

GRP LIMITED

(Company Registration Number 197701449C)
(Incorporated in the Republic of Singapore)

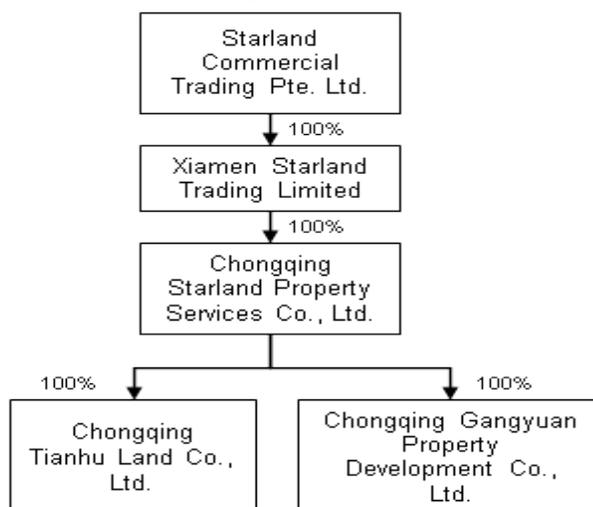
PROPOSED ACQUISITION OF STARLAND AXIS PTE. LTD. AND STARLAND COMMERCIAL TRADING PTE. LTD.

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**” or the “**Directors**”) of GRP Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), refers to the announcement made by the Company on 20 June 2016 in relation to Starland Holdings Limited (“**Starland**”), a 99.56%-owned indirect subsidiary of the Company entering into a conditional sale and purchase agreement with holders of equity interest in Ayondo Holding AG to acquire their equity interest in Ayondo Holding AG (“**Proposed Transaction**”). The Proposed Transaction is subject to and based on, *inter alia*, that Starland entering into a binding sale and purchase agreement to dispose of all its assets to the Company, which shall be completed prior to the completion of the Proposed Transaction.
- 1.2 The Board wishes to announce that the Company has on 23 September 2016 entered into a sale and purchase agreement (“**SPA**”) with Starland for the proposed acquisition (the “**Proposed Acquisition**”) of the entire issued and paid up share capital (“**Sale Equity Interest**”) of the Starland’s wholly-owned subsidiaries, Starland Axis Pte. Ltd. (“**SAPL**”) and Starland Commercial Trading Pte. Ltd. (“**SCTPL**”) (collectively, the “**Sale Companies**”).

2. INFORMATION ON THE SALE COMPANIES AND STARLAND

- 2.1 SAPL was incorporated in Singapore on 24 January 2013 and has an issued and paid up share capital of S\$2,000,000. SAPL is a property development company.
- 2.2 SCTPL was incorporated in Singapore on 8 January 2013 and has an issued and paid up share capital of S\$1.00. SCTPL is an investment holding company which holds the equity interest of the following entities as shown in the diagram below:



- 2.3 The aggregate unaudited net tangible asset (“**NTA**”) value of the Sale Companies as at 30 June 2016 was RMB179,389,000 and the aggregate unaudited net loss attributable to the Sale Companies for the nine months financial period ended 30 June 2016 (“**FP2016**”) was RMB15,739,000.

- 2.4 Starland is a public limited company, whose shares are listed and quoted on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). As at the date of this announcement, Starland is a 99.56%-owned indirect subsidiary of the Company.

3. PURCHASE CONSIDERATION

- 3.1 The aggregate purchase consideration for the acquisition of the Sale Equity Interest will be an amount in cash equal to the sum of RMB179,389,000 (the “**Purchase Consideration**”). The currency used for the settlement and payment of the Purchase Consideration shall be Singapore Dollars using the conversion rate quoted by Bloomberg L.P. at 5.00 p.m. (Singapore time) on the business day immediately preceding the completion date. The Purchase Consideration shall be fully satisfied by the Company by setting off from the amount due to the Company from Starland pursuant to the Proposed Distribution (as defined below). In the event the Purchase Consideration is higher than the amount due to the Company from Starland pursuant to the Proposed Distribution, the Company shall pay any balance Purchase Consideration (“**Balance Consideration**”) to Starland. The Company will be financing the Balance Consideration through the proceeds arising from the proposed rights cum warrants issue announced by the Company on 24 May 2016, and bank borrowings.
- 3.2 The Purchase Consideration of RMB179,389,000 was determined based on the unaudited NTA value of the Sale Companies as at 30 June 2016 and was arrived at by the parties on a willing-buyer-willing-seller basis.
- 3.3 In the event that there is any sum due arising from loans, advances or otherwise between the Group and Starland (and its subsidiaries) on completion date, such sum shall be set off and the net sum, (i) if payable by Starland to the Company, shall be set off from the Purchase Consideration, or (ii) if payable by the Company to Starland, shall be paid by the Company in addition to the Purchase Consideration.

4. RATIONALE FOR THE PROPOSED TRANSACTION

The rationale for the Proposed Acquisition are, *inter alia*, as follows:

- 4.1 the Sale Companies enable the Group to expand its property portfolio as the Sale Companies have established a presence in the property market in the People’s Republic of China; and
- 4.2 as previously announced in the Company’s announcement on 20 June 2016, in connection with the Proposed Acquisition, the Proposed Transaction will not proceed without the Proposed Acquisition as the completion of the Proposed Acquisition is a condition precedent of the Proposed Transaction. In addition, the existing business of Starland is divested so that the Starland will have no operating business prior to the completion of the Proposed Transaction and so that it will not affect the financial results of Starland after the Proposed Transaction.

5. SALIENT TERMS

- 5.1 The acquisition of the Sale Equity Interest is subject to and conditional upon Starland effecting a distribution of all its cash and cash equivalents in Starland to its shareholders on completion, save for (i) a sum of S\$4.0 million, (ii) any proceeds arising from the placement of 134,943,181 Starland’s shares at the issue price per share of S\$0.1408 (“**Placement Shares**”) to be effected by the Starland and (iii) any proceeds arising from the exercise of the options granted to the subscribers of the Placement Shares along with the subscription and issue of the aforesaid Placement Shares which shall be retained by the Vendor (“**Proposed Distribution**”).
- 5.2 The completion of the Proposed Acquisition is conditional upon the following:
- (a) the approval of the shareholders of Starland in an extraordinary general meeting being obtained for the Proposed Acquisition and Proposed Transaction;

- (b) the approval of the shareholders of the Company in an extraordinary general meeting being obtained for the acquisition of the Sale Equity Interest pursuant to the Proposed Acquisition;
- (c) Starland having obtained all consents, approvals and authorisation of bankers, financial institutions, landlord of leases, relevant third parties, government, statutory or regulatory authorities in Singapore which are necessary or desirable in connection with the Proposed Acquisition, and such other corporate action(s) as may be necessary having been obtained, and such consents, approvals and waivers not having been amended or revoked before completion date, and if subject to conditions, on such conditions acceptable to the Company, prior to the completion date;
- (d) the representations and warranties of Starland provided in the SPA being true and accurate in all material respects;
- (e) the representations and warranties of the Company as set out in the SPA being true and accurate in all material respects;
- (f) neither the Company nor Starland is in breach of any of its obligations or undertakings under the SPA;
- (g) the receipt of an opinion from an independent financial adviser (appointed by the Starland in connection with the Proposed Acquisition as an interested person transaction) to the independent directors of Starland.

5.3 Completion shall take place on the business day falling seven (7) days after the fulfilment of the conditions precedent provided in paragraph 5.2 above unless such conditions precedent are either fulfilled or waived by the parties and completion shall be no later than twelve (12) months from the date of the SPA unless extended by the parties upon mutual agreement.

6. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

For illustrative purpose only, the pro forma financial effects of the Proposed Acquisition on the NTA per share and the earnings per share (“EPS”) of the Group based on the latest announced unaudited financial statements of the Group as at 30 June 2016 are as follows:

- (a) Effect on the Group’s NTA per GRP share (“Share”)

Assuming that the Proposed Acquisition had taken place on 30 June 2016, and based on the unaudited financial statements of the Group as at 30 June 2016 (being the end of the most recently completed financial year), the Proposed Acquisition would have had the following impact on the Group’s NTA for the financial year ended 30 June 2016 (“FY2016”):

FY2016	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$’000)	77,033	76,872
Number of Shares	139,520,044	139,520,044
NTA per Share (S\$)	0.55	0.55

- (b) Effect on EPS

Assuming that the Proposed Acquisition had taken place on 1 July 2015, being the beginning of the most recently completed financial year, and based on the unaudited financial statements of the Group as at 30 June 2016 (being the end of the most recently completed financial year), the Proposed Acquisition would have had the following impact on the Group’s EPS for FY2016:

FY2016	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after tax attributable to equity holders of the Company (S\$'000)	12,735	12,584
Number of Shares	137,325,426	137,325,426
EPS per Share (S\$)	9.27	9.16

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

The relative figures for the Proposed Acquisition computed on the bases set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST Listing Manual**”) 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 as at 30 June 2016	Not applicable ⁽¹⁾
Rule 1006 (b)	The net loss ⁽²⁾ of approximately RMB5.3 million attributable to the assets acquired, compared with the Group’s net profits for FY2016 of S\$14.6 million (approximately RMB72.1 million assuming an exchange rate of S\$1 : RMB4.92)	(7.4%)
Rule 1006 (c)	The aggregate value of the consideration given or received of approximately RMB179.4 million, compared with the Company’s market capitalisation of approximately S\$38.4 million (approximately RMB 188.7 million assuming an exchange rate of S\$1 : RMB4.92) as at 21 September 2016 being the last full market day on which the Company’s shares were traded on SGX-ST prior to suspension of trading of the Company’s shares ⁽³⁾	95.0%
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 proven and probable reserves to be disposed of compared with the aggregate of the group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) This is not applicable to an acquisition of assets.
- (2) Under Rule 1002(3)(b) of the Mainboard Rules, “net profits” means profit or loss before income tax, minority interest and extraordinary items.
- (3) Based on the total of 139,520,044 Shares, and the volume-weighted average traded price of such Shares of S\$0.275 on 21 September 2016, being the last full market day on which the Company’s shares were traded on SGX-ST prior to suspension of trading of the Company’s shares.

Having regard to the above, the Proposed Acquisition is a “major transaction” as defined in Rule 1014 of the SGX-ST Listing Manual. Accordingly, the approval of the Shareholders at an extraordinary general meeting (“**EGM**”) is required for the Proposed Acquisition.

8. FURTHER INFORMATION

8.1 Interest of Directors and Controlling Shareholders

Save for Mr Kwan Chee Seng, who is the controlling shareholder and executive director of the Company and non-executive director of Starland, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect in the Proposed Acquisition.

8.2 Directors’ Service Contracts

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

9. CIRCULAR AND DOCUMENTS FOR INSPECTION

The circular to the Shareholders containing, *inter alia*, further information on the Proposed Acquisition and enclosing the notice of the EGM of the Company will be despatched by the Company to the Shareholders in due course.

A copy of the SPA is available for inspection at the registered office of the Company at 11 Tanjong Penjuru Crescent Singapore 608974 during normal business hours for three (3) months from the date of this announcement.

10. CAUTIONARY STATEMENT

The Directors of the Company would like to advise the Shareholders that, although the Disposal Agreement has been entered into, completion is subject to conditions precedent being fulfilled and there is no assurance that completion will take place. Accordingly, Shareholders are advised to exercise caution before making any decision in respect of their dealings in the Company’s shares. Shareholders who are in any doubt about this announcement should consult their legal, financial, tax or other professional adviser.

BY ORDER OF THE BOARD

Teo Tong How
Independent Director and Chairman
23 September 2016