Companies Act allows a Singapore-incorporated company to purchase or otherwise acquire its issued ordinary shares, stocks and preference shares if the purchase or acquisition is permitted under the company’s constitution. Any purchase or acquisition of Shares by the Company must be made in accordance with, and in the manner prescribed by, the Companies Act, the Constitution and such other laws and regulations as may, for the time being, be applicable. As the Company is listed on the Mainboard of the SGX-ST, it is also required to comply with Part XIII of Chapter 8 of the Listing Manual, which relates to the purchase or acquisition by an issuer of its own shares. Regulation 6 of the Constitution expressly permits the Company to purchase or otherwise acquire its issued Shares.

It is a requirement under the Companies Act and the Listing Manual for a company which wishes to purchase or otherwise acquire its own shares to obtain the approval of its shareholders to do so at a general meeting.

LETTER TO SHAREHOLDERS

The Share Buy-Back Mandate was originally approved by the Shareholders at the AGM on 25 April 2019 and Shareholders had approved the renewal of the Share Buy-Back Mandate at subsequent AGMs, including the most recent AGM held on 25 April 2023 (the “**2023 AGM**”). Accordingly, approval is being sought from Shareholders at the AGM for the proposed renewal of the Share Buy-Back Mandate. An ordinary resolution will be proposed, pursuant to which the Share Buy-Back Mandate will be given to the Directors to exercise all powers of the Company to purchase or otherwise acquire Shares according to the terms of the Share Buy-Back Mandate, as well as the rules and regulations set forth in the Companies Act and the Listing Manual.

If approved by Shareholders at the AGM, the authority conferred on the Directors by the Share Buy-Back Mandate will take effect from the date of the AGM and continue to be in force until the date on which the next AGM is held or is required by law to be held, whichever is earlier, unless prior thereto, Share Buy-Backs have been carried out to the full extent mandated, or the authority conferred by the Share Buy-Back is revoked or varied by Shareholders in a general meeting.

2.2 Rationale for the Share Buy-Back Mandate

The Share Buy-Back Mandate would give the Company the flexibility to undertake purchases or acquisitions of Shares up to the ten per cent. (10%) described in Paragraph 2.3(a) at any time as and when appropriate, subject to market conditions, during the period when the Share Buy-Back Mandate is in force.

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) Share Buy-Back at the appropriate price level is one of the ways through which the return on equity of the Group may be enhanced;
- (b) the Share Buy-Back Mandate provides the Company with a mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements in an expedient and cost-efficient manner;
- (c) the Share Buy-Back allows the Directors to exercise greater control over the Company's share capital structure, dividend payout and cash reserves, thereby optimising the use of any surplus cash, especially when the Company is not required to borrow money in the repurchase of its Shares; and
- (d) where Shares purchased by the Company are held as treasury shares, the Company may transfer such treasury shares to employees for the purposes of or pursuant to an employees' share scheme.

While the Share Buy-Back Mandate would authorise the purchase or acquisition of Shares up to the said ten per cent. (10%) limit during the period referred to in Paragraph 2.3(a) below, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full ten per cent. (10%) limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate will only be made as and when the Directors consider it to be in the best interests of the Company and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or affect the listing status of the Company on the SGX-ST.

2.3 Terms of the Share Buy-Back Mandate

The authority and limitations placed on purchases and acquisitions of Shares by the Company under the Share Buy-Back Mandate are substantially the same as that previously approved by the Shareholders at the 2023 AGM, and are summarised below:

(a) Maximum number of Shares

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

LETTER TO SHAREHOLDERS

In accordance with Rule 882 of the Listing Manual, the total number of Shares that may be purchased or acquired pursuant to the Share Buy-Back Mandate shall not exceed ten per cent. (10%) of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings), ascertained as at the date of the AGM at which the renewal of the Share Buy-Back Mandate is approved ("**Approval Date**"), unless the Company has effected a reduction in the share capital of the Company in accordance with the applicable provisions of the Companies Act. Any Shares which are held as treasury shares or as subsidiary holdings will be disregarded for the purpose of computing the ten per cent. (10%) limit.

As at the Latest Practicable Date, the existing issued and paid-up share capital of the Company is 740,000,000 Shares. For illustrative purposes only, on the basis that 740,000,000 Shares are in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, and that the Company does not reduce its share capital, the Company may acquire not more than 74,000,000 Shares (representing ten per cent. (10%) of the total number of issued Shares as at the Approval Date) pursuant to the proposed Share Buy-Back Mandate.

As at the Latest Practicable Date, the Company is not holding any treasury shares and there are no subsidiary holdings of the Shares.

(b) Duration of authority

Purchases or acquisitions of Shares may be made, at any time and from time to time, on and from the Approval Date, up to the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which the authority contained by the Share Buy-Back Mandate is varied or revoked by the Shareholders in a general meeting; or
- (iii) the date on which the Share Buy-Backs are carried out to the full extent mandated.

The Share Buy-Back Mandate may be renewed at each AGM or other general meetings of the Company.

(c) Manner of purchases or acquisitions of Shares

Purchases or acquisitions of Shares may be made by way of, *inter alia*:

- (i) on-market purchases of Shares transacted on the SGX-ST through the SGX-ST ready market trading system through one (1) or more duly licensed stockbrokers appointed by the Company for such purpose ("**Market Purchase**"); and/or
- (ii) off-market purchases of Shares effected pursuant to an equal access scheme(s) ("**Off-Market Purchase**").

In an Off-Market Purchase, purchases made in connection with or in relation to any equal access scheme(s) may be subject to such terms and conditions as the Directors deem fit in the interests of the Company, which are not inconsistent with the Share Buy-Back Mandate, the Listing Manual, the Companies Act, the Constitution and other applicable laws and regulations. Under the Companies Act, an Off-Market Purchase effected in accordance with an equal access scheme must satisfy all the following conditions:

- (i) offers under the scheme shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (ii) all of those persons shall be given a reasonable opportunity to accept the offers made to them; and

LETTER TO SHAREHOLDERS

- (iii) the terms of the offers are the same, except that there shall be disregarded:
 - (aa) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (ab) (if applicable) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (ac) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

Pursuant to the Listing Manual, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders containing at least the following information:

- (i) the terms and conditions of the offer;
 - (ii) the period and procedures for acceptances;
 - (iii) the reasons for the proposed Share Buy-Back;
 - (iv) the consequences, if any, of Share Buy-Backs by the Company that will arise under the Take-over Code or other applicable take-over rules;
 - (v) whether the Share Buy-Backs, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (vi) details of any Share Buy-Backs (whether Market Purchases or Off-Market Purchases) made by the Company in the previous twelve (12) months, giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (vii) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) Maximum purchase price

The purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

The maximum purchase price (the “**Maximum Price**”) to be paid for a Share as determined by the Directors must not exceed:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price of the Shares.

(e) No purchases during certain periods

The Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced.

No purchases pursuant to the Share Buy-Back Mandate will be carried out during the period commencing one (1) month before the announcement of the Company’s half year and full year financial statements.

LETTER TO SHAREHOLDERS

2.4 Status of Purchased Shares under the Share Buy-Back Mandate

A Share purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to the Share will expire on such cancellation) unless such Share is held by the Company as a treasury share in accordance with the Companies Act. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically delisted by the SGX-ST, and (where applicable) all certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

2.5 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Certain provisions on treasury shares under the Companies Act are summarised below:

(a) Maximum holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares.

(b) Voting and other rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. Also, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller amount is allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(c) Disposal and cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (i) sell the treasury shares for cash;
- (ii) transfer the treasury shares for the purposes of or pursuant to an employees' share scheme;
- (iii) transfer the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares; or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

2.6 Source of Funds for Share Buy-Backs

In purchasing Shares under the Share Buy-Back Mandate, the Company may only apply funds legally available for such purchase in accordance with its Constitution, and the applicable laws in Singapore. The buy-back of Shares by the Company may be made out of the Company's profits or capital so long as the Company is solvent.

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The Company may use internal resources or external borrowings to fund purchases of Shares pursuant to the Share Buy-Back Mandate. The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity and capital of the Group would be materially adversely affected. The purchase of the Shares will only be carried out after considering relevant factors such as the working capital requirements, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

When Shares are purchased or acquired:

- (a) if the Shares are purchased or acquired entirely out of the capital of the Company, the Company shall reduce the amount of its share capital by the total amount of the purchase price paid by the Company for the Shares (excluding brokerage, stamp duties, applicable goods and services tax, clearance fees and other related expenses) (the “**Purchase Price**”);
- (b) if the Shares are purchased or acquired entirely out of profits of the Company, the Company shall reduce the amount of its profits available for the distribution of cash dividends by the total amount of the Purchase Price; or
- (c) where the Shares are purchased or acquired out of both the capital and the profits of the Company, the Company shall reduce the amount of its share capital and profits available for the distribution of cash dividends proportionately by the total amount of the Purchase Price.

2.7 Financial Effects of the Share Buy-Back Mandate

It is not possible for the Company to realistically calculate or quantify the financial effects of purchases of Shares that may be made pursuant to the Share Buy-Back Mandate as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased, the Purchase Price paid for such Shares, whether the purchases are made out of capital or profits, whether the Shares purchased are held as treasury shares or cancelled and whether the Share Buy-Backs are made by way of Market Purchases or Off-Market Purchases.

Purely for illustrative purposes only, and based on the assumptions set out below:

- (a) based on 740,000,000 Shares (excluding treasury shares and subsidiary holdings) in issue as at the Latest Practicable Date and assuming no further Shares are issued on or prior to the AGM, not more than 74,000,000 (representing ten per cent. (10%) of the total number of issued Shares of the Company (excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate;
- (b) in the case of Market Purchases by the Company and assuming that the Company purchases or acquires 74,000,000 Shares at the Maximum Price of \$0.93 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 74,000,000 Shares is approximately \$68,820,000;
- (c) in the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 74,000,000 Shares at the Maximum Price of \$1.06 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 74,000,000 Shares is approximately \$78,440,000;
- (d) the purchase or acquisition of Shares took place at the beginning of the financial year ended 31 December 2023 (“**FY2023**”) on 1 January 2023;

LETTER TO SHAREHOLDERS

- (e) the consideration for the purchase or acquisition of Shares is financed entirely by internal resources of the Company; and
- (f) the transaction costs incurred for the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate are insignificant and have thus been ignored for the purpose of computing the financial effects,

the financial effects of the:

- (i) Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and held as treasury shares;
- (ii) Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and cancelled;
- (iii) Off-Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and held as treasury shares; and
- (iv) Off-Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and cancelled,

on the audited financial statements of the Group and the Company for FY2023 are set out below.

(A) Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and held as treasury shares

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' equity (\$'000)	126,226	57,406	116,030	47,210
NTA ⁽¹⁾ (\$'000)	125,921	57,101	116,000	47,180
Current assets (\$'000)	323,491	254,671	93,586	24,766
Current liabilities (\$'000)	215,734	215,734	9,674	9,674
Working capital (\$'000)	107,757	38,937	83,912	15,092
Number of Shares (excluding treasury shares) ('000)	740,000	666,000	740,000	666,000
Number of treasury shares ('000)	–	74,000	–	74,000
Financial ratios				
NTA per Share ⁽¹⁾ (cents)	17.02	8.57	15.68	7.08
Basic EPS ⁽²⁾ (cents)	6.46	7.18	9.18	10.20
Current ratio ⁽³⁾ (times)	1.5	1.2	9.7	2.6

Notes:

⁽¹⁾ NTA equals shareholders' equity excluding intangible assets. NTA per Share has been computed based on NTA divided by the number of Shares as at 31 December 2023.

⁽²⁾ EPS has been computed based on FY2023 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.

⁽³⁾ Current ratio represents the ratio of current assets to current liabilities.

LETTER TO SHAREHOLDERS

(B) Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and cancelled

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' equity (\$'000)	126,226	57,406	116,030	47,210
NTA ⁽¹⁾ (\$'000)	125,921	57,101	116,000	47,180
Current assets (\$'000)	323,491	254,671	93,586	24,766
Current liabilities (\$'000)	215,734	215,734	9,674	9,674
Working capital (\$'000)	107,757	38,937	83,912	15,092
Number of Shares (excluding treasury shares) ('000)	740,000	666,000	740,000	666,000
Number of treasury shares ('000)	–	–	–	–
Financial ratios				
NTA per Share ⁽¹⁾ (cents)	17.02	8.57	15.68	7.08
Basic EPS ⁽²⁾ (cents)	6.46	7.18	9.18	10.20
Current ratio ⁽³⁾ (times)	1.5	1.2	9.7	2.6

Notes:

⁽¹⁾ NTA equals shareholders' equity excluding intangible assets. NTA per Share has been computed based on NTA divided by the number of Shares as at 31 December 2023.

⁽²⁾ EPS has been computed based on FY2023 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.

⁽³⁾ Current ratio represents the ratio of current assets to current liabilities.

(C) Off-Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and held as treasury shares

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' equity (\$'000)	126,226	47,786	116,030	37,590
NTA ⁽¹⁾ (\$'000)	125,921	47,481	116,000	37,560
Current assets (\$'000)	323,491	245,051	93,586	15,146
Current liabilities (\$'000)	215,734	215,734	9,674	9,674
Working capital (\$'000)	107,757	29,317	83,912	5,472
Number of Shares (excluding treasury shares) ('000)	740,000	666,000	740,000	666,000
Number of treasury shares ('000)	–	74,000	–	74,000
Financial ratios				
NTA per Share ⁽¹⁾ (cents)	17.02	7.13	15.68	5.64
Basic EPS ⁽²⁾ (cents)	6.46	7.18	9.18	10.20
Current ratio ⁽³⁾ (times)	1.5	1.1	9.7	1.6

Notes:

⁽¹⁾ NTA equals shareholders' equity excluding intangible assets. NTA per Share has been computed based on NTA divided by the number of Shares as at 31 December 2023.

⁽²⁾ EPS has been computed based on FY2023 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.

⁽³⁾ Current ratio represents the ratio of current assets to current liabilities.

LETTER TO SHAREHOLDERS

(D) Off-Market Purchase of 74,000,000 Shares by the Company pursuant to the Share Buy-Back Mandate and cancelled

As at 31 December 2023	Group		Company	
	Before Share Buy-Back	After Share Buy-Back	Before Share Buy-Back	After Share Buy-Back
Shareholders' equity (\$'000)	126,226	47,786	116,030	37,590
NTA ⁽¹⁾ (\$'000)	125,921	47,481	116,000	37,560
Current assets (\$'000)	323,491	245,051	93,586	15,146
Current liabilities (\$'000)	215,734	215,734	9,674	9,674
Working capital (\$'000)	107,757	29,317	83,912	5,472
Number of Shares (excluding treasury shares) ('000)	740,000	666,000	740,000	666,000
Number of treasury shares ('000)	–	–	–	–
Financial ratios				
NTA per Share ⁽¹⁾ (cents)	17.02	7.13	15.68	5.64
Basic EPS ⁽²⁾ (cents)	6.46	7.18	9.18	10.20
Current ratio ⁽³⁾ (times)	1.5	1.1	9.7	1.6

Notes:

⁽¹⁾ NTA equals shareholders' equity excluding intangible assets. NTA per Share has been computed based on NTA divided by the number of Shares as at 31 December 2023.

⁽²⁾ EPS has been computed based on FY2023 net profit attributable to Shareholders divided by the weighted average number of Shares in issue.

⁽³⁾ Current ratio represents the ratio of current assets to current liabilities.

Shareholders should note that the financial effects set out above are purely for illustrative purposes only and are based on the assumptions set out above. Although the Share Buy-Back Mandate would authorise the Company to purchase or acquire up to ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the Approval Date, the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire ten per cent. (10%). In addition, the Company may cancel, or hold as treasury shares, all or part of the Shares purchased or acquired.

2.8 Listing Status of the Shares

The Listing Manual requires the Company to ensure that at least ten per cent. (10%) of the total number of issued Shares excluding treasury shares is at all times held by the public. The "public", as defined in the Listing Manual, are persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of a listed company and its subsidiaries, as well as associates (as defined in the Listing Manual) of such persons.

As at the Latest Practicable Date, approximately 19.95% of the issued share capital of the Company are held in the hands of the public. Assuming that the Company purchases its Shares up to the full ten per cent. (10%) limit pursuant to the Share Buy-Back Mandate from the public, the percentage of Shares held by the public would be reduced to approximately 11.05%.

The Directors will use their best efforts to ensure that the Company does not buy-back Shares if that would result in the number of Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company.

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2.9 Reporting Requirements

In accordance with the Listing Manual, the Company shall notify the SGX-ST of any purchase or acquisition of its Shares as follows:

- (a) in the case of a Market Purchase, by 9.00 am on the Market Day following the day on which the Market Purchase was made; and
- (b) in the case of an Off-Market Purchase, by 9.00 am on the second Market Day after the close of acceptances of the offer.

The notification of such purchases or acquisitions of Shares to the SGX-ST shall be in the form of Appendix 8.3.1 to the Listing Manual and shall include such details as the SGX-ST may prescribe.

The Company shall notify the Registrar of Companies within 30 days after a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification shall include details of the purchases or acquisitions including (a) the date of the purchase or acquisition; (b) the total number of Shares purchased or acquired by the Company; (c) the number of Shares cancelled; (d) the number of Shares held as treasury shares; (e) the Company's issued share capital before and after the purchase or acquisition of Shares; (f) the Purchase Price; (g) whether the Shares were purchased or acquired out of the profits or capital of the Company; and (h) such other particulars as may be required in the prescribed form.

In addition, under the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares. Such announcement must include details as set out in Rule 704(28) of the Listing Manual such as (a) date of the sale, transfer, cancellation and/or use of such treasury shares; (b) purpose of such sale, transfer, cancellation and/or use; (c) number of treasury shares sold, transferred, cancelled and/or use; (d) number of treasury shares before and after such sale, transfer, cancellation and/or use; (e) percentage of the number of treasury shares against the total number of issued Shares (of the same class as the treasury shares) which are listed before and after such sale, transfer, cancellation and/or use; and (f) value of the treasury shares if there are used for a sale or transfer, or cancelled.

The Company shall lodge with the Registrar of Companies within 30 days after the cancellation or disposal of treasury shares the notice of the cancellation or disposal of treasury shares in the prescribed form with such particulars as may be required in the form, together with payment of the prescribed fee.

2.10 Take-Over Obligations

- (a) Obligation to make a mandatory general offer

Pursuant to the Take-over Code, an increase of a Shareholder's proportionate interest in the voting rights of the company resulting from a share buy-back by the company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code ("**Rule 14**").

Under Rule 14, a shareholder and persons acting in concert with the shareholder will incur an obligation to make a mandatory general offer if, among other things, he and persons acting in concert with him increase their voting rights in the company to 30% or more or, if they, together holding between 30% and 50% of the company's voting rights, increase their voting rights in the company by more than one per cent. (1%) in any period of six (6) months.

- (b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

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Unless the contrary is established, the following persons will, among other things, be presumed to be acting in concert:

- (i) a company with any of its directors (together with their close relatives, related trusts as well as company controlled by any of the directors, their close relatives and related trusts);
- (ii) a company with its parent company, subsidiaries, its fellow subsidiaries, any associated company of the above companies, any company whose associated companies include any of the above companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid companies for the purchase of voting rights. For this purpose, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company;
- (iii) a company with any of its pension funds and employee share schemes;
- (iv) a person with any investment company, unit trust or other fund in respect of the investment account which such person manages on a discretionary basis;
- (v) a financial or other professional adviser, with its clients in respect of the shareholdings of the adviser and the persons controlling, controlled by or under the same control as the adviser and all the funds which the adviser manages on a discretionary basis, where the shareholding of the adviser and any of those funds in the client total 10% or more of the client's equity share capital;
- (vi) directors of a company, together with their close relatives, related trusts and companies controlled by any of them, which is subject to an offer where they have reason to believe a bona fide offer for their company may be imminent;
- (vii) partners; and
- (viii) an individual, his close relatives, his related trusts, and any person who is accustomed to act according to his instructions, companies controlled by any of the above and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the aforesaid persons for the purchase of voting rights.

The circumstances under which Shareholders of the Company (including Directors of the Company) and persons acting in concert with them respectively will incur an obligation to make a mandatory general offer under Rule 14 after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

(c) Effect of Rule 14 and Appendix 2 of the Take-over Code

In general terms, the effect of Rule 14 and Appendix 2 is that, unless exempted, Directors of the Company and persons acting in concert with them will incur an obligation to make a mandatory general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and their concert parties would increase to 30% or more, or if the voting rights of such Directors and their concert parties fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and their concert parties would increase by more than one per cent. (1%) in any period of six (6) months. In calculating the percentage of voting rights of such Directors and their concert parties, treasury shares shall be excluded.

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Under Appendix 2, a Shareholder not acting in concert with the Directors will not be required to make a mandatory general offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder in the Company would increase to 30% or more, or, if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such a Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

Based on the interests of the Substantial Shareholders as recorded in the register of Substantial Shareholders as at the Latest Practicable Date, none of the Substantial Shareholders would be obliged to make a mandatory general offer under Rule 14 as a result of the Company purchasing or acquiring its Shares up to the maximum limit of ten per cent. (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) under the Share Buy-Back Mandate.

The statements herein do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to their obligations, if any, to make a mandatory general offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate should consult the Securities Industry Council and/or their professional advisers at the earliest opportunity.

2.11 Details of the Share Buy-Backs During the Previous 12 months

The Company has not purchased or acquired any Shares in the previous 12 months preceding the Latest Practicable Date.

2.12 Limits on Shareholdings

The Company does not have any limits on the shareholding of any Shareholder.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, save as disclosed below, none of the Directors or Substantial Shareholders has any direct or indirect interest in the proposed renewal of the Share Buy-Back Mandate other than through their respective shareholdings in the Company:

	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

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- (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.

4. DIRECTORS’ RECOMMENDATIONS

The Directors having considered, *inter alia*, the terms, rationale and benefits of the proposed renewal of the Share Buy-Back Mandate, are of the view that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, they recommend that the Shareholders vote in favour of Ordinary Resolution 10, being the ordinary resolution relating to the proposed renewal of the Share Buy-Back Mandate, at the AGM.

5. 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 renewal of the Share Buy-Back Mandate, 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.

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.

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8. 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; and
- (ii) 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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