

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

PROPOSED SUBSCRIPTION OF REDEEMABLE CONVERTIBLE PREFERENCE SHARES IN ENERGISER ENTERPRISE SDN BHD

1. INTRODUCTION

The Board of Directors (the "**Board**") of GRP Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce that the Company has entered into a Subscription Agreement dated 31 July 2017 (the "**Subscription Agreement**") with Energiser Enterprise Sdn Bhd ("**EESB**"), Chong Yin Peng ("**CYP**"), Chang Kok Kheong ("**CKK**" and together with CYP, the "**Existing Shareholders**"), Luminor Pacific Fund 2 Ltd ("**LPF2**") and Luminor Harbour Fund 1 Pte Ltd ("**LHF1**" and together with the Company and LPF2, the "**Subscribers**") for the proposed subscription by the Subscribers of an aggregate principal amount of RM20.00 million (or approximately S\$6.41 million) worth of redeemable convertible preference shares ("**RCPS**") to be issued by EESB at the issue price of RM506.67 (or approximately S\$162.44) for each RCPS (the "**Proposed Subscription**").

The Company, being one of the Subscribers, has agreed to subscribe for 15,250 RCPS for an aggregate principal amount of RM7.73 million (or approximately S\$2.48 million) worth of RCPS.

2. INFORMATION ON EESB

EESB, a company incorporated in Malaysia, has an issued and paid-up share capital of RM750,000 consisting of 750,000 ordinary shares with CYP and CKK holding 375,000 ordinary shares each. The existing directors of EESB are CKK, Ooi Sieu Mey and Chong Jin Shin. EESB is principally engaged in construction and development of properties in Malaysia.

Based on the audited consolidated financial statements of EESB and its subsidiaries (the "**EESB Group**") for the financial year ended 31 July 2016, the EESB Group registered a net profit of RM24.28 million (or approximately S\$7.79 million) and had a net tangible asset value ("**NTA**") of RM34.43 million (or approximately S\$11.04 million) as at 31 July 2016.

3. RATIONALE FOR PROPOSED SUBSCRIPTION

The Board is of the view that the Proposed Subscription presents an opportunity for the Company to participate in an attractive investment. It allows the Company's management/staff to acquire new skill in the investment process.

4. KEY TERMS AND CONDITIONS OF THE RCPS

The key terms and conditions of the RCPS are as follows:

1. Issue Size : 39,473 RCPS
2. Issue Price : RM506.67
3. Issue Date : Each of the First Completion Date and Second Completion Date where:
First Completion Date means the disbursement of funds by LPF2 up to 14 days after the date upon which all the conditions precedent set out in the Subscription Agreement have been fulfilled or waived in writing, as the case may be; and
Second Completion Date means the disbursement of

funds by the Company and LHF1 subsequent to the First Completion Date and up to 30 days after the First Completion Date.

4. Maturity Date : 24 months from the Issue Date.
5. Dividend : The holder of RCPS shall be entitled to receive dividend on a pro-rata, as converted basis. RCPS and the ordinary shares of EESB shall rank *pari passu* in the determination of dividend to be declared.
6. Conversion Rights : (a) The holders of RCPS shall have the right to convert the RCPS into the ordinary shares of the listing vehicle, in the manner stated in paragraph 6(b) below:
- (i) At any time prior to the Maturity Date, at the election of the Subscribers;
 - (ii) At the change of control of EESB or the listing vehicle; or
 - (iii) At the initial public offering of the listing vehicle on the Hong Kong Stock Exchange or other recognised stock exchange as agreed by the Subscribers.
- (b) The conversion of the RCPS shall be as follows:
- (i) The Subscribers shall issue the conversion notice to EESB in respect of all or any part of the RCPS;
 - (ii) The Company shall upon the receipt of the conversion notice convert the relevant RCPS to Swap Shares (as defined below);
 - (iii) Thereafter, EESB shall exchange the Swap Shares for the ordinary shares of the listing vehicle; and
 - (iv) The RCPS shall be converted into the ordinary shares of the listing vehicle within five working days from the date of the conversion notice.
7. Conversion Price : Each RCPS shall be convertible into one ordinary share of EESB (the "**Swap Share**") at the conversion price of RM760 (or approximately S\$243.66). Each Swap Share shall be exchanged for one ordinary share of the listing vehicle.
8. Redemption Rights : (a) The RCPS shall be redeemable on the occurrence of the following events, in the manner as stated in paragraph 8(b) below:
- (i) On or after the Maturity Date, unless the Subscribers have previously converted any part of the RCPS; or
 - (ii) On the occurrence of the events of default, unless otherwise waived by the Subscribers.
- (b) The redemption of the RCPS shall be as follows:
- (i) The Subscribers shall issue the redemption notice to EESB in respect of all or any part of the RCPS;
 - (ii) EESB shall upon the receipt of the redemption notice redeem the relevant RCPS within five working days from the date of the redemption notice.

9. Redemption Price : (a) If the RCPS is redeemed in accordance with paragraph 8(a)(i) above, the RCPS shall be redeemed at the redemption price of RM760 per RCPS together with any declared but unpaid dividend and late payment interest at the rate of 10% per annum calculated from the date of the redemption notice to the date of the full payment of the redemption price; or
- (b) If the RCPS is redeemed in accordance with paragraph 8(a)(ii) above, the RCPS shall be redeemed at the redemption price of RM812 (or approximately S\$260.33) per RCPS together with any declared but unpaid dividend and late payment interest at the rate of 10% per annum calculated from the date of the redemption notice to the date of the full payment of the redemption price
10. Status : The RCPS shall rank, at all times *pari passu* amongst themselves, and shall rank senior to the ordinary shares of EESB.

5. CONDITIONS PRECEDENT

5.1 The Proposed Subscription is conditional upon, *inter alia*, the effective fulfilment of the following conditions precedent on or prior to the Stop Date (as defined below):

- (a) The parties hereto hereby agree that, if required, any letter or document from the relevant authorities to the effect that it has no objection to the subscription of the RCPS by the Subscribers shall be deemed to be an approval of the relevant authorities provided always that if any of the approvals, if required, shall contain terms and conditions which are not acceptable to EESB or the Subscribers (the "**Affected Party**"), the Affected Party shall be entitled to give notice in writing of the same to the other party hereto within thirty days from the date the Affected Party was notified of such terms and conditions, failing which, such approvals shall be deemed to have been obtained for the purpose of this clause. However, if the Affected Party upon giving the required notice aforesaid, desires or seeks to waive or vary such terms or conditions as are imposed by the relevant authorities, EESB and the Existing Shareholders shall make an application to the relevant authorities for such waiver or variation within thirty days of notification of the terms and conditions. Until such time when the relevant authorities accedes to the request of waiver or variation, the approvals shall be deemed not to have been obtained for the purpose of this clause;
- (b) Within fourteen days from the date of the Subscription Agreement, the Subscribers shall conduct and complete a legal and financial due diligence inspection on the EESB and Energiser Properties Sdn. Bhd. ("**EPSB**"), a subsidiary of EESB;
- (c) EESB and the Subscribers shall as soon as practicable after the execution of the Subscription Agreement and before the Stop Date, obtain the approvals of their respective shareholders and board of directors for the issuance and/or subscription of the RCPS;
- (d) CKK shall have, before the Stop Date, entered into a put option agreement with the Subscribers in which the Subscribers shall be granted an option to require CKK to purchase the RCPS from the Subscribers upon the terms and conditions as stated therein;
- (e) CKK shall have, before the Stop Date, entered into a deed of guarantee with the Subscribers;

- (f) The Existing Shareholders and all the shareholders of EPSB shall, before the Stop Date, execute a letter of undertaking in which they shall undertake to liquidate the assets of EESB and EPSB, in the event that EESB is unable to redeem the RCPS; and
- (g) The Existing Shareholders shall, before the Stop Date, execute a deed of non-competition in which they shall undertake not to engage in any business competitive to EESB's business in accordance to the terms and conditions stated therein.

5.2 If any of the conditions precedent set out in the Subscription Agreement is not satisfied by the date falling two months from the date of the Subscription Agreement or such other date as the parties may mutually agree in writing (the "**Stop Date**"), or to the extent that they cannot be waived or not waived by the parties, any party may rescind the Subscription Agreement by written notice to the other parties, and thereafter no party shall have any further claims against the other parties save and except for antecedent breaches.

6. SUBSCRIPTION CONSIDERATION AND SOURCE OF FUNDS

The subscription consideration of RM7.73 million is payable by the Company in cash upon the Second Completion Date. The Company will be financing the Proposed Subscription through internal resources.

7. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

For illustrative purpose only, the pro forma financial effects of the Proposed Subscription on the NTA per share and the earnings per share ("**EPS**") of the Group based on the latest audited financial statements of the Group for the financial year ended 30 June 2016 ("**FY2016**") are as follows:

7.1 Effect on NTA per share

The effect of the Proposed Subscription on the NTA per share of the Group for FY2016, assuming that the Proposed Subscription had been effected at the end of FY2016 is as follows:

As at 30 June 2016	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$'000)	77,095	77,045
NTA per share (Cents)	55.26	55.22

7.2 Effect on EPS

The effect of the Proposed Subscription on the EPS of the Group for FY2016, assuming that the Proposed Subscription had been effected at the beginning of FY2016 is as follows:

FY2016	Before the Proposed Subscription	After the Proposed Subscription
Profits after tax and non-controlling interests (S\$'000)	12,735	12.685
Earnings per share (Cents)	9.27	9.24

8. RELATIVE FIGURES COMPUTED BASED ON RULE 1006 OF THE LISTING MANUAL

The relative figures for the Proposed Subscription computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") are set out below:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
Rule 1006 (b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	(2)% ⁽¹⁾
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares	6% ⁽²⁾
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves	Not applicable

Notes:

- (1) Based on the EESB Group's unaudited consolidated financial statements for the half year ended 31 July 2016 attributable to the Company's Swap Shares (on the basis that the RCPS has been fully converted), being approximately S\$0.08 million and the net loss of the Group based on the Group's unaudited consolidated financial statement for the half year ended 31 December 2016, being approximately S\$3.23 million.
- (2) Based on the aggregate subscription consideration of approximately S\$2.48 million and the Company's market capitalisation of S\$38.74 million (being the Company's issued ordinary share capital of 193,701,610 shares and the volume weighted average price of the Company's shares on the SGX-ST of S\$0.20 on 28 July 2017 (being the market day preceding the date of the Subscription Agreement where the Company's shares were last traded)).

9. SERVICE CONTRACTS

There are no directors proposed to be appointed to the Company in connection with the Proposed Subscription.

10. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Kwan Chee Seng, an executive Director and controlling shareholder of the Company, is a director and shareholder of Luminor Capital Pte. Ltd. ("**LCPL**") which is the fund manager for LPF2 and LHF1. Mr Kwan Chee Seng will be one of the investors of LHF1. In addition, LCPL is the lead fund manager for the Proposed Subscription and will be charging the Subscribers 2% on their investment and 20% on their returns. The quantum of the fees payable by GRP to LCPL is less than 3% of the latest audited NTA of the Group. The aggregate value of all transactions entered into by the Group with Mr Kwan Chee Seng and his associates from 1 July 2017 till the date of this announcement is less than 3% of the latest audited NTA of the Group.

Mr Kwan Chee Seng had abstained and will abstain from voting on the Proposed Subscription at meetings of the Board.

Save for Mr Kwan Chee Seng, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company) in the Proposed Subscription.

11. DOCUMENT FOR INSPECTION

A copy of the Subscription Agreement is available for inspection during normal business hours at the registered office of the Company at 11 Tanjong Penjuru Crescent Singapore 608974 for three months from the date of this announcement.

BY ORDER OF THE BOARD

Teo Tong How
Independent Director and Chairman
1 August 2017