

Date: 22 July 2024

The Board of Directors  
**GRAND CENTRAL ENTERPRISES BHD**  
No. 3A, Mezzanine Floor  
Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Malaysia

Dear Sirs,

**GRAND CENTRAL ENTERPRISES BHD ("GCEB" OR THE "COMPANY")**

**LETTER TO THE BOARD OF DIRECTORS OF GCEB TO CONSIDER UNDERTAKING THE PROPOSED WITHDRAWAL OF GCEB'S LISTING FROM THE OFFICIAL LIST OF THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") PURSUANT TO PARAGRAPH 16.06 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES ("PROPOSAL LETTER")**

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## **1. INTRODUCTION**

We, Tan Chee Hoe & Sons Sdn Bhd ("**TCHSSB**") and Hotel Grand Central Limited ("**HGCL**") (collectively, the "**Proposers**" or "**Joint Offerors**"), hereby wish to formally request the Board of Directors of GCEB ("**Board**") to consider undertaking the proposed withdrawal of GCEB's listing from the Official List of the Main Market of Bursa Securities pursuant to paragraph 16.06 of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**") ("**Proposed Withdrawal**").

As at the date of this letter, we collectively hold an aggregate of 143,129,061 ordinary shares of GCEB, representing approximately 72.65% of the total issued share capital of 197,002,000 ordinary shares in GCEB ("**Shares**" or "**GCEB Shares**").

Pursuant to paragraph 16.06(1)(c) of the Listing Requirements, in order to request a withdrawal of listing under the Listing Requirements, we are required to offer the shareholders of the Company a reasonable cash alternative or other reasonable alternative. As such, we intend to comply with paragraph 16.06(1)(c) of the Listing Requirements by undertaking a voluntary general offer ("**VGO**") to acquire the remaining 53,872,939 GCEB Shares not already held by us ("**Offer Shares**") as at the date of this letter, representing approximately 27.35% of the total issued GCEB Shares, at an offer price of RM0.46 per Offer Share ("**Offer Price**") ("**Exit Offer**").

Further details of the Proposed Withdrawal and Exit Offer are set out herein.

## 2. RATIONALE FOR THE PROPOSED WITHDRAWAL AND EXIT OFFER

GCEB and its subsidiaries ("**GCEB Group**") has been recording losses for the past 10 consecutive financial years up to the financial year ended 31 December ("**FYE**") 2023 and the latest 3-month financial period ended 31 March 2024. As a result of the weak financial performance, GCEB Group has not declared any dividends since the FYE 2019.

In addition, GCEB Group's hotels (in particular the 5 hotels under the Hotel Grand Continental brand located in Kuala Lumpur, Langkawi, Kuantan, Kuala Terengganu and Kuching) have an average building age of 31 years old and recorded low occupancy rate of an average of approximately 24% in 2024 (computed based on the average daily occupancy rate of all hotels from 1 January 2024 to 31 May 2024). Given the conditions of these hotels, a refurbishment is necessary to maintain standards and attract guests to improve the financial performance of GCEB Group. Based on the foregoing and after taking into consideration the rise in labour costs and prices of goods, paired with new supply of hotel rooms and intense competition from new hotels within the vicinity, we expect GCEB Group's upcoming performance and earnings visibility to remain tough moving forward.

Accordingly, we are of the opinion that privatising GCEB will provide us better flexibility to manage the business and operations of GCEB, without the need to comply with the Listing Requirements as a public listed company. Specifically, the delisting of GCEB, if materialised, shall accord us with greater flexibility in implementing restructuring plans for GCEB's business and operations, which may include among others, cost rationalisation measures to streamline efficiency in organisation structure and optimization of resources for the implementation of any operational changes. As a result of these initiatives, any conservation of cash will be utilised towards the refurbishment of the existing hotels. Such efforts are necessary to cater for the evolving market demands while ensuring long-term sustainability and operational efficiency of the hotels, thereby possibly generating future profits for GCEB. Nonetheless, our restructuring plans for GCEB are still indicative and subject to further deliberations given that such plans are still in the preliminary planning stage. Further, we will need to carry out feasibility studies to provide risk-reward assessment prior to deciding on the restructuring plans for GCEB's business and operations.

GCEB Shares have been thinly traded, with a simple average monthly trading volume of 182,937 Shares for the past 1 year up to and including 19 July 2024, being the last trading day prior to the date of this Proposal Letter, which represents a liquidity turnover of approximately 0.35%. Given the limited trading activity in GCEB, the Exit Offer provides an opportunity for holders of the Offer Shares to realise their investment in GCEB immediately at the Offer Price.

The Exit Offer is to facilitate the Proposed Withdrawal.

### **3. REQUIREMENTS IN RELATION TO THE PROPOSED WITHDRAWAL AND EXIT OFFER**

#### **3.1 Requirements of paragraph 16.06(1) of the Listing Requirements in relation to the Proposed Withdrawal**

In accordance with paragraph 16.06(1) of the Listing Requirements, GCEB may not request to withdraw its listing from the Official List of Bursa Securities unless:-

- (a) GCEB convenes a general meeting to obtain its shareholders' approval and the circular sent to the shareholders includes the information stipulated in the Listing Requirements;
- (b) the resolution for the Proposed Withdrawal is subject to the following conditions:-
  - (i) the resolution is approved by a majority of shareholders or unit holders and holders of any other class of listed securities, if applicable, in number, representing 75% of the total number of issued securities held by the shareholders or unit holders and other securities holders respectively, present and voting either in person or by proxy at each meeting; and
  - (ii) the number of votes cast against the resolution, if any, by each class of listed securities respectively, if applicable, is not more than 10% of the total number of issued securities held by the shareholders or unit holders and other securities holders respectively, present and voting either in person or by proxy at each meeting.

Where the constituent document of GCEB imposes a stricter condition in respect of the votes required to approve the withdrawal of listing, such stricter condition will apply in substitution of the foregoing provision;

- (c) the shareholders of GCEB are offered a reasonable cash alternative or other reasonable alternative; and
- (d) GCEB appoints an independent adviser, which meets the approval of the independent directors, to advise and make recommendations for the consideration of the shareholders in connection with the withdrawal of its listing as well as the fairness and reasonableness of the Exit Offer.

The Proposed Withdrawal is proposed on the premise of paragraph 16.06(1) of the Listing Requirements and upon fulfillment of the above, the Company is required to submit an application to Bursa Securities to request for the withdrawal of its listing from the Official List of Bursa Securities pursuant to paragraph 16.08 of the Listing Requirements.

#### **3.2 Requirements of the Rules on Take-overs, Mergers and Compulsory Acquisitions as issued by the Securities Commission Malaysia ("SC") ("Rules") in relation to the Exit Offer**

The Exit Offer to be extended to the shareholders of the Company in conjunction with the Proposed Withdrawal constitutes a VGO under the provisions of the Rules. As such, the Exit Offer shall be implemented in compliance with the provisions of the Rules.

## 4. TERMS AND CONDITIONS OF THE EXIT OFFER

### 4.1 Conditions of the Exit Offer

The Exit Offer will not be conditional upon the receipt of any minimum number of valid acceptances of the Offer Shares in view that we, the Joint Offerors already hold in aggregate, more than 50% of the voting shares in the Company.

However, the Exit Offer is conditional upon the approvals from the shareholders of GCEB and Bursa Securities for the Proposed Withdrawal as set out in Section 5 of this Proposal Letter.

### 4.2 Consideration for the Exit Offer

We, the Joint Offerors, propose to offer to the holders of the Offer Shares ("**Holder(s)**"), a cash payment of RM0.46 per Offer Share. However, if the Company declares, makes and/ or pays any dividend and/ or other distributions of any nature whatsoever ("**Distributions**") in favour of its shareholders whereby the entitlement date for such Distributions is on or after the date of this letter but before the closing date of the Exit Offer ("**Closing Date**"), and the Holder is entitled to retain such Distributions, the Offer Price will be reduced by an amount equivalent to the net Distributions per Share which the holder of such Offer Share is entitled to retain.

Holders may accept the Exit Offer in respect of all or part of their Offer Shares. Fractions of a sen will not be paid to Holders in respect of their valid acceptance of the Exit Offer and will be rounded down to the nearest whole sen.

### 4.3 Compulsory Acquisition

Subsection 222(1) of the Capital Markets and Services Act, 2007 ("**CMSA**") provides that, where an offeror:-

- (a) has made a take-over offer for all the shares or all the shares in any particular class in an offeree; and
- (b) has received acceptance of not less than nine-tenths (9/10) in the nominal value\* of the offer shares,

**Note:-**

\* *Section 74 of the Companies Act 2016 ("**Act**") stipulates that all shares issued before or upon the commencement of the Act shall have no par or nominal value. Accordingly, the "nominal value" in this context shall refer to the number of shares instead.*

the offeror may, within 4 months of the date of the take-over offer, acquire the remaining shares or remaining shares in any particular class in the offeree, by issuing a notice in the form or manner specified by the SC to such effect, to all Holders who have not accepted the Offer ("**Dissenting Holder(s)**") provided that the notice:-

- (A) is issued within 2 months from the date of achieving the conditions under paragraph 222(1)(a) and paragraph 222(1)(b) of the CMSA; and
- (B) is accompanied by a copy of a statutory declaration by the offeror that the conditions for the giving of the notice are satisfied.

Subsection 222(1A) of the CMSA provides that, for the purpose of paragraph 222(1)(b) of the CMSA, the acceptance shall not include shares already held at the date of the take-over offer by the offeror or person(s) acting in concert.

In the event that we, the Joint Offerors, receive acceptance of the Exit Offer by a Holder which are deemed by us to be complete and valid in accordance with the provisions of the document outlining the terms and conditions of the Exit Offer ("**Offer Document**") ("**Valid Acceptances**") of not less than nine-tenths (9/10) in the nominal value of the Offer Shares (excluding GCEB Shares already held by us and persons acting in concert with us) on or before the Closing Date, **we intend to invoke the provisions of subsection 222(1) of the CMSA to compulsorily acquire any outstanding Offer Shares** for which Valid Acceptances have not been received on or prior to the Closing Date even if the conditions stipulated in subsection 222(1) of the CMSA are fulfilled. Under such circumstances, all the Holders of these Offer Shares will be paid in cash for the Offer Shares compulsorily acquired. The consideration for the Offer Shares under this compulsory acquisition will, subject to subsection 224(1) of the CMSA, be equivalent to the Offer Price and on the same terms to be set out in the Offer Document.

In accordance with subsection 224(1) of the CMSA, where a notice is given under subsection 222(1) of the CMSA, the court may, on an application made by any Dissenting Holder within 1 month from the date on which the notice was given by us, order that we shall not be entitled and shall not be bound to acquire the Offer Shares of any Dissenting Holder, or specify terms of acquisition that are different from the terms of the Exit Offer.

## **5. APPROVALS**

The Proposed Withdrawal is subject to approvals from the following being obtained:-

- (a) the shareholders of GCEB; and
- (b) Bursa Securities.

The Exit Offer is conditional upon the approvals being obtained from the shareholders of GCEB and Bursa Securities for the Proposed Withdrawal.

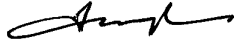
The Offer Document is subject to notification from the SC that it has no further comments on the contents of the Offer Document.

## **6. FINANCIAL RESOURCES OF THE JOINT OFFERORS**

The consideration for the Offer Shares shall be satisfied entirely by TCHSSB, being one of the Joint Offerors. TCHSSB has confirmed that it is able to implement the Exit Offer in full and the Exit Offer would not fail due to insufficient financial capability, and that every Holder who wishes to accept the Exit Offer will be paid in full by cash.

We would be grateful if you could acknowledge receipt by signing and returning to us a duplicate of this letter.

Yours faithfully,



**Tan Eng How**  
(for and on behalf of Tan Chee Hoe & Sons  
Sdn Bhd)



**Hui Chiu Fung**  
(for and on behalf of Hotel Grand Central  
Limited)

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**To: The Joint Offerors**

We, Grand Central Enterprises Bhd, hereby acknowledge receipt of this letter.



**Ling Chee Min**  
(Independent Non-Executive Director)

**22 JUL 2024**