

## GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

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# PROPOSED SUBSCRIPTION OF 85,227,272 NEW ORDINARY SHARES IN THE CAPITAL OF STARLAND HOLDINGS LIMITED (“STARLAND”)

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## 1. INTRODUCTION

The Board of Directors 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 23 September 2016 (the “**Subscription Agreement**”) with Starland and other subscribers for:

- (i) the allotment and issuance of 134,943,181 new ordinary shares (“**Subscription Shares**”) by Starland at a subscription price of S\$0.1408 for each Subscription Share; and
- (ii) the issuance of 101,225,359 share options (“**Share Options**”) by Starland conferring the right to subscribe for 101,225,359 new ordinary shares in the capital of Starland (“**New Shares**”) at an exercise price of S\$0.1877 (“**Exercise Price**”) for each New Share.

The Company, being one of the Subscribers, has agreed to subscribe for 85,227,272 Subscription Shares (“**GRP Subscription Shares**”) representing approximately 30.47% of the total enlarged number of Starland Shares after the Proposed Subscription and 63,931,805 Share Options (“**GRP Option Shares**”) representing approximately 16.78% of the enlarged issued and paid-up share capital of Starland after the Placement and New Shares being issued (assuming all the Share Options are exercised) (“**Proposed Subscription**”). Please refer to the announcement made by Starland on 23 September 2016 for further information on the Proposed Subscription.

## 2. CONSIDERATION

The total consideration to be paid by the Company for the GRP Subscription Shares is S\$12.0 million and was arrived at on a willing-buyer and willing-seller basis, and the Subscription Price per Subscription Share of S\$0.1408 represents a discount of approximately 40.09% from the volume weighted average price (“**VWAP**”) of the Starland Shares traded on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 5 February 2016, being the last full market day on which the Starland Shares were traded on the SGX-ST prior to suspension of trading of the Starland Shares.

The Exercise Price represents a discount of approximately 20.13% to the VWAP of S\$0.235 for each Share based on trades done on the SGX-ST on 5 February 2016, being the last full market day on which the Starland Shares were traded on the SGX-ST prior to suspension of trading of the Starland Shares.

The aggregate Subscription Price for the GRP Subscription Shares is to be paid by the Company in cash upon completion of the Placement. Completion of the Placement will take place on such date stated in the notice to complete to be served by Starland within 3 days after (i) the fulfillment or waiver of the conditions precedent to the Placement or (ii) (in the event that Starland determines to effect the distribution of all its available cash and cash equivalent to the shareholders as contemplated in the sale and purchase agreement announced by the Company via the SGXNET on 20 June 2016 (“**Proposed Distribution**”)) the books closure date for the Proposed Distribution being fixed, whichever is later.

### 3. INFORMATION ON STARLAND

Starland is a public limited company, whose shares are listed and quoted on the Catalist of the SGX-ST principally involved in property investment. As at the date of this announcement, Starland is 99.56% owned indirect subsidiary of the Company.

### 4. THE VALUE OF THE GRP SUBSCRIPTION SHARES

Based on the unaudited financial statements of Starland for the financial year ended 30 June 2016 (“FY2016”), the net tangible asset value (“NTA”) of the GRP Subscription Shares as at 30 June 2016 and the net loss attributable to the GRP Subscription Shares acquired by the Company for the FY2016 were S\$15.7million and S\$1.4million respectively.

Based on the VWAP of the Starland Shares transacted on 5 February 2016, being the last full market day on which the Starland Shares were traded on the SGX-ST prior to suspension of trading of the Starland Shares, the latest available open market value of each GRP Subscription Share is S\$0.235.

### 5. MATERIAL CONDITIONS

The Proposed Subscription is conditional upon, *inter alia*, the following:

- (a) the listing and quotation notice (“LQN”) from the SGX-ST being obtained for the listing of and quotation for the Subscription Shares and New Shares on the Official List of the SGX-ST; and
- (b) the approval of the shareholders of Starland in an extraordinary general meeting being obtained for the allotment and issue of the Subscription Shares in favour of the Subscribers and the Share Options to be granted to the Subscribers.

### 6. RATIONALE AND BENEFIT OF THE PROPOSED SUBSCRIPTION

The rationale for the Proposed Subscription is, *inter alia*, in the opinion of the Directors, an opportunity for the Company to increase its investment in Starland in view of anticipated growth of Starland. This also demonstrates the Company’s commitment to continuously create value for its shareholders.

The Company had earlier announced on 20 June 2016 that Starland had entered into a conditional sale and purchase agreement with the holders of equity interest in Ayondo Holding AG (“Ayondo”) to acquire their equity interest in Ayondo (“Proposed Acquisition”). The Proposed Acquisition will not proceed without the Proposed Subscription as the completion of the Proposed Subscription is a condition precedent to the Proposed Acquisition.

### 7. SOURCE OF FUNDS

The Company will be financing the Proposed Subscription through the Proposed Rights and Warrants issue as announced by the Company on 24 May 2016.

### 8. 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 Company based on the latest announced unaudited financial statements of the Group as at 30 June 2016 are as follows:

- (a) Effect on the Company’s NTA per share

Assuming that the Proposed Subscription had taken place on 30 June 2016, and based on the unaudited financial statements of the Company as at 30 June 2016 (being the end

of the most recently completed financial year), the Proposed Subscription would have had the following impact on the Group's NTA as at 30 June 2016:

As at 30 June 2016	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and New Shares Issued (assuming fully exercised)
NTA (S\$)	77,033,000	77,033,000	77,033,000
Number of GRP Shares	139,520,044	139,520,044	139,520,044
NTA per Share (S\$)	0.55	0.55	0.55

(b) Effect on EPS

Assuming that the Proposed Subscription 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 Subscription would have had the following impact on the Company's EPS for the financial year ended 30 June 2016 ("FY2016"):

FY2016	Before the Proposed Subscription	After the Proposed Subscription	After the Proposed Subscription and New Shares Issued (assuming fully exercised)
Profit after tax attributable to equity holders of the Company (S\$'000)	12,735	13,138	13,356
Weighted average number of GRP Shares	137,325,426	137,325,426	137,325,426
EPS per Share (S\$)	9.27	9.57	9.73

**9. 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 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 <sup>(1)</sup>
Rule 1006 (b)	The net loss <sup>(2)</sup> of approximately RMB3.3 million <sup>(3)</sup> 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)	(4.6%)
Rule 1006 (c)	The aggregate value of the consideration given or received of approximately S\$12.0 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 <sup>(4)</sup>	31.3%
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
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. Not applicable as this transaction is a Proposed Subscription and not a disposal 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 change in shareholding of Starland Holdings Limited due to the Proposed Subscription.
4. 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.

Notwithstanding that the relative figure at Rule 1006(c) exceeds 20%, the Company does not regard this as a "major transaction" under Chapter 10 of the Listing Manual as the Company is merely increasing its investment in Starland (being its 99.56% owned indirect subsidiary as at the date of this announcement). Accordingly, the Company does not intend to obtain the approval of the shareholders of the Company for the Proposed Subscription.

## 10. FURTHER INFORMATION

### 10.1 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 (other than through their shareholdings in the Company) in the Proposed Subscription.

### 10.2 Service Contracts

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

### **10.3 Documents 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 3 months from the date of this announcement.

### **BY ORDER OF THE BOARD**

Teo Tong How  
Independent Director and Chairman  
23 September 2016