

CIRCULAR DATED 11 OCTOBER 2016

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the course of action you should take, you should consult your bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of GRP Limited (the “**Company**”), you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or the transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward transmission to the purchaser or the transferee.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing of new securities arising from the Rights cum Warrants Issue (as defined below), which will commence after all securities certificates have been issued and the allotment letters from The Central Depository (Pte) Limited have been despatched.

The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue (as defined below), the Rights Shares (as defined below), the Warrants (as defined below), the New Shares (as defined below), the Company and/or its subsidiaries.

The SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular.



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

CIRCULAR TO SHAREHOLDERS IN RELATION TO

- 1. THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 69,760,022 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY (THE “RIGHTS SHARES”) AT AN ISSUE PRICE OF S\$0.25 FOR EACH RIGHTS SHARE, WITH UP TO 69,760,022 FREE DETACHABLE WARRANTS (THE “WARRANTS”), EACH WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW ORDINARY SHARE IN THE CAPITAL OF THE COMPANY (THE “NEW SHARE”) AT AN EXERCISE PRICE OF S\$0.25 FOR EACH NEW SHARE, ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING ORDINARY SHARES IN THE CAPITAL OF THE COMPANY HELD BY ENTITLED SHAREHOLDERS (AS DEFINED HEREIN) AS AT THE BOOKS CLOSURE DATE (AS DEFINED HEREIN), FRACTIONAL ENTITLEMENTS TO BE DISREGARDED, WITH ONE (1) FREE WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED (THE “RIGHTS CUM WARRANTS ISSUE”); AND**
- 2. THE PROPOSED WHITEWASH RESOLUTION FOR THE WAIVER BY THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THEIR RIGHT TO RECEIVE A MANDATORY GENERAL OFFER FROM KWAN CHEE SENG AND PARTIES ACTING IN CONCERT WITH HIM FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THEM, AS A RESULT OF THE RIGHTS CUM WARRANTS ISSUE (THE “WHITEWASH RESOLUTION”).**

Independent Financial Adviser in relation to the Whitewash Resolution



XANDAR CAPITAL PTE LTD
(Company Registration Number 200002789M)
(Incorporated in the Republic of Singapore)

IMPORTANT DATES AND TIMES

- Last date and time for lodgement of Proxy Form : 25 October 2016 at 11.00 a.m.
- Date and time of Extraordinary General Meeting : 27 October 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place)
- Place of Extraordinary General Meeting : Lounge 1883, Level 1
Singapore Recreation Club
B Connaught Drive
Singapore 179682

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

<i>“ARE”</i>	:	Application and acceptance form for Rights Shares with Warrants and excess Rights Shares with Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue
<i>“ARS”</i>	:	Application and acceptance form for Rights Shares with Warrants to be issued to purchasers of the provisional allotments of Rights Shares with Warrants under the Rights cum Warrants Issue traded on the SGX-ST through the book-entry (scripless) settlement system
<i>“ATM”</i>	:	Automated teller machine(s) of a Participating Bank
<i>“Authority”</i>	:	Monetary Authority of Singapore
<i>“Board”</i>	:	The board of Directors of the Company as at the date of this Circular
<i>“Books Closure Date”</i>	:	The time and date to be determined by the Directors and announced by the Company in due course, at and on which the Register of Members and share transfer books of the Company will be closed to determine the provisional allotments of Rights Shares with Warrants of the Entitled Shareholders under the Rights cum Warrants Issue
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Circular”</i>	:	This circular to Shareholders dated 11 October 2016 in respect of the Rights cum Warrants Issue
<i>“Closing Date”</i>	:	The time and date to be determined by the Directors, being the last time and date for acceptance and/or excess application and payment, and renunciation and payment of the Rights Shares with Warrants under the Rights cum Warrants Issue
<i>“Code”</i>	:	Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
<i>“Companies Act”</i>	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<i>“Company”</i>	:	GRP Limited
<i>“Concert Parties”</i>	:	Parties acting in concert with Kwan Chee Seng
<i>“Control”</i>	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company

DEFINITIONS

“Controlling Shareholder”	:	A person (including a corporation) who: (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or (b) in fact exercises Control over the Company
“CPF”	:	Central Provident Fund
“CPF Funds”	:	The CPF account savings of CPF members including the monies under the CPF Investment Scheme
“CPFIS”	:	The CPF Investment Scheme
“Directors”	:	The directors of the Company as at the date of this Circular
“Deed Poll”	:	The deed poll to be executed by the Company for the purpose of constituting the Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the Warrantholders
“EGM”	:	The extraordinary general meeting of the Company to be convened on 27 October 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place), notice of which is given on pages 61 to 64 of this Circular
“Entitled Depositors”	:	Shareholders with Shares entered against their names in the Depository Register, maintained by CDP, as at the Books Closure Date and whose registered addresses with CDP are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with addresses in Singapore for the service of notices and documents
“Entitled Scripholders”	:	Shareholders whose share certificates are not deposited with CDP and have tendered to the Share Registrar valid transfers of their Shares and the certificates relating thereto for registration up to the Books Closure Date and whose registered addresses with the Share Registrar are in Singapore as at the Books Closure Date or who have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Registrar with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders, collectively
“EPS”	:	Earnings per Share

DEFINITIONS

- “Exercise Period”* : The period during which the Warrants may be exercised commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the first (1st) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warranholders is/are closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members and/or Register of Warranholders or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Members and/or Register of Warranholders may be closed), subject to the terms and conditions of the Warrants to be set out in the Deed Poll
- “Exercise Price”* : The sum payable in respect of each New Share for which the Warranholders may subscribe upon the exercise of a Warrant which will be S\$0.25 in cash, subject to adjustments under certain circumstances as may for the time being be applicable in accordance with the Deed Poll
- “Foreign Shareholders”* : Shareholders whose registered addresses with CDP or the Share Registrar are outside Singapore as at the Books Closure Date and who had not, at least three (3) Market Days prior to the Books Closure Date, provided CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents
- “FY”* : Financial year ended or ending, as the case may be, 30 June
- “Group”* : The Company and its subsidiaries
- “IFA”* : Xandar Capital Pte Ltd, the independent financial adviser appointed to advise the Independent Directors in relation to the Whitewash Resolution
- “Independent Directors”* : The Directors who are considered independent for the purposes of making the recommendation to Independent Shareholders in respect of the Whitewash Resolution, being Daniel Teo Tong How, Goh Lik Kok, Mahtani Bhagwandas and Peter Moe
- “Independent Shareholders”* : Shareholders who are deemed to be independent for the purposes of voting on the Whitewash Resolution
- “Irrevocable Undertaking”* : The irrevocable undertaking dated 24 May 2016, which has been given by the Undertaking Shareholder to the Company to, amongst others, subscribe and pay for all his entitlement of 20,357,980 Rights Shares under the Rights cum Warrants Issue by the Closing Date
- “Issue Price”* : The issue price of the Rights Shares, being S\$0.25 for each Rights Share

DEFINITIONS

<i>“Latest Practicable Date”</i>	:	28 September 2016, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST and its relevant rules, as amended or modified from time to time
<i>“Market Day”</i>	:	A day on which the SGX-ST is open for trading in securities
<i>“New Shares”</i>	:	Up to 69,760,022 new Shares to be allotted and issued by the Company, credited as fully paid, upon the exercise of the Warrants, including, where the context admits, such new Shares arising from the exercise of any additional Warrants as may be required or permitted to be issued in accordance with the terms of the Warrants to be set out in the Deed Poll
<i>“NTA”</i>	:	Net tangible assets
<i>“Offer Information Statement”</i>	:	The offer information statement referred to in Section 277 of the SFA, together with (where the context requires) the PAL, the ARE, the ARS and all other accompanying documents including, where the context so admits, any supplementary or replacement document which may be issued by the Company and lodged with the Authority in connection with the Rights cum Warrants Issue
<i>“PAL”</i>	:	The provisional allotment letter to be issued to the Entitled Scripholders, setting out the provisional allotments of Rights Shares with Warrants of such Entitled Scripholders under the Rights cum Warrants Issue
<i>“Participating Banks”</i>	:	The banks that will be participating in the Rights cum Warrants Issue by making available their ATMs to Entitled Depositors for acceptance of the Rights Shares with Warrants and/or applications for excess Rights Shares with Warrants and to be set out in the Offer Information Statement in due course
<i>“PRC”</i>	:	The People’s Republic of China, excluding Hong Kong Special Administrative Region and Macau Special Administrative Region for the purposes of this Circular
<i>“Proxy Form”</i>	:	The proxy form in respect of the EGM as attached to this Circular
<i>“Record Date”</i>	:	In relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company), on which Shareholders must be registered with the Share Registrar of the Company or CDP or the Securities Accounts of Shareholders must be credited with Shares, as the case may be, in order to participate in such dividends, rights, allotments or other distributions
<i>“Register of Members”</i>	:	Register of members of the Company

DEFINITIONS

<i>“Register of Warrantholders”</i>	:	Register of warrant holders of the Company
<i>“Rights cum Warrants Issue”</i>	:	The proposed renounceable non-underwritten rights cum warrants issue of up to 69,760,022 Rights Shares at the Issue Price with up to 69,760,022 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed
<i>“Rights Shares”</i>	:	Up to 69,760,022 new Shares to be allotted and issued by the Company pursuant to the Rights cum Warrants Issue
<i>“Scripholders”</i>	:	Shareholders whose Shares are registered in their own names and whose share certificates are not deposited with CDP
<i>“Securities Account”</i>	:	A securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
<i>“SFA”</i>	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited
<i>“SGXNET”</i>	:	The SGXNET Corporate Announcement System
<i>“Share Registrar”</i>	:	Intertrust Singapore Corporate Services Pte. Ltd.
<i>“Shareholders”</i>	:	Registered holders of the Shares in the Register of Members, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
<i>“Shares”</i>	:	Ordinary shares in the share capital of the Company
<i>“SIC”</i>	:	Securities Industry Council of Singapore
<i>“Starland”</i>	:	Starland Holdings Limited
<i>“Starland Group”</i>	:	Starland and its subsidiaries
<i>“Substantial Shareholder”</i>	:	A person (including a corporation) who holds directly or indirectly 5% or more of the issued share capital of the Company
<i>“Undertaking Shareholder”</i>	:	Kwan Chee Seng
<i>“Warrant Agent”</i>	:	B.A.C.S. Private Limited

DEFINITIONS

- “Warrantholders”** : Registered holders of the Warrants in the Register of Warrantholders, except where the registered holder is CDP, the term “Warrantholders” shall, in relation to such Warrants and where the context so admits, mean the Depositors whose Securities Account are credited with such Warrants
- “Warrants”** : Up to 69,760,022 free detachable warrants in registered form to be allotted and issued by the Company together with the Rights Shares pursuant to the Rights cum Warrants Issue and (where the context so admits) such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms of the warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* with the warrants to be allotted and issued together with the Rights Shares and for all purposes to form part of the same series of warrants constituted by the Deed Poll), each warrant entitling the Warrantholder to subscribe for one (1) New Share at the Exercise Price during the Exercise Period, subject to the terms of the warrants to be set out in the Deed Poll
- “Whitewash Resolution”** : The proposed whitewash resolution for the waiver by the Independent Shareholders of their rights to receive a mandatory general offer from Kwan Chee Seng and his Concert Parties for all the issued Shares not already owned or controlled by them, as a result of their subscription of the Right Shares and New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue
- “Whitewash Waiver”** : The waiver which the SIC granted on 28 July 2016 of the requirement for Kwan Chee Seng and his Concert Parties to make a mandatory general offer to the Independent Shareholders to acquire all their Shares under Rule 14 of the Code as a result of their subscription of the Right Shares and New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue, subject to the satisfaction of any conditions as may be imposed by the SIC

Currencies, Units and Others

- “S\$” or “\$” and “cent”** : Singapore dollar and cent, respectively
- “US\$”** : United States dollar
- “%” or “per cent”** : Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “subsidiary” shall have the same meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporation.

DEFINITIONS

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, the SFA, the Listing Manual or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

GRP LIMITED

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

Board of Directors

Daniel Teo Tong How (Independent Director and Chairman)
Kwan Chee Seng (Executive Director)
Goh Lik Kok (Independent Director)
Mahtani Bhagwandas (Independent Director)
Peter Moe (Independent Director)

Registered Office

11 Tanjong Penjuru Crescent
Singapore 608974

11 October 2016

To: The Shareholders of GRP Limited

Dear Sir/Madam

1. INTRODUCTION

The Directors are convening an EGM to be held at Lounge 1883, Level 1, Singapore Recreation Club, B Connaught Drive, Singapore 179682 on 27 October 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) to seek Shareholders' approval for the following proposals:

- (a) the Rights cum Warrants Issue; and
- (b) the Whitewash Resolution.

This Circular has been prepared to provide Shareholders with information relating to the proposals, which will be tabled at the EGM, notice of which is set out on pages 61 to 64 of this Circular.

Shareholders are advised that the SGX-ST assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this Circular. Approval in-principle has been obtained from the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the New Shares pursuant to the Rights cum Warrants Issue. The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries.

2. THE RIGHTS CUM WARRANTS ISSUE

2.1 Basis of the Rights cum Warrants Issue

On 24 May 2016, the Company announced that it is proposing to offer, on a renounceable non-underwritten basis, up to 69,760,022 Rights Shares at the Issue Price for each Rights Share, with up to 69,760,022 free detachable Warrants, each Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price, on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed.

Based on the Company's issued and paid-up share capital of 139,520,044 Shares as at the Latest Practicable Date, the Company will issue up to 69,760,022 Rights Shares with 69,760,022 free Warrants.

LETTER TO SHAREHOLDERS

2.2 Principal Terms of the Rights Shares

The principal terms of the Rights Shares are as set out below:

- Number of Rights Shares : Up to 69,760,022 Rights Shares (with up to 69,760,022 Warrants) will be issued.
- Basis of Provisional Allotment : One (1) Rights Share for every two (2) existing Shares held by Entitled Shareholders as at the Books Closure Date, with one (1) free Warrant for every one (1) Rights Share subscribed, fractional entitlements will be disregarded.
- Issue Price : S\$0.25 for each Rights Share, payable in full on acceptance and/or application.
- Discount : The Issue Price represents a discount of approximately 21.88% to the closing price of S\$0.32 per Share on the SGX-ST on 23 May 2016 (being the Market Day the Shares were last transacted prior to the release of the announcement of the Rights cum Warrants Issue) and 15.82% to the theoretical ex-rights price of S\$0.297 per Share (before any exercise of the Warrants).
- Status of the Rights Shares : The Right Shares are payable in full upon acceptance and application. The Rights Shares will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date of which falls on or after the date of issue of the Rights Shares.
- Eligibility to participate in the Rights cum Warrants Issue : Please refer to paragraph 2.6 of this Circular for further details.
- Listing of the Rights Shares : Approval in-principle for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the SGX-ST has been granted by the SGX-ST on 2 August 2016, subject to certain conditions, details of which are set out in paragraph 2.5 of this Circular.
- The approval in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries.
- Trading of the Rights Shares : Upon the listing of and quotation for the Rights Shares on the Official List of SGX-ST, the Rights Shares will be traded on the Official List of SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Official List of the SGX-ST, each board lot of Shares will comprise 100 Shares or such other number of Shares as may be notified by the Company.

LETTER TO SHAREHOLDERS

Acceptance, excess application and : Entitled Shareholders will be at liberty to accept in full or
payment procedures : in part, decline or otherwise renounce or in the case of
Entitled Depositors, trade their provisional allotments of
the Rights Shares with Warrants on the SGX-ST during
the provisional allotment trading period prescribed by the
SGX-ST and will be eligible to apply for the excess Rights
Shares with Warrants.

Provisional allotments of Rights Shares with Warrants
which are not taken up or allotted for any reason shall be
aggregated and used to satisfy excess applications for
Rights Shares with Warrants (if any) or otherwise dealt with
in such manner as the Board may in its absolute discretion
deem fit in the interests of the Company.

In the allotment of excess Rights Shares with Warrants,
preference will be given to the Entitled Shareholders in
satisfaction of their applications for excess Rights Shares
with Warrants, if any, provided that where there are
insufficient excess Rights Shares with Warrants to allot
to each application, the Company shall allot the excess
Rights Shares with Warrants to the Entitled Shareholders
such that preference will be given to the rounding of odd
lots. Directors and Substantial Shareholders who have
control or influence over the Company in connection with
the day-to-day affairs of the Company, or the terms of the
Rights cum Warrants Issue, or have representation (direct
or through a nominee) on the Board will rank last in priority
for the rounding of odd lots and allotment of the excess
Rights Shares with Warrants.

The procedures for acceptance, payment and excess
application by the Entitled Depositors and the procedures
for acceptance, payment, splitting, renunciation and
excess application by the Entitled Scripholders will be set
out in the Offer Information Statement to be despatched to
the Entitled Shareholders in due course, subject to, *inter
alia*, the Rights cum Warrants Issue being approved by
the Shareholders at the EGM.

Irrevocable Undertaking : Please refer to paragraph 2.7 of this Circular for further
details.

Non-underwritten : The Rights cum Warrants Issue is non-underwritten.

Fractional entitlements : Fractional entitlements to the Rights Shares with Warrants
(if any) will be disregarded in arriving at the Entitled
Shareholders' entitlements and will, together with the
provisional allotments which are not taken up or allotted
for any reason, be aggregated and used to satisfy excess
applications for the Rights Shares with Warrants (if any),
or be disposed of or otherwise dealt with in such manner
as the Directors may, in their absolute discretion, deem fit
in the interests of the Company.

LETTER TO SHAREHOLDERS

Use of CPF Funds : CPF members may use their savings in the CPF Ordinary Account (subject to the availability of investible savings) for the payment of the Issue Price to subscribe for their provisional allotments of the Rights Shares with Warrants and/or apply for excess Rights Shares with Warrants, subject to the applicable CPF rules and regulations.

Such members who wish to accept the provisional allotment of the Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using the CPF Funds will need to instruct their respective approved banks, where they hold their CPF Investment Accounts, to accept and (if applicable) apply for the Rights Shares with Warrants on their behalf in accordance with the terms and conditions of the Offer Information Statement. CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with Warrants directly from the market.

Governing law : Laws of Singapore.

2.3 Principal Terms of the Warrants

The principal terms of the Warrants are as set out below:

Number of Warrants : Up to 69,760,022 Warrants will be issued free together with the Rights Shares subscribed.

Basis of Provisional Allotment : One (1) free Warrant for every one (1) Rights Share subscribed, fractional entitlements will be disregarded.

Detachability and trading : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the Official List of the SGX-ST under the book-entry (scripless) settlement system upon the listing of and quotation for the Warrants on the Official List of SGX-ST, subject to, *inter alia*, a sufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants. Each board lot of Warrants will consist of 100 Warrants or such other number as may be notified by the Company.

Listing of Warrants and the New Shares : Approval in-principle for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Official List of the SGX-ST has been granted by the SGX-ST on 2 August 2016, subject to certain conditions, including there being a sufficient spread of holdings of the Warrants to provide for an orderly market in the trading of the Warrants ("**Spread Condition**").

LETTER TO SHAREHOLDERS

Under Rule 826 of the Listing Manual, it is provided that as a guide, the SGX-ST expects at least 100 warrant holders for a class of company warrants for a sufficient spread of holdings of the warrants to provide for an orderly market in the trading of the warrants. **In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants because the Spread Condition is not met for any reason in respect of any Warrants issued, Warrant holders should note that they will not be able to trade their Warrants on the SGX-ST.**

- Form and subscription rights : The Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, each Warrant shall entitle the Warrant holder, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price in force on the relevant exercise date of the Warrants.
- Exercise Price : S\$0.25 payable for each New Share on the exercise of a Warrant, which price will be subject to adjustments under certain circumstances to be set out in the Deed Poll.
- Exercise Period : The Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the first (1st) anniversary of the date of issue of the Warrants, unless such date is a date on which the Register of Members and/or Register of Warrant holders is/are closed or is not a Market Day, in which event the Warrants shall expire on the date prior to the closure of the Register of Members and/or Register of Warrant holders or on the immediately preceding Market Day, as the case may be (but excluding such period(s) during which the Register of Members and/or Register of Warrant holders may be closed) and subject to the terms and conditions of the Warrants to be set out in the Deed Poll. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.
- End of Exercise Period : The Company shall, not later than one (1) month before the expiry of the Exercise Period, give notice to the Warrant holders in accordance with the conditions set out in the Deed Poll.

Additionally, the Company shall, not later than one (1) month before the expiry of the Exercise Period, take reasonable steps to notify the Warrant holders in writing of the expiration date of the Warrants and such notice shall be delivered by post to the address of the Warrant holder as recorded in the Register of Warrant holders or, in the case of Warrant holders whose Warrants are registered in the name of CDP, their addresses as shown in the records of CDP.

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Without prejudice to the generality of the foregoing, Warrantheolders who acquire Warrants after the notice of the expiry of the Exercise Period has been given in accordance with the aforementioned shall be deemed to have notice of the expiry of the Exercise Period so long as such notice has been given in accordance with the terms and conditions to be set out in the Deed Poll.

- Mode of payment for exercise of Warrants : Warrantheolders who exercise their Warrants must pay the Exercise Price (a) by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore in favour of the Company, for the full amount of the Exercise Price payable in respect of the Warrant(s) exercised; or (b) subject to the Warrants being listed on the Official List of SGX-ST, by debiting the relevant Warrantheolder's CPF Investment Account (as defined in the Deed Poll) with the specified CPF Approved Bank (as defined in the Deed Poll), for the credit of the Special Account (as defined in the Deed Poll) for the full amount of the Exercise Price payable in respect of the Warrant(s) exercised; or (c) subject to the Warrants being listed on the Official List of SGX-ST, partly in the form of remittance stated in (a) above and/or partly by debiting such Warrantheolder's CPF Investment Account with his CPF Approved Bank for the credit of the Special Account such that the aggregate amount of such remittance and/or the amount credited to the Special Account by the CPF Approved Bank is equal to the full amount of the Exercise Price payable in respect of the Warrant(s) exercised.
- Status of New Shares : The New Shares arising from the exercise of the Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the Record Date of which falls on or after the date of issue of the New Shares, save as may be otherwise provided in the Deed Poll.
- Adjustment to Exercise Price and/or the number of Warrants : The Exercise Price and/or the number of Warrants to be held by each Warrantheolder will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include;
- (i) Consolidation, Subdivision, Reclassification or Conversion
- Any consolidation, subdivision, reclassification or conversion of the Shares; or

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(ii) Capitalisation Issues

An issue by the Company of Shares to Shareholders credited as fully paid, by way of capitalisation of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund but excluding any issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares); or

(iii) Capital Distribution

A capital distribution made by the Company to Shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets); or

(iv) Rights Issues

An offer or invitation made by the Company to Shareholders whereunder they may acquire or subscribe for Shares by way of rights; or

(v) Issues at Discount other than by way of Rights

An issue (otherwise than pursuant to (a) a rights issue available to all Shareholders and requiring an adjustment under sub-paragraph (iv) above, and (b) an issue of Shares made where the Shareholders had an option to take cash or other dividend in lieu of the relevant Shares) by the Company of Shares, if the total effective consideration per Share is less than ninety (90) per cent of the current market price per Share.

Any additional Warrants issued pursuant to such adjustments shall rank *pari passu* with the Warrants and will for all purposes form part of the same series. Any such adjustments will (unless otherwise provided under the rules of the SGX-ST from time to time) be announced by the Company on the SGXNET.

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Modification of the rights of the Warrantheolders : The Company may, without the consent of the Warrantheolders but in accordance with the terms and conditions of the Deed Poll, effect any modification to the terms and conditions of the Deed Poll, including the terms and conditions of the Warrants which, in the opinion of the Company, (i) is not materially prejudicial to the interests of the Warrantheolders or (ii) is of a formal, technical or minor nature or (iii) is to correct a manifest error or to comply with mandatory provisions of the Singapore law or the Listing Manual or (iv) is to vary or replace provisions relating to the transfer or exercise of the Warrants including the issue of New Shares arising from the exercise thereof or meetings of Warrantheolders in order to facilitate trading in or the exercise of Warrants or in connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on SGX-ST.

Any such modification shall be binding on the Warrantheolders and all persons having an interest in the Warrants. Upon any modification of the terms of the Deed Poll and/or the terms and conditions of the Warrants, notice shall be given to the Warrantheolders in accordance with the terms and conditions of the Warrants to be set out in the Deed Poll as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration of the terms and conditions of the Warrants after the issue thereof to the advantage of the Warrantheolders and/or prejudicial to the Shareholders must be approved by the Shareholders at a general meeting, except where the alterations are made pursuant to the terms and conditions of the Warrants to be set out in the Deed Poll.

Transfer and transmission : The Warrants shall be transferable in lots entitling the Warrantheolder to subscribe for whole number of New Shares. A Warrant may only be transferred in the manner prescribed in the terms and conditions of the Warrants to be set out in the Deed Poll including, *inter alia*, the following:

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- (i) Warrants not registered in the name of CDP - a Warranholder whose Warrants are registered otherwise than in the name of CDP (the "**Transferor**") shall lodge, during normal business hours on any Market Day at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with a transfer form as prescribed by the Company from time to time (the "**Transfer Form**") duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty, provided always that the Warrant Agent may dispense with requiring CDP to sign as transferee any Transfer Form for the transfer of Warrants to CDP. A Transferor shall be deemed to remain a Warranholder of the Warrants until the name of the transferee is entered in the Register of Warranholders by the Warrant Agent;
- (ii) Deceased Warranholder - the executors or administrators of a deceased Warranholder whose Warrants are registered otherwise than in the name of CDP (not being one of several joint holders) or, if the registered holder of the Warrants is CDP, of a deceased Depositor and, in the case of the death of one or more of several joint Warranholders, the survivor or survivors of such joint holders shall be the only persons recognised by the Company and the Warrant Agent as having any title to the Warrants registered in the name of the deceased Warranholder / Depositor. Such persons shall be entitled to be registered as a holder of the Warrants and/or to make such transfer(s) as the deceased Warranholder could have made, upon the production by such persons to the Company and the Warrant Agent of such evidence as may be required by the Company to prove their title and on completion of a Transfer Form and payment of the fees and expenses to be set out in the Deed Poll; and
- (iii) Warrants registered in the name of CDP - where the Warrants are registered in the name of CDP and the Warrants are to be transferred between Depositors, such Warrants must be transferred in the Depository Register by CDP by way of book entry. A Depositor shall be deemed to remain a Warranholder of the Warrants until the name of the transferee is entered in the Depository Register by CDP.

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- Winding-up : If a resolution is passed for a members' voluntary winding-up of the Company (other than a winding-up for the purpose of reconstruction or amalgamation), the Warrantholders shall be entitled, upon and subject to the terms and conditions of the Deed Poll, at any time within six (6) weeks after the passing of such resolution for a members' voluntary winding-up of the Company, elect to be treated as if they had immediately prior to the commencement of such winding-up exercised the Warrants and had on such date been the holders of the New Shares to which they would have been entitled pursuant to such exercise, and the liquidator of the Company shall, if permitted by law, give effect to such election accordingly. The Company shall give notice to the Warrantholders in accordance with the terms and conditions to be set out in the Deed Poll of the passing of any such resolution within seven (7) days after the passing thereof. Where a Warrantholder has elected to be treated as if it had exercised its Warrants as aforesaid, it shall be liable to pay the Exercise Price in relation to such exercise.
- Subject to the foregoing, if the Company is wound up for any other reason, all Warrants which have not been exercised at the date of the passing of such resolution for the winding-up of the Company shall lapse and cease to be valid for all purposes.
- Further issues of securities : Subject to the terms and conditions of the Warrants to be set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit. However, the Warrantholders shall not have any participating rights in such further issues of Shares by the Company unless otherwise resolved by the Company at a general meeting.
- Use of CPF Funds : CPF members may use their savings in the CPF Ordinary Account (subject to the availability of investible savings) for the payment of the Exercise Price upon exercise of the Warrants (in which case the New Shares arising therefrom will be held through the CPF Investment Account). CPF members are NOT permitted to use the CPF Funds to:
- (i) purchase the provisional allotments of Rights Shares with Warrants directly from the market; and/or
 - (ii) purchase the Warrants directly from the market (the listing thereof subject to there being a sufficient spread of holdings).
- Warrant Agent : B.A.C.S. Private Limited
- Governing law : Laws of Singapore.

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The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be issued by the Company in due course following the EGM, if the Rights cum Warrants Issue is approved at the EGM. All Entitled Shareholders will receive the appropriate application forms and accompanying documents at their Singapore addresses.

2.4 Convertible Securities

As at the Latest Practicable Date, the Company does not have any outstanding convertible securities.

2.5 Conditions for the Rights cum Warrants Issue

The Rights cum Warrants Issue is subject to, *inter alia*, the following:

- (i) the receipt of approval in-principle from the SGX-ST and such approval not having been withdrawn or revoked on or prior to the Closing Date for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Official List of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (ii) the approval of the Shareholders for the Rights cum Warrants Issue being obtained at the EGM to be convened;
- (iii) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), with the Authority; and
- (iv) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

On 2 August 2016, the Company received the approval in-principle from the SGX-ST for the listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Official List of the SGX-ST, subject to the following:

- (i) Compliance with the SGX-ST's listing requirements;
- (ii) Shareholders' approval for the Rights cum Warrants Issue and the Whitewash Resolution;
- (iii) A written undertaking from the Company that it will comply with Rules 704(30), 815 and 1207(20) of the Listing Manual in relation to the use of the proceeds from the Rights cum Warrants Issue and from the exercise of the Warrants and where proceeds are to be used for working capital purposes, the Company will disclose a breakdown with specific details on the use of proceeds for working capital in the Company's announcements on use of proceeds and in the annual report;
- (iv) A written undertaking from the Company that it will comply with the confirmation given under Rule 877(10) of the Listing Manual with regard to the allotment of any excess Rights Shares with Warrants;
- (v) A written confirmation from financial institution(s) as required under Rule 877(9) of the Listing Manual that the shareholders who have given the irrevocable undertakings have sufficient financial resources to fulfil their obligations under its undertakings;

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- (vi) A written confirmation from the Company that there is a satisfactory spread of warrant holders (at least 100) to provide an orderly market for the Warrants in compliance with Rule 826 of the Listing Manual;
- (vii) A written confirmation from the Company that the terms of the warrants issue do not permit revision of the exercise price/ratio in any form, other than in compliance with Rule 829(1) of the Listing Manual; and
- (viii) A written undertaking from the Company that Rules 820, 830 and 831 of the Listing Manual will be complied with.

The approval-in-principle granted by the SGX-ST is not to be taken as an indication of the merits of the Rights cum Warrants Issue, the Rights Shares, the Warrants, the New Shares, the Company and/or its subsidiaries. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Circular.

2.6 Eligibility of Shareholders to participate in the Rights cum Warrants Issue

2.6.1 Entitled Shareholders

Entitled Shareholders will be entitled to participate in the Rights cum Warrants Issue and to receive the Offer Information Statement together with the AREs or PALs, as the case may be, and the accompanying documents at their respective Singapore addresses. Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP for the period up to the Closing Date. Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar for the period up to the Closing Date.

Entitled Shareholders will be provisionally allotted the Rights Shares with Warrants on the basis of their shareholdings as at the Books Closure Date. Entitled Shareholders are at liberty to accept in full or in part, decline or otherwise renounce or in the case of Entitled Depositors, trade their provisional allotments of the Rights Shares with Warrants on the Official List of the SGX-ST during the provisional allotment trading period prescribed by the SGX-ST and are eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Entitled Depositors, who wish to accept their provisional allotments of Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants, may only do so through CDP. Full details of the Rights cum Warrants Issue, including an indicative timetable of the key events, will be set out in the Offer Information Statement to be despatched to the Entitled Shareholders in due course.

All dealings in and transactions of the provisional allotments of the Rights Shares with Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the SGX-ST.

(i) Entitled Depositors

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to effect any change in address must reach CDP not later than three (3) Market Days before the Books Closure Date.

(ii) Entitled Scripholders

Entitled Scripholders are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP prior to the Books Closure Date so that their Securities Accounts may be credited by CDP with their Shares and the provisional allotments of

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Rights Shares with Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Rights Shares with Warrants on the twelfth (12th) Market Day from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

Entitled Scripholders should also note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

2.6.2 Provisional Allotments and Excess Applications

Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue. Fractional entitlements to the Rights Shares with Warrants will be disregarded in arriving at the Entitled Shareholders' entitlements and will, together with the provisional allotments which are not taken up for any reason, be aggregated and used to satisfy excess applications (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority.

The Company will not make any allotment and issue of Rights Shares with Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders at a general meeting.

2.6.3 Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Rights cum Warrants Issue will be lodged with the Authority. They have not been and will not be registered, lodged or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. For practical reasons and in order to avoid any violation of the securities legislation applicable in jurisdictions other than Singapore, the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Foreign Shareholders will not be entitled to participate in the Rights cum Warrants Issue. Accordingly, no provisional allotment of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application therefor by Foreign Shareholders will be valid.

Foreign Shareholders who wish to be eligible to participate in the Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, (i) CDP at 9 North Buona Vista Drive #01-19/20 The Metropolis Singapore 138588; or (ii) GRP Limited c/o Share Registrar at 77 Robinson Road #13-00 Robinson 77 Singapore 068896, not later than three (3) Market Days before the Books Closure Date.

The OIS and its accompanying documents will also not be despatched to persons purchasing the provisional allotment of the Rights Shares with Warrants through the book-entry (scripless) settlement system if their registered addresses with CDP are outside Singapore ("**Foreign Purchasers**"). Foreign Purchasers who wish to accept the provisional allotments of the Rights Shares with Warrants credited to their Securities Accounts should make the necessary arrangements with their Depository Agents or stockbrokers in Singapore.

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The Company reserves the right to reject any acceptances of the Rights Shares with Warrants and/or applications for excess Rights Shares with Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid or to decline to register such application or purported application which (a) appears to the Company or its agent to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) or which requires the Company to despatch the share certificate(s) for the Rights Shares and Warrants to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

If it is practicable to do so, arrangements may, in the discretion of the Company, be made for the provisional allotments of Rights Shares with Warrants which would otherwise have been provisionally allotted to Foreign Shareholders to be sold “nil-paid” on the SGX-ST as soon as practicable, after dealings in the provisional allotments of Rights Shares with Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares entered against their names in the Depository Register as at the Books Closure Date and sent to them by means of a crossed cheque drawn on a bank in Singapore sent by ordinary post to their mailing address as recorded with CDP or in such other manner as they may have agreed with CDP for the payment of any cash distributions at their own risk, provided that where the amount of net proceeds to be distributed to any single Foreign Shareholder is less than S\$10.00, the Company will be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CDP or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares with Warrants are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CDP or their respective officers in respect of such sales or the proceeds thereof, the provisional allotment of Rights Shares with Warrants represented by such provisional allotments.

If such provisional allotments cannot be or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with Warrants, the Rights Shares with Warrants represented by such provisional allotments will be allotted and issued to satisfy excess applications or disposed of or dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the sole benefit of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the Share Registrar, CDP or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Entitled Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to keep themselves informed of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any regulatory or legal requirements in those territories.

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The Rights Shares with Warrants which are not otherwise taken up or allotted for any reason shall be used to satisfy excess applications for Rights Shares with Warrants as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

The procedures for, and the terms and conditions applicable to, acceptance, renunciation and/or sale of the provisional allotment of Rights Shares with Warrants and for application for excess Rights Shares with Warrants pursuant to the Rights cum Warrants Issue will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to the Entitled Shareholders in due course.

2.7 Irrevocable Undertaking

As at the Latest Practicable Date, the Undertaking Shareholder holds 40,715,960 Shares, representing approximately 29.18% of the issued share capital of the Company. The Undertaking Shareholder is an executive Director and the controlling shareholder of the Company.

To show his support for the Rights cum Warrants Issue and to demonstrate his commitment to the Company, the Undertaking Shareholder has furnished the Irrevocable Undertaking to the Company that, among others:

- (i) he will subscribe and pay for all his entitlement of 20,357,980 Rights Shares by the Closing Date;
- (ii) that he will not sell, transfer or otherwise deal with any of the 40,715,960 Shares that he owned or controlled as at the date of the Irrevocable Undertaking, during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares; and
- (iii) he will vote in favour of the Rights cum Warrants Issue at the EGM.

The Undertaking Shareholder had furnished a confirmation of his financial resources from a financial institution to the Company pursuant to the Irrevocable Undertaking.

For illustrative purposes only, depending on the level of subscription of the Rights cum Warrants Issue, the shareholding of the Undertaking Shareholder after the completion of the Rights cum Warrants Issue is set out below:

- (a) Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 139,520,044 Shares ("**Existing Share Capital**"), and assuming that all Entitled Shareholders subscribe in full for their entitlements, the Company will issue 69,760,022 Rights Shares and 69,760,022 Warrants (the "**Maximum Subscription Scenario**"):

	Number of Shares held as at the Latest Practicable Date	Shareholding (%)	Rights entitlement to be subscribed	Assuming none of the Warrants are exercised		Assuming all of the Warrants are exercised		Assuming only the Undertaking Shareholder exercised the Warrants	
				Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Kwan Chee Seng	40,715,960	29.18	20,357,980	61,073,940	29.18	81,431,920	29.18	81,431,920	35.46
Other Shareholders	98,804,084	70.82	49,402,042	148,206,126	70.82	197,608,168	70.82	148,206,126	64.54
Total	139,520,044	100.00	69,760,022	209,280,066	100.00	279,040,088	100.0	229,638,046	100.0

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- (b) Based on the Existing Share Capital, and assuming that only the Undertaking Shareholder subscribes for his entitlement under the Irrevocable Undertaking, the Company will issue approximately 20,357,980 Rights Shares and 20,357,980 Warrants (the “**Minimum Subscription Scenario**”):

	Number of Shares held as at the Latest Practicable Date	Shareholding (%)	Rights entitlement to be subscribed	Assuming none of the Warrants are exercised		Assuming all of the Warrants are exercised	
				Number of Shares	Shareholding (%)	Number of Shares	Shareholding (%)
Kwan Chee Seng	40,715,960	29.18	20,357,980	61,073,940	38.20	81,431,920	45.18
Other Shareholders	98,804,084	70.82	0	98,804,084	61.80	98,804,084	54.82
Total	139,520,044	100.00	20,357,980	159,878,024	100.00	180,236,004	100.0

The Irrevocable Undertaking is subject to and conditional upon, *inter alia*:

- (i) the grant of the Whitewash Waiver by the SIC and such approval not having been withdrawn or revoked on or prior to the Closing Date;
- (ii) the receipt of approval in-principle from the SGX-ST and such approval not having been withdrawn or revoked on or prior to the Closing Date for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Official List of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (iii) the approval of the Shareholders for the Rights cum Warrants Issue and the approval of the Independent Shareholders for the Whitewash Resolution being obtained at the EGM to be convened;
- (iv) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights cum Warrants Issue, with the Authority; and
- (v) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

2.8. Rationale for the Rights cum Warrants Issue and Use of Proceeds

The Directors are proposing the Rights cum Warrants Issue as they believe that such issue will allow existing Shareholders to further participate in the expected future growth of the Group. As announced on 18 March 2016, the Group has successfully tendered for a portion of lands with an area of 165 mu (equivalent to approximately 110,000 square metres) located in Tangshan City, PRC, which forms part of the land site of 1195.98 mu available for an integrated mixed development project. In this regard, the Company is offering each Rights Share at a discount of approximately 21.88% to the closing price of S\$0.32 per Share on the SGX-ST on 23 May 2016 (being the Market Day the Shares were last transacted prior to the release of the announcement of the Rights cum Warrants Issue) to attract Shareholders to subscribe for their pro rata entitlements of Rights Shares with Warrants under the Rights cum Warrants Issue.

The Rights cum Warrants Issue would also enable the Company to strengthen the financial position and capital base of the Group. The net proceeds arising from the Rights cum Warrants Issue will equip the Company with readily available cash resources to take advantage of opportunities that may arise and execute its business and expansion plans. The Group had cash of S\$57 million as at 31 December 2015. Subsequent to 31 December 2015, the Group had utilised S\$34.0 million for the acquisition of 99.56% interest in Starland and another S\$16.7 million for the acquisition of land in Tangshan, PRC in the first half of 2016. With the available cash reserves arising from the net proceeds from the Rights

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cum Warrants Issue, the Company will be able to participate in opportunities and business plans that require a larger cash outlay.

The Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$17.09 million from the Rights Shares under the Maximum Subscription Scenario (the “**Net Proceeds**”), after deducting estimated expenses of approximately S\$0.35 million.

The Company intends to use the Net Proceeds from the Rights Shares (assuming the Maximum Subscription Scenario) in the following proportion:

Use of Proceeds	Amount (S\$' million)	Percentage Allocation (%)
To fund the purchase of lands, new investments and business expansion through acquisitions, joint ventures and/or strategic alliances	16.00	93.62
General working capital	1.09	6.38

Should the amounts raised fall below the Maximum Subscription Scenario, the use of proceeds would be reduced in proportion to the fixed percentage allocation.

Assuming all Warrants issued are exercised, the estimated gross proceeds from the exercise of the Warrants will be approximately S\$17.44 million under the Maximum Subscription Scenario (“**Exercise Proceeds**”). As and when the Warrants are exercised, the Exercise Proceeds raised may, in the discretion of the Directors, be applied towards funding of purchase of lands, new investments and business expansion and/or general working capital requirements.

The Company had on 23 September 2016 announced that it would utilise the Net Proceeds and/or the Exercise Proceeds to fund (i) the subscription by the Company of 85,227,272 new ordinary shares in the capital of Starland at a subscription price of S\$0.1408 for each new share and 63,931,805 share options conferring the right to subscribe for 101,225,360 new ordinary shares in the share capital of Starland at an exercise price of S\$0.1877 for each new share; and (ii) the acquisition by the Company of the entire issued and paid up share capital of Starland’s wholly-owned subsidiaries, Starland Axis Pte. Ltd. and Starland Commercial Trading Pte. Ltd. Please refer to the announcements made by the Company on 23 September 2016 for further information.

In the reasonable opinion of the Directors, and in view of the Irrevocable Undertaking, there is no minimum amount which must be raised from the Rights cum Warrants Issue. The Directors are of the opinion that, after taking into consideration the Group’s internal resources and operating cash flows, the working capital available to the Group is sufficient for the Group to meet its present requirements and continue to operate as a going concern.

The Company will make periodic announcements on the utilisation of the Net Proceeds and/or Exercise Proceeds as and when such proceeds are materially disbursed and provide a status report on the use of such proceeds in the Company’s annual report.

Pending the deployment of the Net Proceeds and/or Exercise Proceeds, such proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit.

2.9 Offer Information Statement

An Offer Information Statement will be despatched to Entitled Shareholders subject to, among others, the approval of Shareholders for the Rights cum Warrants Issue being obtained at the EGM. Acceptances and applications under the Rights cum Warrants Issue can only be made on the following (all of which will form part of the Offer Information Statement):

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- (i) the PAL, in the case of Entitled Scripholders whose Shares are registered in their own names;
- (ii) the ARE, or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and/or
- (iii) the ARS, or through the ATMs of the Participating Banks, in the case of persons purchasing provisional allotment of Rights Shares with Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

The procedures for acceptance, excess application and payment by Entitled Shareholders will be set out in the Offer Information Statement.

2.10 Non-Underwritten Basis

The Rights cum Warrants Issue will not be underwritten. The Company believes that the Issue Price of S\$0.25 for each Rights Share, which represents a discount of approximately 21.88% to the closing price of S\$0.32 per Share on the SGX-ST on 23 May 2016 (being the Market Day the Shares were last transacted prior to the release of the announcement of the Rights cum Warrants Issue) is attractive.

In addition to the above, the Directors are of the opinion that there is no minimum amount which must be raised from the Rights cum Warrants Issue. In view of the Irrevocable Undertaking as well as cost considerations, the Company has decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

2.11 Books Closure Date

The Books Closure Date for the purpose of determining Entitled Shareholders' entitlements under the Rights cum Warrants Issue will be announced at a later date.

3. FINANCIAL INFORMATION OF THE GROUP

3.1 Consolidated Income Statements and Consolidated Statements of Comprehensive Income

The audited consolidated income statements of the Group for FY2014, FY2015 and FY2016 are set out below:

	← Audited →		
	FY2014	FY2015	FY2016
	S\$'000	S\$'000	S\$'000
Revenue	27,067	24,456	27,065
Cost of sales	(17,193)	(15,185)	(19,400)
Gross profit	9,874	9,271	7,665
Other gains and losses	(454)	(211)	14,764
Other operating income	373	438	727
Distribution costs	(2,009)	(1,892)	(2,044)
Administrative expenses	(4,550)	(6,245)	(6,280)
Finance costs	(36)	(33)	(183)
Profit before tax	3,198	1,328	14,649
Income tax (expense)	(488)	(369)	(1,931)
Profit for the year	2,710	959	12,718
Attributable to:			
Owners of the Company	2,759	842	12,735
Non-controlling interests	(49)	117	(17)
Profit for the year	2,710	959	12,718

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A review of the operations, business and financial performance of the Group is set out below:

FY2016 vs FY2015

The Group's revenue of \$27.1 million for FY2016 was 10.7% higher than the revenue of \$24.5 million for FY2015. Revenue for Hose and Marine segment declined by \$3.7 million and Measuring Instrument segment dropped by \$1.2 million. These declines were offset by revenue generated by the newly acquired Property segment which amounted to \$7.4 million.

The lower revenue in Hose and Marine segment and Measuring Instrument segment was largely due to weaker demand in FY2016, attributed to the weak global economic condition and falling oil price.

The Group's gross profit decreased by 17.3% from \$9.3 million in FY2015 to \$7.7 million in FY2016. Gross profit for Hose and Marine segment and Measuring Instrument segment decreased by \$2.4 million from \$9.3 million in FY2015 to \$6.8 million in FY2016, as a result of the lower revenue in FY2016. Gross profit for the newly acquired Property segment is \$0.8 million.

Other gains comprised premium arising from the acquisition of Starland amounting to \$23.0 million, which was partially offset by an impairment provision of \$6.5 million on properties held for sale and \$0.4 million on development properties, and an additional buyer's stamp duty of \$1.3 million paid for a Singapore development property.

Other operating income improved by 66% in FY2016 as compared to FY2015 mainly due to higher interest income and government grants received in FY2016.

Finance expenses increased by \$0.2 million in FY2016 as compared to FY2015 mainly due to interest expenses incurred by the newly acquired Starland Group.

Distribution expenses increased by 8.0% on a year-on-year comparison mainly due to the newly acquired Starland Group.

Administrative expenses increased by 0.6% from \$6.2 million in FY2015 to \$6.3 million in FY2016. The increase was largely due the administrative expenses of the newly acquired Starland Group which amounted to \$1.4 million, partially offset by a non-recurring allowance for doubtful non-trade receivables of \$1.2 million provided in FY2015 as well as a reduction in administrative expenses of \$0.2 million for Hose and Marine segment and Measuring Instrument segment. The allowance for doubtful non-trade receivables was related to a deposit paid in accordance to a framework structure agreement which was announced on 30 July 2014 and 15 August 2014.

Consequently, profit before tax increased by \$13.3 million from \$1.3 million in FY2015 to \$14.6 million in FY2016.

FY2015 vs FY2014

The Group's revenue of \$24.5 million for FY2015 was 9.6% lower than the revenue of \$27.1 million for FY2014. Revenue for Hose and Marine segment declined by \$2.5 million and uPVC Fittings segment dropped by \$0.5 million. These declines were partially offset by an improvement of \$0.3 million in the revenue for Measuring Instrument segment.

The lower revenue for Hose and Marine segment was largely due to weaker demand in FY2015, attributed to the weak global economic condition and falling oil price. The decline in revenue for uPVC Fittings segment was due to the cessation of this business segment with effect from 1 July 2014.

The Group's gross profit decreased by 6.1% from \$9.9 million in FY2014 to \$9.3 million in FY2015 due to the lower revenue for FY2015.

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Other operating income improved by 17.4% in FY2015 as compared to FY2014 mainly due to the higher interest income, resulting from the increased cash and bank balances.

Distribution expenses decreased by 5.8% on a year-on-year comparison mainly due to the lower sales in FY2015 as compared to FY2014.

Administrative expenses increased by 37.3% from \$4.6 million in FY2014 to \$6.3 million in FY2015. The increase was largely due to an allowance for doubtful non-trade receivables of \$1.2 million and an increase in staff costs of \$0.5 million in FY2015. The allowance for doubtful non-trade receivables was related to a deposit paid in accordance to a framework structure agreement which was announced on 30 July 2014 and 15 August 2014. The higher staff costs in FY2015 was pertaining to the newly set-up property development business.

Consequently, profit before tax decreased by 58.5% from \$3.2 million in FY2014 to \$1.3 million in FY2015.

3.2 Statement of Financial Position

The audited Statement of Financial Position of the Group as at 30 June 2016 is set out below:

	Audited As at 30 June 2016 S\$'000
Non-current assets	
Other receivables	5,788
Property, plant and equipment	1,272
Intangible asset	25
Deferred tax assets	143
Total non-current assets	7,228
Current assets	
Cash and bank balances	24,684
Trade receivables	2,888
Other receivables and prepayments	1,640
Available-for-sale investment	782
Properties held for sale	52,360
Development properties	24,418
Inventories	5,355
Total current assets	112,127
Current liabilities	
Loans and borrowings	7,175
Trade payables	1,368
Other payables	6,724
Income tax payable	13,776
Total current liabilities	29,043

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	Audited As at 30 June 2016 S\$'000
Non-current liabilities	
Deferred tax liabilities	13,192
Total non-current liabilities	13,192
Net assets	77,120
Capital and reserves	
Share capital	59,250
Asset revaluation reserves	3,411
Currency translation reserves	(4,567)
Statutory reserve	52
Accumulated profits	18,912
Equity attributable to owners of the Company	77,058
Non-controlling interest	62
	77,120

The Group's financial position remained healthy with current ratio of around 3.9 times as at 30 June 2016 as compared to 17.6 times as at 30 June 2015. As at 30 June 2016, the Group had cash and bank balances amounting to \$24.7 million which is \$32.5 million lower than the balances as at 30 June 2015. The decrease was largely due to a net payment of \$24.1 million for the acquisition of the Starland Group and another payment of \$11.6 million for the acquisition of the development property in Tangshan, PRC during FY2016.

Other receivables and prepayments increased by \$1.2 million from \$0.4 million as at 30 June 2015 to \$1.6 million as at 30 June 2016 mainly due to other receivables and prepayments of \$1.0 million attributable to the newly acquired Starland Group.

Inventories decreased by 11.3% from \$6.0 million as at 30 June 2015 to \$5.4 million as at 30 June 2016 due to weaker demand, resulting from the weak global economic condition.

Properties held for sale comprised two property projects of the Starland Group, which are located in Chongqing, PRC.

Development properties comprised three pieces of land to be developed, which are situated in Chongqing, PRC, Tangshan, PRC, and Singapore.

Non-current assets increased by \$5.5 million from \$1.7 million as at 30 June 2015 to \$7.2 million as at 30 June 2016 mainly due to a disbursement of \$5.8 million as an advance paid in relation to the integrated mixed development project in Tangshan, PRC which was announced on 6 February 2015, 4 January 2016 and 18 May 2016.

Current liabilities increased by \$25.2 million from \$3.8 million as at 30 June 2015 to \$29.0 million as at 30 June 2016, as a result of an increase in loans and borrowings, other payables and income tax payable arising from the acquisition of the Starland Group.

Non-current liabilities increased by \$13.1 million from \$75,000 as at 30 June 2015 to \$13.2 million as at 30 June 2016 mainly due to the acquisition of the Starland Group.

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3.3 Statement of Cash Flows

The audited consolidated statement of cash flows of the Group for FY2016 is set out below:

	Audited FY2016 S\$'000
OPERATING ACTIVITIES:	
Profit before income tax	14,649
<i>Adjustments for:</i>	
Depreciation and amortisation	854
Interest income	(320)
Interest expenses	142
Gain on disposal of property, plant and equipment	(40)
Write back of trade receivables	(1)
Allowance for inventories	310
Write back of doubtful non-trade receivables	(62)
Impairment loss on properties held for sale	6,451
Impairment loss on development properties	443
Unrealised foreign exchange loss	1,150
Premium arising from acquisition	(22,990)
Operating cash flows before movements in working capital	(586)
Trade receivables	192
Other receivables and prepayments	(6,413)
Inventories	391
Properties held for sale	4,235
Development properties	(11,611)
Trade payables	(471)
Other payables	428
Cash generated from / (used in) operations activities	(12,663)
Income taxes paid	(610)
Net cash from / (used in) operating activities	(13,273)
INVESTING ACTIVITIES:	
Proceeds from disposal of property, plant and equipment	84
Purchase of property, plant and equipment	(287)
Acquisition of subsidiaries	(24,113)
Interest received	320
Net cash from / (used in) investing activities	(23,996)
FINANCING ACTIVITIES:	
Net proceeds from issue of shares	2,445
Interest paid	(142)
Repayment of bank loans	(3,050)
Decrease in pledged deposit	3,401
Net cash from financing activities	2,654
NET INCREASE IN CASH AND CASH EQUIVALENTS	(34,615)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	57,181
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(702)
CASH AND CASH EQUIVALENTS AT END OF YEAR ⁽¹⁾	21,864

Note:

(1) Cash and cash equivalents is derived from:

Cash and bank balances	24,684
Less: Pledged cash placed with bank	(2,820)
	21,864

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The Group's financial position remained healthy with current ratio of around 3.9 times as at 30 June 2016 as compared to 17.6 times as at 30 June 2015. As at 30 June 2016, the Group had cash and bank balances amounting to \$24.7 million, which is \$32.5 million lower than the balances as at 30 June 2015. The decrease was largely due to a net payment of \$24.1 million for the acquisition of the Starland Group and another payment of \$11.6 million for the acquisition of the development property in Tangshan, PRC during FY2016.

3.4 Working Capital

The working capital position of the Group as at 30 June 2014, 30 June 2015 and 30 June 2016 are set out below:

	← Audited →		
	As at 30 June 2014 S\$'000	As at 30 June 2015 S\$'000	As at 30 June 2016 S\$'000
Total current assets	62,655	66,977	112,127
Total current liabilities	4,501	3,803	29,043
Working Capital	58,154	63,174	83,084

A review of the working capital position of the Group is set out below:

30 June 2016 vs 30 June 2015

The Group's financial position remained healthy with current ratio of around 3.9 times as at 30 June 2016 as compared to 17.6 times as at 30 June 2015. As at 30 June 2016, the Group had cash and bank balances amounting to \$24.7 million, which is \$32.5 million lower than the balances as at 30 June 2015. The decrease was largely due to a net payment of \$24.1 million for the acquisition of the Starland Group and another payment of \$11.6 million for the acquisition of the development property in Tangshan, PRC during FY2016.

Other receivables and prepayments increased by \$1.2 million from \$0.4 million as at 30 June 2015 to \$1.6 million as at 30 June 2016 mainly due to other receivables and prepayments of \$1.0 million attributable to the newly acquired Starland Group.

Inventories decreased by 11.3% from \$6.0 million as at 30 June 2015 to \$5.4 million as at 30 June 2016 due to weaker demand, resulting from the weak global economic condition.

Properties held for sale comprised two property projects of the Starland Group, which are located in Chongqing, PRC.

Development properties comprised three pieces of land to be developed, which are situated in Chongqing, PRC, Tangshan, PRC and Singapore.

Current liabilities increased by \$25.2 million from \$3.8 million as at 30 June 2015 to \$29.0 million as at 30 June 2016, as a result of an increase in loans and borrowings, other payables and income tax payable arising from the acquisition of the Starland Group.

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30 June 2015 vs 30 June 2014

The Group's financial position remained sound with current ratio of around 17.6 times as at 30 June 2015 as compared to 14 times as at 30 June 2014. As at 30 June 2015, the Group had cash and bank balances amounting to \$57.2 million. This was \$5.9 million higher than the balances as at 30 June 2014. The increase was largely due to the net positive impact of proceeds of \$6.5 million arising from the exercise of warrants and cash of \$2.5 million generated from operating activities. The increase was offset by dividend payment of \$3.3 million during FY2015.

Inventories decreased by \$1.1 million from \$7.1 million as at 30 June 2014 to \$6.0 million as at 30 June 2015 due to weaker demand, resulting from the weak global economic condition.

Current liabilities decreased by \$0.7 million from \$4.5 million as at 30 June 2014 to \$3.8 million as at 30 June 2015, as a result of a decrease in trade and other payables as well as income tax payable.

4. FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The financial effects of the Rights cum Warrants Issue presented herein are purely for illustrative purposes only and do not purport to be indicative or a projection or an estimate of the financial results and financial positions of the Company and/or the Group immediately after the completion of the Rights cum Warrants Issue.

The financial effects have been prepared based on the latest audited consolidated financial statements of the Group for FY2016. The financial effects of the Rights cum Warrants Issue under the Maximum Subscription Scenario are presented herein after taking into account the following assumptions:

- (a) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the NTA per Share of the Group, the Rights cum Warrants Issue is assumed to have been completed on 30 June 2016; and
- (b) for the purpose of computing the financial effects of the Rights cum Warrants Issue on the EPS of the Group, the Rights cum Warrants Issue is assumed to have been completed on 1 July 2015.

4.1 Share Capital

As an illustration only, the financial effects of the Rights cum Warrants Issue on the share capital of the Company are as follows:

	Maximum Subscription Scenario	
	Number of Shares	S\$'000
As at the Latest Practicable Date	139,520,044	59,602
Add: Rights Shares to be issued	69,760,022	17,440
Issued share capital after the issue of Rights Shares	209,280,066	77,042
Add: New Shares to be issued from the exercise of the Warrants	69,760,022	17,440
Enlarged issued share capital after the Rights cum Warrants Issue and exercise of the Warrants	279,040,088	94,482

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4.2 NTA per Share

As an illustration only, the financial effects of the Rights cum Warrants Issue on the NTA per Share of the Group based on the latest audited financial statements of the Group as at 30 June 2016 are as follows:

	Maximum Subscription Scenario
<u>As at 30 June 2016</u>	
NTA before the Rights cum Warrants Issue (S\$'000)	77,033
Number of Shares before the Rights cum Warrants Issue ('000)	139,520
NTA per Share before the Rights cum Warrants Issue (cents)	55.21
Add : Net Proceeds from the Rights Shares (S\$'000)	17,090
NTA after the issue of Rights Shares (S\$'000)	94,123
Number of Shares after the issue of Rights Shares ('000)	209,280
NTA per Share after the issue of Rights Shares (cents)	44.97
Add : Exercise Proceeds from the exercise of the Warrants (S\$'000)	17,440
NTA after the Rights cum Warrants Issue and exercise of the Warrants (S\$'000)	111,563
Number of Shares after the Rights cum Warrants Issue and exercise of the Warrants ('000)	279,040
NTA per Shares after the Rights cum Warrants Issue and exercise of the Warrants (cents)	39.98

4.3 EPS

As an illustration only, the financial effects of the Rights cum Warrants Issue on the EPS of the Group based on the latest audited financial statements of the Group for FY2016 are as follows:

	Maximum Subscription Scenario
<u>FY2016</u>	
Net profit attributable to Shareholders (S\$'000)	12,735
Number of Shares before the Rights cum Warrants Issue ('000)	137,325
Number of Shares after the issue of Rights Shares ('000)	207,085
EPS before the issue of Rights Shares (cents)	9.27
EPS after the issue of Rights Shares (cents)	6.15
Number of Shares after the Rights cum Warrants Issue and exercise of the Warrants ('000)	276,845
EPS after the Rights cum Warrants Issue and the exercise of the Warrants (cents)	4.60

4.4 Net Gearing

As at 30 June 2016, the Group is in a net cash position, with bank balance of \$24.7 million and bank loans of \$7.2 million.

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5. THE WHITEWASH RESOLUTION

Under Rule 14 of the Code, except with the consent of the SIC, where:

- (a) any person acquires whether by a series of transactions over a period of time or not, Shares which (taken together with Shares held or acquired by parties acting in concert with him) carry 30% or more of the voting rights of the Company; or
- (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights of the Company and such person, or any person acting in concert with him, acquires in any period of six months additional Shares carrying more than 1% of the voting rights,

such person must extend a mandatory take-over offer immediately to the holders of any class of share capital of the Company which carries votes and in which such person, or persons acting in concert with him, hold Shares in accordance with the provisions of the Code. In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

5.1 Interest of the Undertaking Shareholder and Application to SIC

As at the Latest Practicable Date, the Undertaking Shareholder, who is an executive Director and the controlling shareholder of the Company, holds 40,715,960 Shares, representing approximately 29.18% of the issued share capital of the Company. Under the Minimum Subscription Scenario, the shareholding interest of the Undertaking Shareholder in the Company would be approximately 38.20% following his subscription of the Rights Shares and approximately 45.18% following his exercise of the Warrants. Accordingly, the subscription of the Rights Shares and New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue will result in the Undertaking Shareholder carrying 30% or more of the voting rights of the Company and thereby incurring an obligation on his part to make a mandatory general offer for the remaining Shares not already owned by him and his Concert Parties pursuant to Rule 14 of the Code (the “**Mandatory Take-over Offer**”).

An application was made on 25 May 2016 to the SIC for the grant of the Whitewash Waiver to the Undertaking Shareholder and his Concert Parties from making a Mandatory Take-over Offer.

5.2 Conditional Whitewash Waiver by the SIC

On 28 July 2016, the SIC granted the Whitewash Waiver subject to, *inter alia*, the satisfaction of the following conditions:

- (a) a majority of holders of voting rights of the Company present and voting at a general meeting, held before the Rights cum Warrants Issue, approve by way of a poll, the Whitewash Resolution;
- (b) the Whitewash Resolution is separate from other resolutions;
- (c) the Undertaking Shareholder, his Concert Parties and parties not independent of them abstain from voting on the Whitewash Resolution;
- (d) the Undertaking Shareholder and his Concert Parties did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which have been disclosed in this Circular):
 - (i) during the period between the date of the announcement of the Rights cum Warrants Issue and the date Shareholders’ approval is obtained for the Whitewash Resolution; and

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- (ii) in the six (6) months prior to the date of the announcement of the Rights cum Warrants Issue, but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise the Independent Shareholders on the Whitewash Resolution;
- (f) the Company sets out clearly in this Circular:
 - (i) details of the Rights cum Warrant Issue;
 - (ii) the possible dilution effect to existing holders of voting rights as a result of the Undertaking Shareholder acquiring (a) his entitlement of Rights Shares pursuant to the Irrevocable Undertaking and (b) New Shares upon exercise of the Warrants acquired pursuant to the Irrevocable Undertaking;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares held by the Undertaking Shareholder and his Concert Parties as at the Latest Practicable Date;
 - (iv) the number and percentage of voting rights to be issued to the Undertaking Shareholder as a result of his acquisition of (a) his entitlement of Rights Shares pursuant to the Irrevocable Undertaking and (b) New Shares upon exercise of the Warrants acquired pursuant to the Irrevocable Undertaking;
 - (v) that the Shareholders, by voting for the Whitewash Resolution, are waiving their rights to a general offer from the Undertaking Shareholder at the highest price paid by the Undertaking Shareholder and his Concert Parties for Shares in the Company in the past six (6) months preceding the commencement of the offer. In this regard, specific and prominent reference should be made to this;
- (g) this Circular states that the Whitewash Waiver is subject to the conditions stated in subparagraphs (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Whitewash Resolution;
- (i) to rely on the Whitewash Resolution, the acquisition by the Undertaking Shareholder of the Rights Shares and the Warrants pursuant to the Irrevocable Undertaking must be completed within three (3) months of the date of approval of the Whitewash Resolution and the acquisition of New Shares upon exercise of the Warrants must be completed within five (5) years of the issue of the Warrants; and
- (j) the Undertaking Shareholder complying or procuring the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Code.

5.3 Whitewash Resolution

The Independent Shareholders are therefore asked to vote, by way of a poll, on the Whitewash Resolution as set out as Ordinary Resolution 2 in the notice of the EGM attached to this Circular.

The Board has, on behalf of the Company, appointed Xandar Capital Pte Ltd as the IFA to advise the Independent Directors and the Independent Shareholders on the Whitewash Resolution. The recommendation of the IFA is outlined in paragraph 5.4 of this Circular. The letter from the IFA dated 11 October 2016, setting out their advice to the Independent Directors on the Whitewash Resolution is set out in Appendix A to this Circular (the "IFA Letter").

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In connection with the Whitewash Waiver, the Undertaking Shareholder has confirmed that he, whether by himself or with any of his Concert Parties, has not acquired any Shares in the Company in the six (6) months period prior to the date of the announcement of the Rights cum Warrants Issue and will not acquire any Shares in the Company in the period between the same and the date on which Independent Shareholders' approval is obtained for the Whitewash Resolution at the EGM.

5.4 Advice from the IFA

Xandar Capital Pte Ltd has been appointed as the IFA to advise the Independent Directors in relation to the Whitewash Resolution. The IFA Letter, setting out its advice in full, is reproduced in Appendix A to this Circular. Taking into consideration the factors set out in the IFA Letter, the information available to the IFA as at the Latest Practicable Date and subject to the qualifications and assumptions set out in the IFA Letter, the IFA is of the opinion that the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders.

Accordingly, the IFA advises the Independent Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

Shareholders should read the above in conjunction with, and in the context of, the IFA Letter in its entirety as set out in Appendix A to this Circular.

6. INTERESTS OF DIRECTORS AND/OR SUBSTANTIAL SHAREHOLDER

The interests of the Directors and Substantial Shareholder in the capital of the Company as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Daniel Teo Tong How	5,356,800 ⁽¹⁾	3.84	–	–
Kwan Chee Seng	40,715,960	29.18	–	–
Goh Lik Kok	–	–	–	–
Mahtani Bhagwandas	168,000	0.12	–	–
Peter Moe	–	–	–	–
Substantial Shareholder				
Kwan Chee Seng	40,715,960	29.18	–	–

Note:

(1) Registered in the name of a nominee which is holding the Shares as bare trustee.

7. PREVIOUS FUND RAISING EXERCISES

The Company has not conducted any fund raising exercise during the two years preceding the Latest Practicable Date. However, from 28 September 2014 to 27 November 2015, the Company had issued 112,172,213 new Shares arising from the exercise of 112,172,213 warrants at an exercise price of S\$0.08 for each new Share, pursuant to a rights cum warrants issue undertaken by the Company in 2013. The exercise period of such warrants expired on 27 November 2015.

LETTER TO SHAREHOLDERS

8. MATERIAL CONTRACTS

Save as disclosed herein and below, neither the Company nor any of its subsidiaries have entered into any material contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) during the two (2) years preceding the Latest Practicable Date:

- (i) The conditional sale and purchase agreement dated 14 October 2015 entered into by GRP Chongqing Land Pte. Ltd. ("**GRP CHQ**"), a wholly-owned indirect subsidiary of the Company, with Super Vantage Investment Limited, Able Lead International Limited, Billion Light Investment Limited, Zhongli Investment Limited and their respective shareholders, namely Tan Hoe San, Fan Yi Ru, Chen Hui Bin and Zhong Jia Feng in respect of the acquisition by GRP CHQ of an aggregate of 120,000,000 ordinary shares, representing 82.91% of the issued and paid-up share capital of Starland, for an aggregate purchase consideration of S\$28,320,000;
- (ii) The conditional sale and purchase agreement dated 20 June 2016 entered into by Starland, a 99.56%-owned indirect subsidiary of the Company, with the holders of equity interest in ayondo Holding AG ("**ayondo**") in respect of the acquisition by Starland of the equity interest of ayondo for an aggregate purchase consideration of S\$157,500,000, assuming the sale of 100% of the shares or interest in shares of ayondo and entitlement to shares in ayondo pursuant to conversion of convertible bonds, warrants and options previously issued by ayondo;
- (iii) The conditional sale and purchase agreement dated 23 September 2016 entered into between the Company and Starland in respect of the acquisition by the Company of the entire issued and paid-up share capital of Starland's wholly-owned subsidiaries, Starland Axis Pte. Ltd. and Starland Commercial Trading Pte. Ltd., for an aggregate purchase consideration of RMB179,389,000; and
- (iv) The subscription agreement dated 23 September 2016 entered into by the Company with Starland and other subscribers in respect of the placement of 134,943,181 new ordinary shares in the share capital of Starland at a subscription price of S\$0.1408 for each new share and 101,225,359 share options conferring the right to subscribe for 101,225,359 new ordinary shares in the share capital of Starland at an exercise price of S\$0.1877 for each new share.

9. MATERIAL LITIGATION

The Company entered into a corporate advisory and engagement services agreement dated 4 July 2014, as supplemented by an addendum to corporate advisory and engagement services agreement dated 11 August 2014 (collectively the "**Agreement**") with Pendragon Development Corporation ("**PDC**") where the Company will engage PDC as its adviser in relation to the setting up of a joint venture to undertake a property development project in Mayangone Township, Yangon, Myanmar ("**Proposed Investment**"). Please refer to the Company's announcement dated 29 July 2014 for more information on the Proposed Investment. Pursuant to the Agreement, the shareholders of PDC, namely Aung Naing Oo, Ngwe Soe and Ryan Cecil Zwe, had on 12 August 2014 entered into a deed of guarantee to guarantee the refund to the Company of US\$1,060,000 being advance payment made by the Company to PDC (the "**Guarantee**").

The Proposed Investment was terminated on 10 February 2015. The Company commenced legal action to enforce the guarantee for the refund of the advance payment of US\$960,000, as US\$100,000 had already been repaid by PDC. Consequently, the Company entered into a settlement agreement dated 7 June 2016 with Ryan Cecil Zwe in relation to the Guarantee, pursuant to which Ryan Cecil Zwe will pay to the Company a sum of US\$500,000 in eight instalments, with the first and last instalment to be paid on 30 June 2016 and 2 January 2020, respectively. As at the Latest Practicable Date, the Company has commenced legal action against Aung Naing Oo and Ngwe Soe to recover the balance sum of US\$460,000 in relation to the Guarantee.

LETTER TO SHAREHOLDERS

Save as disclosed above, as at the Latest Practicable Date, the Board is not aware of any legal or arbitration proceedings pending or threatened or known to be contemplated by or against the Group which might or which have had in the twelve (12) months immediately preceding the date of this Circular, a material effect on the financial position or profitability of the Company or the Group taken as a whole or of any facts likely to give rise to such litigation or arbitration claim.

10. DIRECTORS' RECOMMENDATIONS

10.1 Rights cum Warrants Issue

The Directors having considered, *inter alia*, the rationale for and the terms of the Rights cum Warrants Issue, are of the opinion that the Rights cum Warrants Issue is in the interests of the Company and Shareholders. Accordingly, the Directors recommend that Shareholders vote in favour of the Rights cum Warrants Issue at the EGM.

10.2 Whitewash Resolution

The Independent Directors having considered the rationale for the Rights cum Warrants Issue, the terms and conditions of the Rights cum Warrants Issue, the financial effects of the Rights cum Warrants Issue and the advice of the IFA, are of the opinion that the Whitewash Resolution is not prejudicial to the interests of Independent Shareholders. Accordingly, the Independent Directors recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

The Independent Directors wish to add that this resolution is an ordinary resolution and requires a majority of the Independent Shareholders present and voting at the EGM by way of a poll to approve the same. The Independent Directors also wish to add that voting for or against the Whitewash Resolution individually does not preclude the Independent Shareholders (on the basis that they are Entitled Shareholders for the Rights cum Warrants Issue) from accepting the Rights Shares with Warrants, declining or otherwise renouncing or trading their provisional allotments of Rights Shares with Warrants or applying (for that matter) additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

- (a) they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Code from the Undertaking Shareholder and his Concert Parties for the Independent Shareholders' Shares, which the Undertaking Shareholder and his Concert Parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by them for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue; and**
- (b) they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Rights Shares with Warrants.**

Shareholders are advised to read this Circular in its entirety and for those who may require advice in the context of their specific investment, to consult their respective bank manager, stockbroker, solicitor, accountant, tax adviser or other professional adviser.

LETTER TO SHAREHOLDERS

11. ABSTENTIONS FROM VOTING

Pursuant to the Whitewash Waiver, the Undertaking Shareholder and his Concert Parties will abstain from voting at the EGM on the ordinary resolution relating to the Whitewash Resolution.

The Undertaking Shareholder and his Concert Parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said resolution.

12. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 61 to 64 of this Circular, will be held at Lounge 1883, Level 1, Singapore Recreation Club, B Connaught Drive, Singapore 179682 on 27 October 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolutions set out in the notice of EGM.

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find a Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company not less than 48 hours before the time fixed for the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy if he finds that he is able to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the EGM.

14. CONSENT

The IFA has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name, the IFA Letter attached as Appendix A to this Circular and all references to its name in the form and context in which it appears in this Circular.

15. RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Whitewash Resolution, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

LETTER TO SHAREHOLDERS

16. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 11 Tanjong Penjuru Crescent, Singapore 608974, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (i) the Constitution of the Company;
- (ii) the annual reports of the Company for FY2014, FY2015 and FY2016;
- (iii) the IFA Letter;
- (iv) the IFA's consent letter referred to in paragraph 14 of this Circular;
- (v) the material contracts referred to in paragraph 8 of this Circular; and
- (vi) the Irrevocable Undertaking dated 24 May 2016, which has been given by the Undertaking Shareholder.

Yours faithfully
For and on behalf of the Board of Directors
GRP LIMITED

DANIEL TEO TONG HOW
INDEPENDENT DIRECTOR AND CHAIRMAN

APPENDIX A - LETTER FROM XANDAR CAPITAL PTE LTD TO THE INDEPENDENT DIRECTORS OF GRP LIMITED IN RESPECT OF THE WHITEWASH RESOLUTION RELATING TO THE RIGHTS CUM WARRANTS ISSUE

11 October 2016



GRP Limited

11 Tanjong Penjuru Crescent
Singapore 608974

Attention: The Independent Directors (as defined herein)

Dear Sirs

LETTER FROM XANDAR CAPITAL PTE LTD TO THE INDEPENDENT DIRECTORS OF GRP LIMITED (THE "COMPANY") IN RESPECT OF THE WHITEWASH RESOLUTION RELATING TO THE RIGHTS CUM WARRANTS ISSUE (AS DEFINED HEREIN)

Unless otherwise defined or the context otherwise requires, all terms used herein have the same meanings as defined in the circular to Shareholders of the Company dated 11 October 2016 (the "Circular").

1. INTRODUCTION

On 24 May 2016 (the "**Announcement Date**"), the Company announced that it is proposing to undertake a renounceable non-underwritten rights cum warrants issue of up to 69,760,022 new ordinary shares in the capital of the Company (the "**Rights Shares**") at an issue price of S\$0.25 for each Rights Share (the "**Issue Price**"), with up to 69,760,022 free detachable warrants (the "**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the "**New Share**") at an exercise price of S\$0.25 for each New Share (the "**Exercise Price**"), on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (the "**Shares**") held by the shareholders of the Company (the "**Entitled Shareholders**") as at a date and time to be determined by the Directors for the purpose of determining the Shareholders' entitlement (the "**Books Closure Date**"), fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed (the "**Rights cum Warrants Issue**").

As at the Latest Practicable Date, Mr. Kwan Chee Seng (the "**Undertaking Shareholder**") holds 40,715,960 Shares, representing approximately 29.18% of the issued share capital of the Company.

To show his support for the Rights cum Warrants Issue and to demonstrate his commitment to the Company, the Undertaking Shareholder has furnished an irrevocable undertaking dated 24 May 2016 (the "**Irrevocable Undertaking**") to the Company that, among others:

- (a) he will subscribe and pay for all his entitlement of 20,357,980 Rights Shares by the closing date of the Rights cum Warrants Issue ("**Closing Date**");
- (b) that he will not sell, transfer or otherwise deal with any of the 40,715,960 Shares that he owned or controlled as at the date of the Irrevocable Undertaking, during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares; and
- (c) he will vote in favour of the Rights cum Warrants Issue at the extraordinary general meeting ("**EGM**").

The fulfilment of the Undertaking Shareholder's obligations under the Irrevocable Undertaking, namely the subscription of the Rights Shares and the potential subscription of the New Shares arising from the exercise of the Warrants, may result in the Undertaking Shareholder increasing his shareholding in the Company to more than 30% thereby triggering a mandatory general offer for the remaining Shares not

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already owned by him and parties acting in concert with him pursuant to Rule 14 of the Code on Takeovers and Mergers (the “**Code**”) (the “**Mandatory Take-over Offer**”). An application was made to the Securities Industry Council (“**SIC**”) for a waiver of the obligation of the Undertaking Shareholder and its concert parties to make a Mandatory Take-over Offer (the “**Whitewash Waiver**”). The Whitewash Waiver was granted by the SIC on 28 July 2016, subject to the satisfaction of the conditions set out in Section 5.2 of the Circular, including approval by way of poll from the Shareholders who are deemed to be independent for the purposes of voting on the Whitewash Resolution (as defined herein) (“**Independent Shareholders**”) to waive their rights to receive the Mandatory Take-over Offer from the Undertaking Shareholder and parties acting in concert with him (the “**Whitewash Resolution**”) and the appointment of an independent financial adviser to advise on the Whitewash Resolution.

Xandar Capital Pte Ltd (“**Xandar Capital**”) has been appointed to advise the Directors who are considered independent of the Whitewash Resolution, namely Mr Daniel Teo Tong How, Mr Goh Lik Kok, Mr Mahtani Bhagwandas and Mr Peter Moe (collectively, the “**Independent Directors**”).

This letter sets out our evaluation of the Rights cum Warrants Issue, the Irrevocable Undertaking and the Whitewash Resolution, and our advice to the Independent Directors thereon (this “**IFA Letter**”). It forms part of the Circular issued by the Company in connection with the Rights cum Warrants Issue.

2. TERMS OF REFERENCE

Xandar Capital is not and was not involved in any aspect of the negotiations entered into by the Company or in the deliberations leading up to the decision of the Directors to, *inter alia*, undertake the Rights cum Warrants Issue, or the deliberations leading up to the decision of the Undertaking Shareholder to provide the Irrevocable Undertaking. Accordingly, we do not, by this IFA Letter, warrant the merits of the Rights cum Warrants Issue, the Irrevocable Undertaking and the Whitewash Resolution, other than to express an opinion on whether the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and whether the Whitewash Resolution, when considered in the context of the Rights cum Warrants Issue, is prejudicial to the interests of the Independent Shareholders.

Our terms of reference do not require us to evaluate or comment on the rationale for, legal, strategic or commercial merits and/or risks of the Rights cum Warrants Issue, the Irrevocable Undertaking and/or the Whitewash Resolution. We have not conducted any review of the business, operations or financial condition of the Company and its subsidiaries (the “**Group**”). We have also not relied on any financial projections or forecasts in respect of the Company or the Group nor did we have access to their business plans, financial projections and forecasts. We are not required to express and we do not express any view herein on the growth prospects, financial position and earnings potential of the Company or the Group after the completion of the Rights cum Warrants Issue. We are also not expressing any view herein as to the prices at which the shares of the Company may trade in the absence of or upon completion of the Rights cum Warrants Issue. Such evaluation shall remain the sole responsibility of the Directors, although we may draw upon their views (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this IFA Letter.

In the course of our evaluation and for the purpose of our opinion in relation to the Whitewash Resolution, we have held discussions with the Directors and the management of the Company (“**Management**”) and their professional advisers, and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made reasonable enquiries and used our judgment as we deemed necessary or appropriate in assessing such information and are not aware of any reason to doubt the accuracy or reliability of the information.

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We have relied upon the assurance of the Directors that the Directors collectively and individually accept full responsibility for the accuracy of the information given in the Circular and confirm, after making all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Whitewash Resolution and the Group, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading. Where information in the Circular 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 the Circular in its proper form and context. In relation to this IFA Letter, the Directors have confirmed that the facts stated, with respect to the Rights cum Warrants Issue, the Whitewash Resolution and the Group, are to the best of their knowledge and belief, fair and accurate in all material aspects.

Our opinion is based upon prevailing market, economic, industry, monetary and other conditions (where applicable) and the information made available to us as of the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Shareholders should further take note of any announcements relevant to their consideration of the Rights cum Warrants Issue, the Irrevocable Undertaking and the Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In arriving at our opinion, we did not consider the specific investment objectives, financial situation, tax consequences, risk profile or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment objectives or portfolios should consult his or their legal, financial, tax or other professional advisers immediately.

The Company has been separately advised by its own advisors in the preparation of the Circular (other than this IFA Letter). We have no role or involvement and have not provided any advice, financial or otherwise, whatsoever in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion is for the use and benefit of the Independent Directors in their consideration of the Whitewash Resolution and the recommendation made by the Independent Directors to the Independent Shareholders shall remain their responsibility.

Our opinion in relation to the Whitewash Resolution should be considered in the context of the entirety of this IFA Letter and the Circular.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purposes (except for the Whitewash Resolution) at any time and in any manner without our prior written consent.

We recommend that the Independent Directors advise the Independent Shareholders to read these pages carefully.

3. THE RIGHTS CUM WARRANTS ISSUE

3.1 BASIS OF THE RIGHTS CUM WARRANTS ISSUE

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis to the Entitled Shareholders, on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with

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one (1) free Warrant for every one (1) Rights Share subscribed. Based on the Company's issued and paid-up share capital of 139,520,044 Shares as at the Latest Practicable Date, the Company will issue up to 69,760,022 Rights Shares with up to 69,760,022 free Warrants.

3.2 THE ISSUE PRICE AND THE EXERCISE PRICE

The Issue Price for each Rights Share and the Exercise Price for each New Share are the same at S\$0.25 and represent a discount of:

- (a) approximately 21.88% to the closing price of S\$0.32 per Share on 23 May 2016, being the market day the Shares were last transacted prior to the Announcement Date; and
- (b) approximately 15.82% to the theoretical ex-rights price of S\$0.297 per Share (before any exercise of the Warrants).

3.3 THE RIGHTS SHARES

The Rights Shares are payable in full upon acceptance and application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares for any dividends, rights, allotments or other distributions, the record date of which falls on or after the date of issue of the Rights Shares.

Please refer to Section 2.2 of the Circular for the principal terms of the Rights Shares.

3.4 PRINCIPAL TERMS OF THE WARRANTS

Information on the principal terms of the Warrants is set out in Section 2.3 of the Circular and Shareholders are advised to read the information carefully. The salient terms are summarised as follows:

- Number of Warrants : Up to 69,760,022 Warrants will be issued free together with the Rights Shares subscribed.
- Basis of Provisional Allotment : One (1) free Warrant for every one (1) Rights Share subscribed, fractional entitlement will be disregarded.
- Detachability and trading : The Warrants will be detached from the Rights Shares on issue and will be listed and traded separately on the Official List of the SGX-ST subject to sufficient spread of holdings of the Warrants ("**Spread Condition**"). In the event that permission is not granted by the SGX-ST for the listing of and quotation for the Warrants because the Spread Condition is not met for any reason in respect of any Warrants issued, Warrant holders should note that they will not be able to trade their Warrants on the SGX-ST.
- Exercise Price : S\$0.25 payable for each New Share on the exercise of a Warrant, subject to adjustments to be set out in the Deed Poll.
- Exercise Period : The Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the first (1st) anniversary of the date of issue of the Warrants. Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

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3.5 RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

Information on the rationale for the Rights cum Warrants Issue and use of proceeds is set out in Section 2.8 of the Circular and Shareholders are advised to read the information carefully.

The summary of the rationale for the Rights cum Warrants Issue are as follows:

- To allow existing Shareholders to further participate in the expected future growth of the Group by offering the Rights Shares at a discount of 21.88% to the closing price of S\$0.32 per Share on the SGX-ST on 23 May 2016 (being the market day the Shares were last transacted prior to the Announcement Date);
- Enable the Company to strengthen the financial position and capital base of the Group; and
- Equip the Company with readily available cash resources to take advantage of opportunities that may arise and execute its business and expansion plans.

Assuming that all Entitled Shareholders subscribe in full for their entitlements, whereby the Company will issue 69,760,022 Rights Shares and 69,760,022 Warrants (the “**Maximum Subscription Scenario**”), the Rights cum Warrants Issue is expected to raise net proceeds of up to approximately S\$17.09 million from the Rights Shares (the “**Net Proceeds**”), after deducting estimated expenses of approximately S\$0.35 million.

The Company intends to use the Net Proceeds from the Rights Shares (assuming Maximum Subscription Scenario) in the following proportion:

Use of Proceeds	Amount (S\$ million)	Percentage Allocation (%)
To fund the purchase of lands, new investments and business expansion through acquisitions, joint ventures and/or strategic alliances	16.00 ⁽¹⁾	93.62
General working capital	1.09	6.38
Total	17.09	100.00

Note:

(1) The Company had on 23 September 2016 announced that it would utilise the Net Proceeds and/or the Exercise Proceeds (as defined below) to fund (i) the subscription by the Company of 85,227,272 new ordinary shares in the capital of Starland Holdings Limited (“**Starland**”) at a subscription price of S\$0.1408 for each new share and 63,931,805 share options conferring the right to subscribe for 101,225,360 new ordinary shares in the share capital of Starland at an exercise price of S\$0.1877 for each new share; and (ii) the acquisition by the Company of the entire issued and paid up share capital of Starland’s wholly-owned subsidiaries, Starland Axis Pte. Ltd. and Starland Commercial Trading Pte. Ltd. Please refer to the announcements made by the Company on 23 September 2016 for further information.

Should the amounts raised fall below the Maximum Subscription Scenario, the use of proceeds would be reduced in proportion to the fixed percentage allocation.

Assuming all Warrants issued are exercised, the estimated gross proceeds from the exercise of the Warrants will be approximately S\$17.44 million under the Maximum Subscription Scenario (“**Exercise Proceeds**”). As mentioned above, the Company intends to utilise the Exercise Proceeds to fund the subscription of new shares in the capital of Starland. We note from the announcement of Starland dated 23 September 2016 that Starland intends to utilise approximately 80.0% of the proceeds it raised from the issue of the new shares in the capital of Starland for the purchase of lands, new investments and business expansion through acquisitions, joint ventures and/or strategic alliances.

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3.6 CONDITIONS FOR THE RIGHTS CUM WARRANTS ISSUE

Information on the conditions for the Rights cum Warrants Issue is set out in Section 2.5 of the Circular and Shareholders are advised to read it carefully.

3.7 THE IRREVOCABLE UNDERTAKING

The Rights cum Warrants Issue will be supported by the Undertaking Shareholder, who as at the Latest Practicable Date holds 40,715,960 Shares, representing approximately 29.18% of the issued share capital of the Company. The Undertaking Shareholder is an executive Director and the controlling shareholder of the Company.

To show his support for the Rights cum Warrants Issue and to demonstrate his commitment to the Company, the Undertaking Shareholder has furnished the Irrevocable Undertaking to the Company that, among others:

- (a) he will subscribe and pay for all his entitlement of 20,357,980 Rights Shares by the Closing Date;
- (b) that he will not sell, transfer or otherwise deal with any of the 40,715,960 Shares that he owned or controlled as at the date of the Irrevocable Undertaking, during the period between the date of the Irrevocable Undertaking and the date of issue of the Rights Shares; and
- (c) he will vote in favour of the Rights cum Warrants Issue at the EGM.

The Irrevocable Undertaking is subject to and conditional upon *inter alia*:

- (a) the grant of the Whitewash Waiver by the SIC and such approval not having been withdrawn or revoked on or prior to the Closing Date;
- (b) the receipt of approval in-principle from the SGX-ST and such approval not having been withdrawn or revoked on or prior to the Closing Date for the dealing in, listing of and quotation for the Rights Shares, the Warrants and the New Shares on the Official List of the SGX-ST and, if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (c) the approval of the Shareholders for the Rights cum Warrants Issue and the approval of the Independent Shareholders for the Whitewash Resolution being obtained at the EGM to be convened;
- (d) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), to be issued by the Company in connection with the Rights cum Warrants Issue, with the Monetary Authority of Singapore; and
- (e) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Rights cum Warrants Issue and to give effect to the Rights cum Warrants Issue being obtained and not having been revoked or amended before the Closing Date.

We noted from Section 2.7 of the Circular that the Undertaking Shareholder had furnished a confirmation of his financial resources from a financial institution to the Company pursuant to the Irrevocable Undertaking.

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3.8 ABSTENTION FROM MAKING RECOMMENDATION AND VOTING

The Undertaking Shareholder has abstained from deliberating and making any recommendations on the Whitewash Resolution.

Pursuant to the Whitewash Waiver, the Undertaking Shareholder and his concert parties will abstain from voting at the EGM on the ordinary resolution relating to the Whitewash Resolution. The Undertaking Shareholder and his concert parties will also decline to accept appointment as proxies for any Shareholder to vote in respect of the ordinary resolution relating to the Whitewash Resolution, unless the Shareholder concerned shall have given specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of the said resolution.

4. THE IRREVOCABLE UNDERTAKING AND THE WHITEWASH RESOLUTION

4.1 THE UNDERTAKING SHAREHOLDER

As at the Latest Practicable Date, the Undertaking Shareholder holds 40,715,960 Shares, representing approximately 29.18% of the issued share capital of the Company. The Undertaking Shareholder is an executive Director and the controlling shareholder of the Company.

4.2 THE IRREVOCABLE UNDERTAKING

The Undertaking Shareholder will subscribe and pay for all his entitlement of 20,357,980 Rights Shares by the Closing Date pursuant to the Irrevocable Undertaking and the illustrative shareholdings of the Undertaking Shareholder after the completion of the Rights cum Warrants Issue is set out below:

- (a) Based on the issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 139,520,044 Shares (“**Existing Share Capital**”), and assuming that all Entitled Shareholders subscribe in full for their entitlements, the Company will issue 69,760,022 Rights Shares and 69,760,022 Warrants as follows:

	Number of Shares held as at the Latest Practicable Date	Share- holding (%)	Rights entitlement to be subscribed	Assuming none of the Warrants are exercised		Assuming all of the Warrants are exercised		Assuming only the Undertaking Shareholder exercised the Warrants	
				Number of shares	Share- holding (%)	Number of shares	Share- holding (%)	Number of shares	Share- holding (%)
Undertaking Shareholder	40,715,960	29.18	20,357,980	61,073,940	29.18	81,431,920	29.18	81,431,920	35.46
Other Shareholders	98,804,084	70.82	49,402,042	148,206,126	70.82	197,608,168	70.82	148,206,126	64.54
Total	139,520,044	100.00	69,760,022	209,280,066	100.00	279,040,088	100.00	229,638,046	100.00

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- (b) Based on the Existing Share Capital, and assuming only the Undertaking Shareholder subscribes for his entitlement under the Irrevocable Undertaking, the Company will issue approximately 20,357,980 Rights Shares and 20,357,980 Warrants as follows:

	Number of Shares held as at the Latest Practicable Date	Shareholding (%)	Rights entitlement to be subscribed	Assuming none of the Warrants are exercised Number of shares	Shareholding (%)	Assuming all of the Warrants are exercised Number of shares	Shareholding (%)
Undertaking Shareholder	40,715,960	29.18	20,357,980	61,073,940	38.20	81,431,920	45.18
Other Shareholders	98,804,084	70.82	0	98,804,084	61.80	98,804,084	54.82
Total	139,520,044	100.00	20,357,980	159,878,024	100.00	180,236,004	100.00

As the shareholding of the Undertaking Shareholder may exceed 30% of the voting rights of the Company as a result of the subscription of the Rights Shares in accordance with the Irrevocable Undertaking and New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue, the Undertaking Shareholder may trigger an obligation to make a Mandatory Take-over Offer unless such obligation is waived by the SIC. Accordingly, an application was made to the SIC for, *inter alia*, a waiver of the obligations of the Undertaking Shareholder and his concert parties to make a Mandatory Take-over Offer. On 28 July 2016, the SIC granted the Whitewash Waiver subject to the satisfaction of the conditions set out in Section 5.2 of the Circular.

INDEPENDENT SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE WHITEWASH RESOLUTION:

- (a) **they will be waiving their rights to receive a mandatory general offer under Rule 14 of the Code from the Undertaking Shareholder and his concert parties for the Independent Shareholders' Shares, which the Undertaking Shareholder and his concert parties would otherwise have been obliged to make at the highest price paid or agreed to be paid by them for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue; and**
- (b) **they could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Rights Shares with Warrants.**

5. EVALUATION OF THE WHITEWASH RESOLUTION

In our evaluation of the Whitewash Resolution, we have given due consideration to the following key factors:

- (a) the rationale for the Rights cum Warrants Issue and use of proceeds;
- (b) the Rights Shares with Warrants being offered to Entitled Shareholders on a *pro-rata* basis;
- (c) the historical financial performance and financial position of the Group;
- (d) the Issue Price and the Exercise Price;
- (e) the financial effects of the Rights cum Warrants Issue;
- (f) the evaluation on the Warrants; and
- (g) other relevant considerations.

These factors are discussed in greater detail in the ensuing paragraphs.

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5.1 THE RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE AND USE OF PROCEEDS

The rationale for the Rights cum Warrants Issue and use of proceeds is set out in Section 2.8 of the Circular and the summary is set out in Section 3.5 of this IFA Letter.

We note that more than 90% of the Net Proceeds will be used to fund the purchase of lands, new investments and business expansion through acquisitions, joint ventures and/or strategic alliances. We further note that the Exercise Proceeds raised may, in the discretion of the Directors, be applied towards funding of purchase of lands and investments in property development business and/or general working capital requirements.

We note that this is in line with the Shareholders' approval obtained in 2013 to expand the core business to include property investment and development, and the fund raising exercises undertaken in 2013 and 2014 for such expansion. The net proceeds raised by the Company from the rights shares issued in the rights cum warrants issue in 2013 and the placement shares in 2014 was approximately S\$33.46 million and S\$2.78 million respectively. The Company had mainly utilised the proceeds amounted to approximately S\$26.81 million for the acquisition of 82.91% interest in the capital of Starland Holdings Limited ("**Starland**") which was completed on 15 January 2016. As at the close of the mandatory general cash offer for Starland in March 2016, the Company had 99.10% interests in the capital of Starland. The Company has also raised approximately S\$8.97 million from the exercise of warrants which was issued together with the rights shares in 2013. As at 25 August 2016, the Company's balance unutilised proceeds from previous fund raising exercises amounted to approximately S\$4.75 million which are allocated for use as general working capital.

We also note that, pending the deployment of the Net Proceeds and/or Exercise Proceeds, such proceeds may be placed as deposits with financial institutions and/or invested in short-term money market or debt instruments and/or for any other purposes on a short-term basis, as the Directors may in their absolute discretion deem fit.

5.2 THE RIGHTS SHARES WITH WARRANTS BEING OFFERED TO ENTITLED SHAREHOLDERS ON A PRO-RATA BASIS

The Rights Shares are proposed to be offered on a renounceable basis to Entitled Shareholders at the Issue Price, on the basis of one (1) Rights Share for every two (2) existing Shares held by the Entitled Shareholders, fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed.

We extract the following paragraphs set out in Section 2.6.2 of the Circular in *italics* below:

"Entitled Shareholders will be at liberty to accept in full or in part, decline or otherwise renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for additional Rights Shares with Warrants in excess of their provisional allotments under the Rights cum Warrants Issue."

"In the allotment of excess Rights Shares with Warrants, preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority."

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5.3 THE HISTORICAL FINANCIAL PERFORMANCE AND FINANCIAL POSITION OF THE GROUP

The salient historical consolidated financial results of the Group for financial year ended 30 June (“FY”) 2014, FY2015 and FY2016, as extracted from Section 3 of the Circular are set out below:

Consolidated Income Statements

S\$'000	FY2014	Audited FY2015	FY2016
Revenue	27,067	24,456	27,065
Gross profit	9,874	9,271	7,665
Profit before tax	3,198	1,328	14,649
Profit for the year	2,710	959	12,718

We note the following:

- (a) Comparing FY2016 to FY2015 – The Group's revenue increased by S\$2.6 million, from S\$24.5 million for FY2015 to S\$27.1 million for FY2016. The increase was mainly attributable to the acquisition of Starland, which contributed revenue of S\$7.4 million in the property segment. However, this was offset by the decreasing revenue in the hose and marine segment and measuring instrument segment by S\$4.9 million largely due to weak demand attributed to the weak global economic condition and falling oil price. Although revenue increased for FY2016, the gross profit decreased by S\$1.6 million, from S\$9.3 million for FY2015 to S\$7.7 million for FY2016 as the gross profit from the property segment was only S\$0.8 million while the gross profit from the hose and marine segment and measuring instrument segment decreased in line with the decrease in their segments. However, profit before tax increased by S\$13.3 million, from S\$1.3 million for FY2015 to S\$14.6 million for FY2016, mainly due to premium arising from acquisition of Starland of S\$23.0 million, which is a one-off item. Should this premium be excluded, the Group would record a loss before tax of S\$8.4 million; and
- (b) Comparing FY2015 to FY2014 – The Group's revenue decreased by S\$2.6 million, from S\$27.1 million for FY2014 to S\$24.5 million for FY2015. The decrease was mainly due to weaker demand in the hose and marine segment attributed to weak global economic condition and falling oil prices. The gross profit decreased by S\$0.6 million, from S\$9.9 million for FY2014 to S\$9.3 million for FY2015, in line with the decrease in revenue. The profit before tax decreased by S\$1.9 million, from S\$3.2 million for FY2014 to S\$1.3 million for FY2015, mainly due to allowance for doubtful non-trade receivables in relation to the deposits paid in accordance to the framework structure agreement as per the Company's announcements made on 30 July 2014 and 15 August 2014.

Statements of Financial Position

S\$'000	Audited as at	
	30 June 2015	30 June 2016
Current assets	66,977	112,127
Current liabilities	(3,803)	(29,043)
Net current assets	63,174	83,084
Non-current assets	1,691	7,228
Non-current liabilities	(75)	(13,192)
Total equity	64,790	77,120

The increase in the current assets from S\$67.0 million as at 30 June 2015 to S\$112.1 million as at 30 June 2016 was mainly arising from properties held for sale and development properties of Starland.

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The increase in non-current assets from S\$1.7 million as at 30 June 2015 to S\$7.2 million as at 30 June 2016 was mainly due to an advance of S\$5.8 million paid in relation to an integrated mixed development project in Tangshan, People's Republic of China. The increase in the current liabilities and non-current liabilities was also attributed to the acquisition of Starland where the Group recorded an increase in bank loans, other payables, tax payables and deferred tax liabilities as a result of consolidation.

Statements of Cash Flows

S\$'000	FY2014	Audited FY2015	FY2016
Net cash from/(used in) operating activities	5,448	2,548	(13,273)
Net cash from/(used in) investing activities	48	196	(23,996)
Net cash from financing activities	34,522	3,213	2,654
Net increase/(decrease) in cash and cash equivalents	40,018	5,957	(34,615)
Cash and cash equivalents at end of year	51,302	57,181	21,864

We note from above that the Group registered cash outflows in operating and investing activities for FY2016 resulting in a net decrease in cash and cash equivalents in FY2016. Net cash flow in operating activities was an outflow of S\$13.3 million for FY2016. The cash flow from investing activities for FY2016 was mainly for the acquisition of Starland. The net cash flow used in financing activities for FY2016 arose mainly from the exercise of warrants which was issued together with the rights shares in 2013 that raised gross proceeds of S\$2.4 million and decrease in pledged deposit of S\$3.4 million offset with repayment of bank loans amounting to S\$3.1 million.

The Directors confirm that, to the best of their knowledge and belief, there were no material contingent liabilities, unrecorded earnings, expenses or provisions which could have a material impact on the financial position of the Group as at the Latest Practicable Date.

5.4 THE ISSUE PRICE AND THE EXERCISE PRICE

(a) Versus the historical share price of the Shares

We have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares⁽¹⁾ from 25 May 2014, being the 24-month period prior to the Announcement Date, up to the Latest Practicable Date:

Periods	Highest trading price (S\$)	Lowest trading price (S\$)	VWAP ⁽²⁾ (S\$)	Discount of Issue Price to VWAP (%)	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
<u>Before the Announcement Date</u>						
Last 24 months	0.580	0.300	0.498	49.8	279	0.3
Last 12 months	0.440	0.300	0.387	35.4	122	0.1
Last 6 months	0.410	0.300	0.361	30.8	137	0.1
Last 3 months	0.410	0.320	0.358	30.1	152	0.2
Last 1 month	0.370	0.320	0.339	26.3	84	0.1
On 23 May 2016, being the last trading day prior to the Announcement Date	0.320	0.320	0.320	21.9	90	0.1
<u>After the Announcement Date</u>						
Up to the Latest Practicable Date	0.305	0.220	0.264	5.4	51	0.1
As at the Latest Practicable Date	0.280	0.270	0.270	7.4	25	* ⁽⁵⁾

Source: Bloomberg Finance L.P.

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Notes:

- (1) After taking into account the five-to-one share consolidation effected on 7 December 2015.
- (2) The volume weighted average price ("**VWAP**") of the Shares over the relevant period, rounded to the nearest three decimal places.
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded during the relevant period, divided by the number of days on which the Shares were traded during the relevant period.
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and the substantial shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float for the various periods, we have used the free float of approximately 93.3 million Shares, representing approximately 66.9% of the Company's issued and paid-up Shares.
- (5) Negligible.

Based on the above table, we note that:

- (a) in the 24-month period prior to the Announcement Date, the trading prices of the Shares ranged between a low of S\$0.300 and a high of S\$0.580. The Issue Price and the Exercise Price represent a discount of 16.7% to the lowest trading price of S\$0.300 and a discount of 56.9% to the highest trading price of S\$0.580 over the aforesaid period;
- (b) the Issue Price and the Exercise Price represent a discount of 49.8%, 35.4%, 30.8%, 30.1% and 26.3% to the VWAP of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month prior to the Announcement Date;
- (c) the Issue Price and the Exercise Price represent a discount of 21.9% to the VWAP of the Shares on 23 May 2016, being the last trading day for the Shares prior to the Announcement Date;
- (d) the Issue Price and the Exercise Price represent a discount of 5.4% to the VWAP of the Shares of S\$0.264 for the period from 25 May 2016 (being the market day after the Announcement Date) up to the Latest Practicable Date (inclusive);
- (c) the Issue Price and the Exercise Price represent a discount of 7.4% to the VWAP of the Shares of S\$0.270 on the Latest Practicable Date;
- (d) in the periods prior to the Announcement Date, the average daily trading volume ranged from a low of approximately 84,000 Shares to a high of approximately 279,000 Shares. This represented not more than 0.3% of the free float; and
- (e) in the periods after to the Announcement Date, the average daily trading volume ranged from 25,000 Shares to approximately 51,000 Shares. The Shares were relatively illiquid.

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(b) Versus the general stock market performance

The following chart shows the price performance of the Shares, in comparison to the FTSE Straits Times Index ("FSSTI"), which is the market capitalisation weighted index based on stocks of 30 representative companies listed on the Mainboard of SGX-ST from 25 May 2014, being the 24-month period prior to the Announcement Date, up to the Latest Practicable Date:



Source: Bloomberg Finance L.P.

We note that, the Shares had underperformed the FSSTI since end of November 2014 up to the Latest Practicable Date.

(c) Versus recent rights issues

In assessing the Issue Price and the Exercise Price, we also compared them to issue prices of rights shares and exercise prices of warrants, where available, of recently completed rights issues by companies listed on the SGX-ST which were announced in the 12-month period prior to the Announcement Date ("**Recent Rights Issues**"):

SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Exercise price of warrants	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)
Yamada Green Resources Limited	8 June 2015	1 rights share for 2 existing shares	S\$0.124	S\$0.070	N.A.	(43.5)	S\$0.106	(34.0)	N.A.
KrisEnergy Ltd	15 June 2015	42 rights shares for 100 existing shares	S\$0.445	S\$0.385	N.A.	(13.5)	S\$0.427	(9.8)	N.A.
Jardine Cycle & Carriage Ltd	18 June 2015	1 rights share for 9 existing shares	S\$36.060	S\$26.000	N.A.	(27.9)	S\$35.054	(25.8)	N.A.
Luzhou Bio-Chem Technology Ltd	18 June 2015	1 rights share for 2 existing shares	S\$0.033	S\$0.030	N.A.	(9.1)	S\$0.032	(6.3)	N.A.
Ezra Holdings Limited	22 June 2015	190 rights shares for 100 existing shares	S\$0.290	S\$0.105	N.A.	(63.8)	S\$0.169	(37.9)	N.A.
Serrano Limited	29 June 2015	1 rights share for 1 existing share	S\$0.180	S\$0.070	N.A.	(61.1)	S\$0.125	(44.0)	N.A.

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Exercise price of warrants	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)
Asia-Pacific Strategic Investments Limited	29 June 2015	2 rights shares with 2 warrants for 1 existing share	S\$0.041	S\$0.005	S\$0.005	(87.8)	S\$0.015	(66.7)	(66.7)
OUE Commercial Real Estate Investment Trust	29 June 2015	9 rights units for 20 existing units	S\$0.810	S\$0.555	N.A.	(31.5)	S\$0.731	(24.1)	N.A.
IREIT Global	30 June 2015	45 rights units for 100 existing units	S\$0.805	S\$0.468	N.A.	(41.9)	S\$0.700	(33.1)	N.A.
Metech International Ltd.	10 July 2015	1 rights share with 1 warrant for 2 existing shares	S\$0.005	S\$0.003	S\$0.004	(40.0)	S\$0.004	(25.0)	-
Heeton Holdings Limited	12 August 2015	1 rights share for 3 existing shares	S\$0.580	S\$0.493	N.A.	(15.0)	S\$0.558	(11.6)	N.A.
CSC Holdings Ltd.	17 August 2015	1 rights share with 5 warrants for 3 existing shares	S\$0.033	S\$0.025	S\$0.010	(24.2)	S\$0.031	(19.4)	(67.7)
Chasen Holdings Ltd	26 August 2015	1 rights share with 2 warrants for 2 existing shares	S\$0.076	S\$0.050	S\$0.025	(34.2)	S\$0.066	(24.2)	(62.1)
Blumont Group Ltd.	7 September 2015 (being date of revision of issue price)	1 rights share for 2 existing shares	S\$0.006	S\$0.002	N.A.	(66.7)	S\$0.005	(60.0)	N.A.
Croesus Retail Trust	28 September 2015	22 rights units for 100 existing units	S\$0.860	S\$0.610	N.A.	(29.1)	S\$0.815	(25.2)	N.A.
Addvalue Technologies Ltd	30 October 2015	1 rights share for 3 existing shares	S\$0.068	S\$0.031	N.A.	(54.7)	S\$0.059	(47.5)	N.A.
ARA Asset Management Limited	11 November 2015	18 rights shares for 100 existing shares	S\$1.420	S\$1.000	N.A.	(29.6)	S\$1.356	(26.3)	N.A.
Moya Holdings Asia Ltd	27 November 2015	5 rights shares for 4 existing shares	S\$0.035	S\$0.033	N.A.	(5.7)	S\$0.034	(2.9)	N.A.
HLH Group Ltd	23 December 2015	1 rights share for 2 existing shares	S\$0.010	S\$0.006	N.A.	(40.0)	S\$0.009	(33.3)	N.A.
New Silkroutes Group Ltd	30 December 2015	1 rights share with 1 warrant for 4 existing shares	S\$0.530	S\$0.200	S\$0.300	(62.3)	S\$0.464	(56.9)	(35.3)
OUE Hospitality Trust	7 March 2016	33 rights shares for 100 existing shares	S\$0.765	S\$0.540	N.A.	(29.4)	S\$0.709	(23.8)	N.A.
Joyas International Holdings Limited	8 March 2016	6 rights shares for 1 existing share	S\$0.009	S\$0.0035	N.A.	(61.1)	S\$0.004	(12.5)	N.A.

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SGX-ST listed company	Date of announcement	Basis	Last transacted share price prior to announcement	Issue price of rights shares	Exercise price of warrants	Premium/ (Discount) of issue price to share price prior to announcement (%)	Theoretical ex-rights share price ⁽¹⁾	Premium/ (Discount) of issue price to theoretical ex-rights share price (%)	Premium/ (Discount) of exercise price of warrants to theoretical ex-rights share price (%)
Artivision Technologies Ltd	18 March 2016	5 rights shares for 6 existing shares	S\$0.042	S\$0.030	N.A.	(28.6)	S\$0.036	(16.7)	N.A.
Ramba Energy Limited	19 May 2016	1 rights share with 1 warrant for 5 existing shares	S\$0.196	S\$0.200	S\$0.300	1.9	S\$0.197	1.5	1.5
IX Biopharma Ltd	27 May 2016	1 rights share for 25 existing shares	S\$0.345	S\$0.210	N.A.	(39.1)	S\$0.340	(38.2)	N.A.
Yongnam Holdings Limited	1 June 2016	1 rights share for 2 existing shares	S\$0.335	S\$0.210	N.A.	(37.3)	S\$0.293	(28.3)	N.A.
Noble Group Limited	3 June 2016	1 rights share for 1 existing share	S\$0.300	S\$0.110	N.A.	(63.3)	S\$0.205	(46.3)	N.A.
Cedar Strategic Holdings Ltd	29 June 2016	1 rights share for 2 existing shares	S\$0.004	S\$0.0036	N.A.	(10.0)	S\$0.004	(10.0)	N.A.
Ezion Holdings Limited	30 June 2016	3 rights shares for 10 existing shares	S\$0.520	S\$0.290	N.A.	(44.2)	S\$0.467	(37.9)	N.A.
High						1.9		1.5	1.5
Low						(87.8)		(66.7)	(67.7)
Mean						(37.7)		(28.5)	(38.4)
Median						(37.3)		(25.8)	(48.7)
Company	24 May 2016	1 Rights Share with 1 Warrant for 2 existing Shares	S\$0.320	S\$0.250	S\$0.250	(21.9)	S\$0.297	(15.8)	(15.8)

Source: Bloomberg Finance L.P. and the respective SGX-ST announcements and public documents of the above companies.

Notes:

(1) The theoretical ex-rights share price is obtained by the following formula:

$$\frac{(\text{number of existing shares to rights shares} \times \text{last trade price}) + (\text{number of rights shares} \times \text{issue price})}{(\text{number of existing shares to rights shares} + \text{number of rights shares})}$$

(2) N.A. denotes not applicable

Based on the information above, we note that:

- (i) the discount of the Issue Price to the theoretical ex-rights price of the Shares is 15.8%, and this is within the range and below the mean and median discount of issue price for the Recent Rights Issues; and
- (ii) the discount of the Exercise Price to the theoretical ex-rights price of the Shares is 15.8%, and this is within the range and below the mean and median discount of exercise price of warrants for the Recent Rights Issues with warrants.

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Shareholders should note that the statistics of the Recent Rights Issues are dependent on various factors, including but not limited to, the industry, the business, the scale of operations, the financial performance, financial position and market capitalisation of the listed companies and may be affected by the prevailing market and economic conditions. As such, any comparison made is necessarily limited and serves only as an illustrative guide and should not be conclusively relied upon.

(d) Comparison against NAV

Based on the latest audited financial statements of the Group, the net asset value (“NAV”) attributable to Shareholders as at 30 June 2016 was approximately S\$77.1 million. The NAV per Share attributable to Shareholders is approximately S\$0.552 (based on 139,520,044 Shares).

We note that the Issue Price and the Exercise Price is S\$0.250 and represents a discount of approximately 54.7% to the audited NAV per Share attributable to Shareholders of S\$0.552 as at 30 June 2016.

(e) 2013 rights cum warrants issue of the Company

We have also compared the terms of the Rights cum Warrants Issue with the rights cum warrants issue undertaken by the Company in 2013 as follows:

	2013 rights cum warrants issue ⁽¹⁾	Current Rights cum Warrants Issue
Basis of allotment	Rights cum warrants issue on the basis of three (3) rights shares for every one (1) existing share, fractional entitlements to be disregarded, with one (1) free warrant for every one (1) rights share subscribed.	Rights cum Warrants Issue on the basis of one (1) Rights Share for every two (2) existing Shares, fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed.
Issue price and exercise price	S\$0.08 for each rights share. S\$0.08 for each new share arising from the exercise of the warrants.	S\$0.25 for each Rights Share. S\$0.25 for each New Share arising from the exercise of the Warrants.
Benchmarking of issue price and exercise price	At discounts of: (a) approximately 73.3% to the closing price of S\$0.30 per share on 6 September 2013, being the date of announcement of the rights cum warrants issue; (b) approximately 40.7% to the theoretical ex-rights price of S\$0.135 per share (before any exercise of the warrants); and (c) approximately 52.4% to the audited NAV per share attributable to Shareholders of S\$0.168 as at 30 June 2013.	At discounts of: (a) approximately 21.9% to the closing price of S\$0.32 per Share on 23 May 2016, being the market day the Shares were last transacted prior to the Announcement Date; (b) approximately 15.82% to the theoretical ex-rights price of S\$0.297 per Share (before any exercise of the Warrants); and (c) approximately 54.7% to the audited NAV per Share attributable to Shareholders of S\$0.552 as at 30 June 2016.

Note:

(1) Share prices in this column are before the five-to-one share consolidation effected on 7 December 2015.

APPENDIX A - LETTER FROM XANDAR CAPITAL PTE LTD TO THE INDEPENDENT DIRECTORS OF GRP LIMITED IN RESPECT OF THE WHITEWASH RESOLUTION RELATING TO THE RIGHTS CUM WARRANTS ISSUE

As set out above, the discounts to last transacted price, theoretical ex-rights price and latest published NAV per Share attributable to Shareholders for the current Rights cum Warrants Issue are lower than the previous rights cum warrants issue undertaken by the Company in 2013.

5.5 FINANCIAL EFFECTS OF THE RIGHTS CUM WARRANTS ISSUE

The full text of the proforma financial effects of the Rights cum Warrants Issue on the Group is set out in Section 4 of the Circular.

In summary, we note the following:

- (a) assuming that the Rights cum Warrants Issue had been effected as at the Latest Practicable Date, the share capital of the Company will increase from 139,520,044 Shares to 209,280,066 Shares after the issuance of the Rights Shares and increase to 279,040,088 Shares upon exercise of the Warrants under the Maximum Subscription Scenario;
- (b) assuming that the Rights cum Warrants Issue had been effected on 30 June 2016, the net tangible assets (“**NTA**”) per Share would decrease from S\$0.5521 before the Rights cum Warrants Issue to S\$0.4497 after the issuance of the Rights Shares and decrease to S\$0.3998 upon exercise of the Warrants under the Maximum Subscription Scenario as the Rights Shares are proposed to be offered to Entitled Shareholders at an issue price which is lower than the NTA per Share attributable to Shareholders; and
- (c) assuming that the Rights cum Warrants Issue had been effected on 1 July 2015, the earnings per Share would decrease from 9.27 cents before the Rights cum Warrants Issue to an earnings per Share of 6.15 cents after the issuance of the Rights Shares, and further decrease to 4.60 cents upon exercise of the Warrants under the Maximum Subscription Scenario. This is due mainly to the enlarged share capital of the Company upon the completion of the Rights cum Warrants Issue and the exercise of the Warrants.

5.6 EVALUATION ON THE WARRANTS

Pursuant to the Rights cum Warrants Issue, up to 69,760,022 Warrants will be issued for free together with the Rights Shares subscribed. In evaluation on the Warrants, we note that the Exercise Price represents:

- (i) a discount of 21.9% to the last transacted price of S\$0.320 per Share on 23 May 2016, being the last trading day prior to the Announcement Date;
- (ii) a discount of 15.8% to the theoretical ex-rights price of S\$0.297 per Share, calculated based on the last transacted price of S\$0.320 per Share on 23 May 2016, being the last trading day prior to the Announcement Date; and
- (iii) a discount of 7.4% to the last transacted price of S\$0.270 per Share on the Latest Practicable Date.

We also note that the Warrants may be exercised at any time during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the first (1st) anniversary of the date of issue of the Warrants. The Warrants have a shorter exercise period as compared to the Company's previous rights cum warrants issue in 2013 and the Recent Rights Issues with warrants set out in Section 5.4(c) of this IFA Letter.

As at the Latest Practicable Date, the last transacted price of S\$0.270 per Share is higher than the Exercise Price, hence the Warrants are in-the-money thereby making it attractive to exercise the Warrants immediately.

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5.7 OTHER CONSIDERATIONS

In determining whether the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and whether the Whitewash Resolution is prejudicial to the interests of the Independent Shareholders, we have also considered the following:

(a) The Rights cum Warrants Issue is subject to approval from the Shareholders and the Whitewash Resolution is subject to approval from Independent Shareholders

As set out in Section 2.5 of the Circular, the Rights cum Warrants Issue is subject to the approval of Shareholders for the Rights cum Warrants Issue and the approval of the Independent Shareholders for the Whitewash Resolution being obtained at the EGM to be convened. Pursuant to the Code and the conditions from the SIC as set out in Section 5.2 of the Circular, the Undertaking Shareholder, his concert parties and parties not independent of them shall abstain from voting on the Whitewash Resolution.

By voting in favour of the Whitewash Resolution, the Independent Shareholders will be waiving their rights to receive a Mandatory Take-over Offer at the highest price paid or agreed to be paid by the Undertaking Shareholder and his concert parties for the Shares in the six (6) months preceding the commencement of the Rights cum Warrants Issue.

(b) Dilution on Independent Shareholders

There will be no dilution impact on the Independent Shareholders in the event all Entitled Shareholders subscribe for their *pro-rata* entitlements under the Rights cum Warrants Issue.

The maximum dilution impact on the Independent Shareholders will occur in the event that the Undertaking Shareholder is the only Shareholder to subscribe for his *pro-rata* Rights Shares entitlements. In such event, the shareholding of the Undertaking Shareholder will increase from 29.18% to 38.20% after the issuance of the Rights Shares and further increase to 45.18% assuming the Undertaking Shareholder exercises all of his Warrants. Under such circumstances, the shareholdings of the Independent Shareholders would be correspondingly diluted from 70.82% to 61.80% after the issuance of the Rights Shares and further diluted to 54.82% assuming all of the Warrants are exercised. Please refer to Section 2.7 of the Circular for the shareholding effects of the Rights cum Warrants Issue.

(c) Support from the Undertaking Shareholder

The Undertaking Shareholder has demonstrated his commitment to the Company with the subscription of all his entitlement of 20,357,980 Rights Shares.

We note that the Undertaking Shareholder has undertaken to subscribe for all of his entitlement and not for any excess Rights Shares with Warrants. In the event that the Undertaking Shareholder subscribes for excess Rights Shares with Warrants, the Company will give preference to the rounding of odd lots and the Undertaking Shareholder will rank last in priority in the allotment of the excess Rights Shares with Warrants, if any.

(d) Scope of Irrevocable Undertaking and the Whitewash Resolution

We highlight that the scope of the Irrevocable Undertaking relates, *inter alia*, to the undertaking of the Undertaking Shareholder to subscribe for his entitlement under the Rights cum Warrants Issue, being 20,357,980 Rights Shares. The Whitewash Resolution is in relation to waiver for the Undertaking Shareholder and his concert parties to make a Mandatory Take-over Offer in the event that the Undertaking Shareholder and his concert parties increase their aggregate voting rights in the Company to 30% or more of the voting rights of the Company. Independent

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Shareholders should note that in approving the Whitewash Resolution, it will allow the Undertaking Shareholder to subscribe for his entitlement which is the subject of the Irrevocable Undertaking.

Nevertheless, in the event that the Undertaking Shareholder is the only Shareholder to subscribe for his *pro-rata* Rights Shares entitlements, the maximum shareholding of the Undertaking Shareholder in the Company after the issuance of the Rights Shares and the New Shares pursuant to the exercise of the Warrants will remain below 50%. Under the Code, the Undertaking Shareholder will still be required to make a mandatory general offer for all the remaining Shares in the Company which he does not already own or control, if he or his concert parties, acquires in any period of six (6) months additional Shares (other than the Rights Shares and the New Shares arising from the exercise of the Warrants) carrying more than 1% of the voting rights of the Company.

(e) Alternative fund-raising options

We understand from the Company that the Directors have considered other fund-raising options prior to proceeding with the Rights cum Warrants Issue. Having considered that (i) bank borrowings and/or debt instruments from financial institutions will result in an increase in finance cost to the Group; and (ii) other fund-raising options such as private placements would not be on a *pro-rata* basis that will provide the Shareholders with an opportunity to maintain their proportionate equity in the Company, the Directors have decided to proceed with the Rights cum Warrants Issue.

6. OPINION

Having regard to our terms of reference, in arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Whitewash Resolution, as summarised below:

- (a) the rationale for the Rights cum Warrants Issue is to strengthen the financial position and capital base of the Group and allow existing Shareholders to further participate in the expected future growth of the Group;
- (b) more than 90% of the Net Proceeds will be used to fund the purchase of lands, new investments and business expansion through acquisitions, joint ventures and/or strategic alliances. The proceeds from previous fund raising exercises for the purpose of expansion of core business to include property investment and development were fully utilised as at the Latest Practicable Date;
- (c) the Rights Shares being offered to Entitled Shareholders on a *pro-rata* basis;
- (d) the historical financial performance and financial position of the Group, namely (i) the Group's profit for the year is on a decreasing trend from FY2014 and the Group would register a loss for FY2016 after excluding the premium arising from acquisition of Starland; and (ii) the Group had cash outflow for operating and investing activities in FY2016 which resulted in net decrease in cash and cash equivalents for FY2016;
- (e) an assessment of the Issue Price of the Rights Shares and the Exercise Price of the Warrants as follows:
 - (i) in the 24-month prior to the Announcement Date, the trading prices of the Shares ranged between a low of S\$0.300 and a high of S\$0.580. The Issue Price and the Exercise Price represents a discount of 16.7% to the lowest trading price of S\$0.300 and a discount of 56.9% to the highest trading price of S\$0.580 over the aforesaid period;

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- (ii) the Issue Price and the Exercise Price represents a discount of 49.8%, 35.4%, 30.8%, 30.1% and 26.3% to the VWAP of the Shares for the 24-month, 12-month, 6-month, 3-month and 1-month prior to the Announcement Date;
- (iii) the Issue Price and the Exercise Price represents a discount of 21.9% to the VWAP of the Shares on 23 May 2016, being the last trading day for the Shares prior to the Announcement Date;
- (iv) the Issue Price and the Exercise Price represents a discount of 5.4% to the VWAP of the Shares of S\$0.264 for the period from 25 May 2016 (being the market day after the Announcement Date) up to the Latest Practicable Date (inclusive); and
- (v) the Issue Price and the Exercise Price represent a discount of 7.4% to the VWAP of the Shares of S\$0.270 on the Latest Practicable Date;
- (f) in the periods prior to the Announcement Date, the average daily trading volume ranged from a low of approximately 84,000 Shares to a high of approximately 279,000 Shares. This represented not more than 0.3% of the free float. In the periods after the Announcement Date, the average daily trading volume ranged from 25,000 Shares to 51,000 Shares. The Shares were relatively illiquid;
- (g) the discount of the Issue Price to the theoretical ex-rights price of the Shares is 15.8%, and this is within the range and below the mean and median discount of issue price for the Recent Rights Issues;
- (h) the discount of the Exercise Price to the theoretical ex-rights price of the Shares is 15.8%, and this is within the range and below the mean and median discount of exercise price of warrants for the Recent Rights Issues with warrants;
- (i) the Issue Price and the Exercise Price represents a discount of approximately 54.7% to the audited NAV per Share attributable to Shareholders of S\$0.552 as at 30 June 2016;
- (j) the discounts represented by the Issue Price and the Exercise Price for the current Rights cum Warrants Issue are lower than those for the Company's rights cum warrants issue in 2013;
- (k) the NTA per Share and earnings per Share of the Group will be lower with the enlarged share capital; and
- (l) other considerations as set out in paragraph 5.7 of this IFA Letter.

Accordingly, after taking into account the above factors, we are of the opinion that, from a financial point of view, as of the date hereof, the Rights cum Warrants Issue which is the subject of the Whitewash Resolution is fair and reasonable, and the Whitewash Resolution when considered in the context of the Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Independent Directors to recommend that Independent Shareholders vote in favour of the Whitewash Resolution at the EGM.

APPENDIX A - LETTER FROM XANDAR CAPITAL PTE LTD TO THE INDEPENDENT DIRECTORS OF GRP LIMITED IN RESPECT OF THE WHITEWASH RESOLUTION RELATING TO THE RIGHTS CUM WARRANTS ISSUE

This IFA Letter is addressed to the Independent Directors for their benefit, in connection with and for the purpose of their consideration of the terms of the Rights cum Warrants Issue, the Irrevocable Undertaking and the Whitewash Resolution. Any decision made by the Independent Directors in relation to the Rights cum Warrants Issue and the Whitewash Resolution shall remain their responsibility. Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose other than the Whitewash Resolution, at any time and in any manner without the prior written consent of Xandar Capital in each specific case.

This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
XANDAR CAPITAL PTE LTD

LOO CHIN KEONG
EXECUTIVE DIRECTOR

PAULINE SIM POI LIN
HEAD OF CORPORATE FINANCE

NOTICE OF EXTRAORDINARY GENERAL MEETING

GRP LIMITED

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

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“**EGM**”) of GRP LIMITED (the “**Company**”) will be held at Lounge 1883, Level 1, Singapore Recreation Club, B Connaught Drive, Singapore 179682 on 27 October 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modifications, the resolution as set out below as ordinary resolution:

All capitalised terms in this notice of EGM which are not defined herein shall have the same meanings ascribed to them in the circular to shareholders of the Company dated 11 October 2016.

ORDINARY RESOLUTIONS

RESOLUTION 1

THE PROPOSED RIGHTS CUM WARRANTS ISSUE

- (a) a renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”) by the Company of up to 69,760,022 new ordinary shares in the capital of the Company (the “**Rights Shares**”) at the issue price of S\$0.25 for each Rights Share, with up to 69,760,022 free detachable warrants (the “**Warrants**”), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at the exercise price of S\$0.25 for each New Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares in the capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) as at a date and time to be determined by the Directors for the purpose of determining the Shareholders’ entitlement under the Rights cum Warrants Issue (the “**Books Closure Date**”), fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed be and is hereby approved;
- (b) the Directors be and are hereby authorised to:
- (i) create and issue:
 - a. such number of Rights Shares as the Directors may determine, up to a maximum of 69,760,022 Rights Shares at an issue price of S\$0.25 for each Rights Share;
 - b. such number of free detachable Warrants as the Directors may determine, subject to a maximum of 69,760,022 free Warrants to be issued together with the Rights Shares, each Warrant carrying the right to subscribe for one (1) New Share at an exercise price of S\$0.25 for each New Share during the period commencing on and including the date of issue of the Warrants and expiring at 5.00 p.m. on the date immediately preceding the first (1st) anniversary of the date of issue of the Warrants, subject to the terms and conditions of the Deed Poll constituting the Warrants to be executed by the Company on such terms and conditions as the Directors may deem fit; and
 - c. such further Warrants as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further Warrants to rank *pari passu* with the Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll); and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) provisionally allot and issue up to 69,760,022 Rights Shares with up to 69,760,022 free Warrants, at an issue price of S\$0.25 for each Rights Share, on the basis of one (1) Rights Share for every two (2) Shares held by the Shareholders as at the Books Closure Date, fractional entitlements to be disregarded, with one (1) free Warrant for every one (1) Rights Share subscribed on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (aa) the provisional allotments of the Rights Shares with Warrants under the Rights cum Warrants Issue shall be made on a renounceable basis to Shareholders whose names appear in the Register of Members of the Company or the records of The Central Depository (Pte) Limited (“**CDP**”) as at the Books Closure Date and who have, at least three (3) Market Days prior thereto, provided to CDP or the share registrar of the Company (the “**Share Registrar**”), as the case may be, addresses in Singapore for the service of notices and documents;
 - (bb) no provisional allotment of the Rights Shares with Warrants shall be made in favour of, and no application form or other documents in respect thereof shall be issued or sent to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not, at least three (3) Market Days prior thereto, provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notices and documents (the “**Foreign Shareholders**”);
 - (cc) the entitlements to the Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of or dealt with by the Company in such manner and on such terms and conditions as the Directors may, in their absolute discretion, deem fit, including without limitation to be sold “nil-paid” on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and to pool and thereafter distribute the net proceeds thereof, if any (after deducting all expenses), proportionately among such Foreign Shareholders in accordance with their respective shareholdings as at the Books Closure Date provided that if the amount to be distributed to any single Foreign Shareholder is less than S\$10.00, such amount shall instead be dealt with as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (dd) provisional allotments of the Rights Shares with Warrants not taken up or cannot be sold or are not sold on the SGX-ST for any reason, or which represent fractional entitlements disregarded in accordance with the terms of the Rights cum Warrants Issue, shall be used to satisfy excess applications or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company;
 - (ee) the Rights Shares when issued and fully paid will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date of which falls before the date of issue of the Rights Shares; and
 - (ff) the New Shares to be issued on exercise of the Warrants will rank *pari passu* in all respects with the then existing Shares save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the New Shares;
- (c) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
 - (i) a maximum of 69,760,022 New Shares on the exercise of the Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then existing Shares (save as may otherwise be provided in the terms and conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions, the Record Date of which falls before the date of issue of the New Shares; and

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (ii) on the same basis as paragraph (c)(i) above, such further New Shares as may be required to be allotted and issued on the exercise of any of the Warrants referred to in paragraph (b) above; and
- (d) the Directors be and are hereby authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Rights cum Warrants Issue, with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such Directors or any of them may deem fit or expedient or to give effect to this Ordinary Resolution or the transactions contemplated pursuant to or in connection with the Rights cum Warrants Issue.

RESOLUTION 2 THE WHITEWASH RESOLUTION

Subject to and contingent upon the passing of Ordinary Resolution 1 and the satisfaction of all the conditions set out in the Securities Industry Council's ("**SIC**") letter dated 28 July 2016, the shareholders of the Company (other than Kwan Chee Seng and parties acting in concert with him (the "**Concert Party Group**"), do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") from the Concert Party Group, in respect of all or any part of the shares in the Company held by such shareholders, in the event that their subscription of the Rights Shares and the New Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue results in them incurring an obligation to make a mandatory general offer pursuant to Rule 14 of the Code.

Voting Exclusion: The Company will, in accordance with the conditional waiver by the SIC, disregard any votes cast on this resolution by the Concert Party Group and any parties not independent of them. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

By Order of the Board
GRP LIMITED

DANIEL TEO TONG HOW
INDEPENDENT DIRECTOR AND CHAIRMAN
11 OCTOBER 2016

Notes:

- (1) (a) A shareholder of the Company entitled to attend and vote at the EGM and who is not a relevant intermediary may appoint not more than two proxies to attend and vote in his stead.
- (b) A shareholder of the Company entitled to attend and vote at the EGM and who is a relevant intermediary may appoint more than two proxies provided that each proxy is appointed to exercise the rights attached to different shares held by the shareholder.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

- (2) A proxy need not be a shareholder of the Company.

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (3) If a proxy is to be appointed, the instrument appointing a proxy must be duly deposited at the registered office of the Company at 11 Tanjong Penjuru Crescent, Singapore 608974 not later than 48 hours before the time appointed for the holding of the EGM.
- (4) The instrument appointing a proxy must be signed by the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.
- (5) A Depositor's name must appear on the Depository Register maintained by The Central Depository (Pte) Limited as at 72 hours before the time fixed for holding the EGM in order for the Depositor to be entitled to attend and vote at the EGM.

Personal Data Privacy:

"Personal data" in this notice of EGM has the same meaning as "personal data" in the Personal Data Protection Act 2012, which includes your name and your proxy's and/or representative's name, address and NRIC/Passport number. By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and its proxy(ies)'s or representative(s)'s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior express consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; (iii) undertakes that the member will only use the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iv) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty. Your personal data and your proxy's and/or representative's personal data may be disclosed or transferred by the Company to its subsidiaries, its share registrar and/or other agents or bodies for any of the Purposes, and retained for such period as may be necessary for the Company's verification and record purposes.

PROXY FORM

GRP LIMITED

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

Important:

This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We* _____ (Name) NRIC/Passport number* _____ of
_____ (Address)

being a shareholder/shareholders* of GRP Limited (the "**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him, the Chairman of the Extraordinary General Meeting (the "**EGM**") of the Company as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf at the EGM of the Company to be held at Lounge 1883, Level 1, Singapore Recreation Club, B Connaught Drive, Singapore 179682 on 27 October 2016 at 11.00 a.m. (or as soon thereafter following the conclusion or adjournment of the Annual General Meeting of the Company to be held at 10.00 a.m. on the same day and at the same place), and at any adjournment thereof.

(Please indicate with an "X" in the spaces provided whether you wish your vote(s) to be cast for or against the resolution as set out in the notice of EGM. In the absence of specific directions, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM)

S/N	Ordinary Resolutions	Number of Votes For**	Number of Votes Against**
1	To approve the Rights cum Warrants Issue		
2	To approve the Whitewash Resolution		

* Delete accordingly

** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2016

Total number of Shares in	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature(s) of Shareholder(s)
or Common Seal of Corporate Shareholder

* Delete where inapplicable

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

PROXY FORM

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members of the Company, you should insert the aggregate number of Shares. If no number is inserted, this form of proxy will be deemed to relate to all the Shares held by you.
2. A shareholder of the Company who is not a relevant intermediary (as defined below) is entitled to appoint not more than two proxies to attend and vote at the EGM of the Company. Where such shareholder appoints more than one proxy, he/she shall specify the proportion of his/her shareholding to be represented by each proxy. If no percentage is specified, the first named proxy shall be deemed to represent 100% of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.
3. A shareholder of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the EGM of the Company, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder. Where such shareholder appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the proxy form. In such event, the relevant intermediary shall submit a list of its proxies together with the information required in this proxy form to the Company.
“relevant intermediary” means:
 - (i) a banking corporation licensed under the Banking Act, Chapter 19, or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (ii) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289, and who holds shares in that capacity; or
 - (iii) the Central Provident Fund Board (“**CPF Board**”) established by the Central Provident Fund Act, Chapter 36, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
4. A proxy need not be a shareholder of the Company.
5. The instrument appointing a proxy or proxies, duly executed, must be deposited at the registered office of the Company at 11 Tanjong Penjuru Crescent, Singapore 608974 not less than 48 hours before the time appointed for the EGM.
6. The instrument appointing a proxy or proxies must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or by an officer on behalf of the corporation.
7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney or other authority, the power of attorney or authority or a notarially certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.
8. A corporation which is a member may authorise by a resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act, Chapter 50.
9. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the shareholder is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of EGM of the Company dated 11 October 2016.