

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

SALE AND PURCHASE AGREEMENT IN RELATION TO A PROPOSED DISPOSAL

1. INTRODUCTION

The Board of Directors of GRP Limited (the “**Company**” and together with its subsidiaries, the “**Group**”), wishes to announce that the Company’s wholly-owned subsidiary, GRP Pte. Ltd. (“**GRPPL**”), has entered into an agreement dated 18 July 2024 (the “**SPA**”) with Lian Ee Hydraulics Pte Ltd (“**Purchaser**”) for the proposed disposal of assets, inventory, goodwill and customer contracts of GRPPL (the “**Proposed Disposal**”).

2. INFORMATION ON THE PURCHASER

The Purchaser is a leading regional hydraulics piping installer and it has been in this business for more than 30 years. The Purchaser is an independent third-party purchaser who is not related to any of the directors or controlling shareholders of the Company.

3. BACKGROUND AND RATIONALE FOR THE PROPOSED DISPOSAL

GRPPL is principally engaged in the Hose and Marine Segment of the Group’s business. Following a strategic review of the available options to streamline the operations of the Group’s Hose and Marine Segment as disclosed in page 29 of the Company’s results announcement for the third quarter ended 31 March 2024 released on 13 May 2024, the Company intends to discontinue the business operations of the Hose and Marine segment. As such, following completion of the Proposed Disposal, the Group intends to take the necessary steps to strike-off and/or wind-up GRPPL in due course.

The Board is of the view that the Proposed Disposal is in the best interests of the Group as the Hose and Marine Segment has been loss-making for the past 3 financial years. It would also allow the Group to reallocate its financial and manpower resources to more viable and better performing business units.

4. KEY TERMS OF THE PROPOSED DISPOSAL

The key terms of the Proposed Disposal are:

- (a) The consideration payable by the Purchaser for the Proposed Disposal is an aggregate amount of S\$680,000 (“**Consideration**”);
- (b) 50% of the Consideration shall be payable as deposit on signing, and the balance on the completion date, being 1 August 2024, or such other mutually agreed date;
- (c) GRPPL shall give non-competition and non-solicitation undertakings for a period of 3 years; and
- (d) Based on GRPPL’s order book as disclosed in the SPA, GRPPL shall reimburse the Purchaser an agreed sum representing the estimated profit margin for any order which is not successfully transferred to the Purchaser.

The Consideration was negotiated on an arm’s length basis between GRPPL and the Purchaser, having taken into account, *inter alia*, the value of the inventories and fixed assets as at 30 June 2024 and that no other interested party had provided a reasonable alternative offer despite the Group’s efforts. No independent valuation was commissioned in respect of the Proposed Disposal.

The deficit of proceeds based on the Consideration less the net book value of the assets disposed of approximately S\$770,000 as at 31 March 2024 (being the latest announced unaudited financial statements of the Group) is S\$90,000. The proceeds will be utilised for working capital purposes.

5. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The Proposed Disposal is not expected to have any material impact on the net tangible assets per share or loss per share of the Group for the financial year ended 30 June 2023 or the current financial year ended 30 June 2024.

6. RELATIVE FIGURES

The relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) based on the latest announced unaudited financial statements of the Group and the management accounts of GRPPL for the 9 months ended 31 March 2024 (“**9M2024**”) are as follows:

Rule 1006 (a)	The net asset value of the assets to be disposed of, compared with the Group’s net asset value	2.22% ⁽¹⁾
Rule 1006 (b)	The net loss attributable to the assets acquired or disposed of, compared with the Group’s net loss	3.93% ⁽²⁾
Rule 1006 (c)	The aggregate value of the consideration given or received, compared with the Company’s market capitalisation based on the total number of issued shares excluding treasury shares and returned shares	6.74% ⁽³⁾
Rule 1006 (d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
Rule 1006 (e)	The aggregate volume or amount of proven and probable reserves to be disposed of compared with the aggregate of the group’s proven and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets	Not applicable

Notes:

- (1) Based on the Company’s unaudited net asset value of S\$32,706,000 for 9M2024 and the net book value of the assets disposed of S\$726,411.
- (2) Based on the Company’s unaudited consolidated loss before income tax of S\$1,182,000 for 9M2024 and the loss before income tax of GRPPL amounting to S\$46,411.
- (3) Based on the Company’s market capitalisation of S\$10,091,033 which was computed based on the weighted average price as at 17 July 2024 (being the last market day where the Company’s shares were traded, preceding the date of the SPA).

On the basis of the relative figures set out above, the Proposed Disposal constitutes a “discloseable transaction” under Chapter 10 of the Listing Manual.

7. SERVICE CONTRACT

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

8. INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition, other than through their respective shareholdings (if any) in the Company.

9. DOCUMENTS FOR INSPECTION

A copy of the SPA is available for inspection at the registered office of the Company at 30 Cecil Street #10-01/02, Prudential Tower Singapore 049712 during normal business hours for three months from the date of this announcement.

BY ORDER OF THE BOARD

Teo Tong How
Independent Non-Executive Director and Chairman
18 July 2024