

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

PROPOSED SUBSCRIPTION OF SHARES IN TONG REN TANG ROYAL FOOD PTE. LTD.

1. INTRODUCTION

The Board (the “**Board**”) of Directors of GRP Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company has entered into a Share Subscription Agreement (the “**SSA**”) dated 12 January 2023 with Tong Ren Tang Royal Food Pte. Ltd. (“**Sgp TRTRF**”), Tongrentang Royal Food Co., Ltd (“**Beijing TRTRF**”) and Mr Lu Youyi (“**LYY**”) in relation to:

- a. the proposed subscription by the Company of 51,000 ordinary shares in the share capital of Sgp TRTRF at S\$1 per share (the “**Proposed Subscription**”); and
- b. the proposed subscription by LYY of 48,000 ordinary shares in the share capital of Sgp TRTRF at S\$1 per share.

The Company has also entered into a Shareholders Agreement (the “**SHA**”) dated 12 January 2023 with Beijing TRTRF and LYY. The SHA sets out the terms towards defining and facilitating the shareholders’ interests in connection with the business operations and management of Sgp TRTRF.

None of the relative figures computed on the bases pursuant to Rule 1006 in respect of the Proposed Subscription exceeds 5%.

2. INFORMATION ON Sgp TRTRF AND RATIONALE FOR PROPOSED SUBSCRIPTION

Sgp TRTRF, a company incorporated in Singapore on 18 August 2022, has an issued and paid-up share capital of S\$1,000 consisting of 1,000 ordinary shares issued to Beijing TRTRF, a company incorporated in the People’s Republic of China.

Upon issue of the 99,000 new ordinary shares to the Company and LYY, the issued and paid-up share capital of Sgp TRTRF will be increased to S\$100,000 consisting of 100,000 ordinary shares with the Company holding 51,000 ordinary shares (51%), LYY holding 48,000 ordinary shares (48%) and Beijing TRTRF holding 1,000 ordinary shares (1%).

The principal business activities of Sgp TRTRF are trading and manufacturing of food commodities and products. The products are sold under the brand name “Tong Ren Tang”.

Upon completion of the Proposed Subscription, Sgp TRTRF will become a 51% owned subsidiary of the Company and the Company will have access to its trading businesses and plans to develop “同仁堂御膳” mobile food truck business in China on a franchise model targeting the vast Chinese market.

3. SALIENT TERMS OF THE SSA

The salient terms of the SSA are as follows:

- a. The completion of the Proposed Subscription is conditional, *inter alia*, the Company and LYY being satisfied with the results of the due diligence investigations to be performed by the Company and LYY in respect of Sgp TRTRF.
- b. The long-stop date of the SSA is three months from the date of the SSA or such later date as the parties may agree in writing.
- c. The consideration for the Proposed Subscription of S\$51,000 is payable by the company to Sgp TRTRF in cash on the date of completion of the Proposed Subscription.
- d. Sgp TRTRF will pursue to file the trademark “同仁堂御膳” with the Singapore Trademark Agency (the “**Trademark**”). Within 14 days from the successful registration of the Trademark, the Company will pay to Beijing TRTRF a one-time royalty fee of RMB2.0 million (approximately S\$0.4 million) in cash for the use of the Trademark by Sgp TRTRF (the “**Royalty Fee**”). Thereafter, Sgp TRTRF will own the Trademark globally and/or be able to register the Trademark in other jurisdictions as it deems fit.

4. SALIENT TERM OF THE SHA

Under the SHA, the Company has the rights to acquire LYY’s 48,000 ordinary shares in the share capital of Sgp TRTRF (the “**Sale**”) at 8 times the earnings before interest, tax, depreciation and amortisation based on the average of Sgp TRTRF’s audited financial statements for the financial years ending 30 June 2023 to 30 June 2025 (the “**Purchase Consideration**”). The Purchase Consideration shall be satisfied by way of part cash and/or part shares through the issue of new ordinary shares in the share capital of the Company up to 30% of the Purchase Consideration (the “**Consideration Shares**”). The issue price for each Consideration Share shall be the 30-day volume-weighted average price on the last traded market day prior to the date of the Sale.

The Company will make further announcements, in compliance with the requirements of Chapters 8 and/or 10 of the Listing Manual of the Singapore

Exchange Securities Trading Limited, should it exercise its rights in respect of the Sale, if required.

5. SOURCE OF FUND

The consideration for the Proposed Subscription of S\$51,000, and the Royalty Fee of RMB2.0 million (approximately S\$0.4 million) will be financed through internal resources.

6. FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription is not expected to have any material impact on the consolidated net tangible assets per share and earnings per share of the Group for the current financial year ending 30 June 2023.

7. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

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

8. DOCUMENTS FOR INSPECTION

Copies of the SSA and the SHA are available for inspection during normal business hours at the registered office of the Company at 30 Cecil Street #10-01/02 Prudential Tower Singapore 049712 for three months from the date of this announcement.

Please contact the Company at 62255646 prior to making any visits to arrange for a suitable time slot for the inspection.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
12 January 2023