

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

RESTRUCTURING FOR REPAYMENT OF RCPS ISSUED BY ENERGISER ENTERPRISE SDN BHD

The Board of Directors ("**Board**") of GRP Limited ("**Company**") and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 1 August 2017, 2 October 2017 and 4 October 2017, in relation to the subscription by the Company for Redeemable Convertible Preference Shares ("**RCPS**") of Energiser Enterprise Sdn Bhd ("**EESB**").

BACKGROUND

On 31 July 2017, the Company entered into a Subscription Agreement (the "**Subscription Agreement**") with EESB, Chong Yin Peng ("**CYP**"), Chang Kok Kheong ("**CKK**" and together with CYP, the "**Existing Shareholders**"), Luminor Pacific Fund 2 Ltd ("**LPF2**") and Luminor Harbour Fund 1 Pte Ltd ("**LHF1**" and together with the Company and LPF2, the "**Subscribers**") for the proposed subscription by the Subscribers of an aggregate principal amount of RM20.00 million (amounted to approximately S\$6.45 million) worth of RCPS issued by EESB at the issue price of RM506.67 for each RCPS. The Company, being one of the Subscribers, subscribed for 15,295 RCPS an aggregate subscription consideration of RM7.75 million (or approximately S\$2.50 million).

Table 1

Subscribers	RCPS Amount (S\$)	No. of RCPS	Shareholding
GRP Limited	2,500,000	15,295	38.76%
Luminor Pacific Fund 2 Ltd	2,450,000	14,990	37.98%
Luminor Harbour Fund 1 Pte Ltd	1,500,000	9,180	23.26%
Total	6,450,000	39,465	100%

The RCPS had a maturity date of 31 July 2019 (the "**RCPS Maturity Date**"). On 22 November 2019, the Subscribers, EESB and the Existing Shareholders executed a supplemental agreement (the "**First Supplemental Agreement**") to extend the RCPS Maturity Date by six months to 30 January 2020. As at 30 January 2020, EESB was unable to settle the redemption sum for the RCPS and late payment interest thereon pursuant to the Subscription Agreement as amended by the First Supplemental Agreement. On 31 January 2020, the Subscribers, EESB and the Existing Shareholders executed a second supplemental agreement (the "**Second Supplemental Agreement**") to extend the RCPS Maturity Date by a further six months to 30 April 2020. The Subscribers elected to not exercise its conversion rights throughout the term of the RCPS, hence all RCPS were due for redemption on the 30 April 2020.

In line with the terms of the Subscription Agreement, at the RCPS Maturity Date of 31 July 2019, the RCPS were to be redeemed at the redemption price of RM812 each (or approximately S\$260.33) per RCPS together with any declared but unpaid dividend and late payment interest at the rate of 10% per annum calculated from the date of the redemption notice to the date of the full payment of the redemption price. Accordingly, the Company, EESB and the Existing shareholders have agreed that the total aggregate outstanding amount owing under the RCPS as at 31 May 2020 (the “**Outstanding Sum**”) is S\$11,200,844, and comprising:

- a) Redemption of RCPS at the price of RM812 per RCPS amounting to S\$10,337,060; and
- b) Late Payment Interest of S\$863,784

The Outstanding Sum owed to the Subscribers is broken down as follows:

Table 2				
Outstanding Sum (S\$)	GRP Limited	LPF2	LHF1	Total
Redemption of RCPS	4,006,553	3,926,540	2,403,967	10,337,060
Interest	334,795	328,109	200,880	863,784
Total	4,341,348	4,254,649	2,604,847	11,200,844

The Group wishes to announce that the Company has, together with LPF2 and LHF1, entered into agreements with the Existing Shareholders, EESB and its wholly owned subsidiary, Energiser Properties Sdn Bhd (“**EPSB**”) to restructure and facilitate the repayment of their investment in the RCPS issued by EESB (the “**Restructuring Agreements**”).

THE RESTRUCTURING AGREEMENTS

The Restructuring agreements include the following agreements:

- i) Third Supplemental Agreement;
- ii) Land Transfer and Option Agreement;
- iii) Deed Of Assignment; and
- iv) Joint Venture Agreement

1. The Third Supplemental Agreement

EESB and its Existing Shareholders shall cause and procure that EPSB effect the following in respect thereof towards settlement of the Outstanding Sum:

- (a) A portion of the Outstanding Sum, being the amount of RM12,000,000, shall be fully settled and satisfied by the transfer of lands (details of which are set out in paragraph 2 of this announcement).
- (b) A portion of the Outstanding Sum, being the amount of RM21,793,689, shall be fully settled and satisfied by the receipt of EPSB’s monetary entitlements under the Phase 1C Development Agreement upon the terms and conditions

of the Deed of Assignment outlined in paragraph 3 of this announcement;
and

- (c) EPSB and the Company shall enter into a Joint Venture Development Agreement for the Joint Development (“**JVDA**”) of 3 Blocks of 500 apartment units of Student Accommodation Phase 1C Development in Segi College, detailed in paragraph 4 of this announcement. The balance of the Outstanding Sum, shall be settled and satisfied by the receipt of the profits of the JVDA due to EPSB.
- (d) For the avoidance of doubt, notwithstanding the execution of the Land Transfer Agreement, the Assignment, the JVDA and the Novation, the Outstanding Sum shall only be deemed to have been fully settled by EESB upon the completion of the transfer of the EPSB Lands to the Transferee in accordance with the Land Transfer Agreement and the Subscribers actual receipt of the balance Outstanding Sum (after deduction of the sum deemed realised pursuant to the Land Transfer Agreement) in full in cash.
- (e) EESB and Subscribers agree that the Existing Securities shall remain valid, binding and in full force and effect pending the Subscribers’ receipt of the Outstanding Sum and that in the event of a breach of this Third Supplemental Agreement, the Land Transfer Agreement, the Assignment, the Joint Development Agreement and the Novation, the Subscribers shall be entitled to enforce any and all rights under the Existing Securities or any one of more of them at the Subscribers’ absolute discretion and without reference to the EESB and/or the providers of the Existing Securities.
- (f) EESB’s obligation to pay the Outstanding Sum and the Existing Securities shall be deemed fully and effectually discharged only upon full settlement of the Outstanding Sum in the manner provided herein.

2. The Land Transfer Agreement (“LTA”) and Call Option Agreement (“Call Option”)

- 2.1 The LTA facilitates a partial settlement of the repayment to the Subscribers, whereby EESB will transfer the titles of ownership of two (2) Plots of land and an uncompleted office tower (“**Office Tower**”) in Ipoh, Perak to the Subscribers (“**Land Assets**”). The total land size is approximately 28,375 square feet, comprising one plot at 127, Jalan Sultan Abdul Jalil, Greentown, Ipoh, with a completed 3-storey building and an adjacent plot at 125 Jalan Sultan Abdul Jalil, Greentown, Ipoh, with an uncompleted Office Tower approved for development as an 18-storey tower.
- 2.2 The Subscribers and EESB have agreed to a settlement value for the Land Assets for a swap settlement price of RM12 million (S\$3.90 million) (“**Transfer Consideration**”).

2.3 The Land Assets have been used as security by EESB, for a total bank loan, as at end of June 2020 (“Bank Loan”), the redemption sum is RM4,354,000 as of 30 June 2010. The Subscribers will undertake to repay the Bank Loan by a further similar loan to EESB.

2.4 Additional Information

- a. The Subscribers will set-up a Special Purposes Vehicle (“SPV”) to acquire, own, develop and operate the Land Assets. The shareholders, and their interest in the SPV will be in proportion to the interest held by the Subscribers and as referred in the Table 1 above; and
- b. The SPV will submit application to obtain approvals from the relevant authority in Malaysia, for the foreign owned SPV to own the Land Assets (“**Authority Approvals**”). The Authority Approvals are anticipated to take approximately 4 months from date of submission of application.
- c. The Company management expects that the additional construction cost and other fees to complete the Office Tower is approximately RM9 million (S\$2.92 million); and additional costs anticipated of RM4.0 million (S\$1.30 million) if additional space for a banking hall and F&B outlets is constructed. As of April 2020, the status of the construction works on superstructure is completed to the 8th storey.
- d. The Land Assets are situated in the Town Centre and zoned for commercial use with a plot ratio of 6 and at maximum height above mean sea level of 195 metres.
- e. The SPV has also provided a Call Option to EPSB. (“**Call Option**”). The Call Option allows EPSB to buy back the Land Assets for a period of six (6) months from the date of the transfer of the land to the SPV. If Call Option is exercised by EPSB, EPSB is to pay 10% interest per annum on the Transfer Consideration plus other related costs including the repayment of the Bank Loan incurred for the transaction provided in the Call Option.

3. Deed Of Assignment (“DOA”)

3.1 EPSB has assigned the trade receivables of RM21,793,689 (S\$7.08 million) (“**Trade Receivables**”) to the Subscribers.

3.2 The Trade Receivables relate to a Mutual Agreement between EPSB and Tasmuning Development Sdn Bhd (“**Tasmuning**”), whereby an amount has accrued and payable to EPSB for the construction, completion and handover of Segi’s college building to Tasmuning. Tasmuning is a development vehicle for the Segi Group. EPSB and Tasmuning have entered into a Phase 1C Development Agreement (“**Phase 1C Development Agreement**”) to develop 3 blocks of 500 units of apartment for student accommodation at SEGI College in Ipoh, Malaysia, undertaken by EPSB (“**SEGI Project**”). Tasmuning has an entitlement of 150 units (“**Landowner Entitlement**”) in

the Agreement, and part of the Landowner Entitlement is to be set-off against the Trade Receivables to EPSB.

- 3.3 Upon commencement, the SEGI Project is expected to take about 36 months to complete.

4. Joint Venture Development Agreement (“JVDA”)

- 4.1 The JVDA provides for the Company and EPSB to form a new Project JV company (“**Project JV**”) to undertake the SEGI Project as intended per the Phase 1C Development Agreement. The JVDA provides that, upon execution of the agreement, EPSB shall obtain written consent from Tasmuning for the novation by EPSB, of its rights and obligations relating to the Phase 1C Development Agreement, to the Project JV.
- 4.2 The shareholding interest in the Project JV will be 70% for Company and 30% to EPSB, with issued capital upon incorporation of the Project JV to be 250,000 shares of RM1 per share.
- 4.3 The JVDA also provides for the Company to provide from time to time, advances to the Project JV of up to RM20 million (S\$6.49 million) for the construction and working capital for the development of the SEGI Project. The advances shall bear interest at 5% per annum
- 4.4 EESB has a Right of First Refusal (ROFR) for construction of the project.
- 4.5 The profit distribution to which EPSB is entitled (30% of the profits in line with its shareholding of the Project JV) will be used to repay any remaining Outstanding Sum to the Subscribers.
- 4.6 The Joint Venture development is subject to EPSB procuring and obtaining written consent from Tasmuning for the novation by EPSB of its rights and obligations under the Phase 1C Development Agreement to the Project JV and the execution of the Power of Attorney by Tasmuning in favour of the Project JV.

FINANCIAL IMPACT

The Restructuring Agreements are not expected to have any material impact on the consolidated net tangible assets and earnings per share of the Company and the Group for the financial year ending 30 June 2020.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Mr Kwan Chee Seng (“**KCS**”), an Executive Director and controlling shareholder of the Company, is a director and shareholder of Luminor Capital Pte. Ltd. (“**LCPL**”) which is the fund manager for LPF2 and LHF1. KCS is one of the investors of LHF1.

Ms Kwan Yu Wen (“**KYW**”), an Executive Director of the Company, is the daughter of KCS and is a shareholder of LCPL.

Save for KCS and KYW, none of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company) in the RCPS and the related Restructuring Agreements.

BY ORDER OF THE BOARD

Teo Tong How
Independent Non-Executive Director and Chairman
30 June 2020