

GRP LIMITED

(Company Registration No: 197701449C)
(Incorporated in the Republic of Singapore)

SUBSCRIPTION OF SHARES IN A PROPERTY DEVELOPMENT COMPANY IN MALAYSIA

1. INTRODUCTION

The Board of Directors of GRP Limited ("**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that GRP Developments Sdn. Bhd. ("**GRP Developments**") a wholly-owned indirect subsidiary of GRP Land Pte. Ltd. which is in turn a wholly-owned subsidiary of the Company, has on 10 October 2017 entered into a shareholders' agreement with Mr. Chong Ao Bin, Mr. Chong Lai Phing, Mr. Lau Chee Kai and Dr. Foo Fatt Kah ("**SHA**") in respect of the proposed subscription by GRP Developments of 510,000 ordinary shares, representing 51% of the enlarged issued and paid-up share capital of Multiple Lodge Sdn. Bhd. ("**MLodge**"), for an aggregate subscription price of RM510,000 (or approximately S\$164,516 (the "**Proposed Subscription**"). The purpose of the Proposed Subscription is to acquire interest in the land development rights of MLodge, the details of which are set out below.

2. INFORMATION ON MLODGE

MLodge is a company incorporated in Malaysia having its registered address at 18A Medan Bendahara 2, Medan Bendahara, 31650 Ipoh, Perak, Malaysia. As at the date of this announcement, MLodge has an issued and paid-up capital of RM2.00 comprising two ordinary shares. Mr. Chong Ao Bin is deemed interested in the entire issued and paid up capital of MLodge of RM2.00. As at 31st July 2017, the net tangible liabilities value of MLodge was RM13,827.

MLodge has on 9 October 2017 executed a joint venture development agreement ("**JVDA**") with Karib Tropika Sdn. Bhd. ("**Landowner**") in respect of the development of the lands of an aggregate size of approximately 19.35 acres situated in Ipoh, Malaysia which is owned by the Landowner. Pursuant to the JVDA, MLodge and the Landowner intend to develop the lands into a mixed housing and commercial development (the "**Development**") and the parties' respective entitlement to the Development shall be as follows:-

- (a) the Landowner's entitlement shall be the sum equivalent to 18% of the gross development value on the units valued based on the sales launch price to purchasers, less any deposit paid or to be paid by MLodge to the Landowner. The Landowner's entitlement shall be paid through units of the development whereby any balance may be settled through payment in cash by either the Landowner paying the difference in cash for the transfer of the allocated unit or MLodge paying the difference of value in cash to the Landowner; and
- (b) MLodge's entitlement shall be the balance of the buildings whether residential, office, commercial or otherwise in the Development.

In addition, Mr. Kwan Chee Seng ("**Mr. Kwan**"), a director and controlling shareholder of the Company, has advanced RM250,000 (or approximately S\$80,645) to MLodge as part of the deposit of RM500,000 paid by MLodge to the Landowner which was a condition precedent under the JVDA. The parties have agreed that this sum of RM250,000 shall be offset against the subscription price payable by GRP Developments under the SHA.

Following the Proposed Subscription, the shareholders and their respective shareholdings in MLodge will be as follows:

Name of Shareholder	Number of shares subscribed for	Percentage of shareholding	Subscription Price
GRP Developments	510,000	51%	RM510,000
Mr. Chong Ao Bin	170,000	17%	RM170,000
Mr. Chong Lai Phing	170,000	17%	RM170,000
Mr. Lau Chee Kai	100,000	10%	RM100,000
Dr. Foo Fatt Kah	50,000	5%	RM50,000

3. INFORMATION ON THE LANDS AND THE DEVELOPMENT

The Lands are situated next to Iskandar Polo Club in Ipoh, Perak, Malaysia, conveniently located just off Exit 138 on Malaysia's North-South Expressway. The Lands are approximately a short 15-minute drive from Ipoh's town centre and overlooks the limestone hills and the Tambun pomelo orchards. The Development is envisaged to be largely residential and shall be positioned as a vacation home targeting residents of Malaysia, Singapore and Hong Kong. The Gross Development Value (GDV) of the Development is estimated at the minimum sum of RM300,000,000. This Development is part of the Company's long term plans to transform into a property development company, and follows the acquisition in January 2016 of Starland Holdings Limited, a residential property developer in Chong Qing, People's Republic of China.

4. SUBSCRIPTION PRICE

The subscription price payable by GRP Developments is RM510,000 ("**Subscription Price**"). After the deduction of RM250,000 referred to in paragraph 2 above, the remaining Subscription Price will be satisfied in cash by GRP Developments. GRP Developments will reimburse the advance of RM250,000 to Mr. Kwan and no interest shall be payable to Mr. Kwan.

5. SOURCE OF FUNDS FOR PROPOSED SUBSCRIPTION

The Subscription Price will be funded through bank borrowings and/or internal resources, and the Proposed Subscription is not expected to have any material effect on earnings per share or net tangible assets per share of the Group for the financial year ending 30 June 2018.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Pursuant to the SHA, MLodge will appoint Energiser Enterprise Sdn Bhd ("**EESB**") as the project manager for the Development. As announced by the Company on 1 August 2017 and 4 October 2017, the Company had subscribed for RM7.75 million (or approximately S\$2.5 million), and together with Luminor Pacific Fund 2 Ltd ("**LPF2**") and Luminor Harbour Fund 1 Pte Ltd ("**LHF1**") had subscribed for an aggregate principal amount of RM20.00 million worth of redeemable convertible preference shares issued by EESB ("**EESB Subscription**"). Luminor Capital Pte. Ltd. ("**LCPL**"), being the fund manager of LPF2 and LHF1, is the lead fund manager for the EESB Subscription. LCPL will be charging fees of 2% on the investment amount and 20% on the returns pursuant to the EESB Subscription. Mr. Kwan and Dr. Foo Fatt Kah are the directors and shareholders of LCPL and Mr. Kwan is also one of the investors of LHF1. Please refer to the Company's announcements on 1 August 2017 and 4 October 2017 for more details on the EESB Subscription.

Save as disclosed above and the advance given by Mr. Kwan referred to in paragraph 2 above, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the SHA and/or Proposed Subscription, other than through their respective shareholdings (if any) in the Company.

6. DOCUMENT FOR INSPECTION

A copy of the SHA is available for inspection at the Company's registered office at 11 Tanjong Penjuru Crescent, Singapore 608974 during normal business hours for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Teo Tong How
Independent Director and Chairman
10 October 2017