

GRP LIMITED

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

TERMINATION OF JOINT VENTURE DEVELOPMENT AGREEMENT

The Board of Directors (“**Board**”) of GRP Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refer to the Company’s announcement dated 10 October 2017, 28 November 2017, 30 October 2019 and 21 May 2020 (the “**Announcements**”), in relation to the subscription of shares in Multiple Lodge Sdn. Bhd. (“**MLodge**”) a property development company in Malaysia.

As mentioned in the Announcements, MLodge, a 67.5% indirectly owned subsidiary of the Company, had on 9 October 2017 entered into a joint venture development agreement (“**JVDA**”) with Karib Tropika Sdn. Bhd. (“**Landowner**”) to develop lands of approximately 19.35 acres situated in Ipoh, Malaysia. The strategy was to have a commercial and high-rise condominium apartments development (“**Project**”) and to be constructed in phases. The target market was buyers from Malaysia, Singapore and Hong Kong SAR.

The development of the Project was delayed due to unforeseeable events that have transpired, amongst other things, the approximately 2.5 years of lockdown with travel restriction between Malaysia and Singapore due to Covid-19 pandemic and the changes in policies implemented by the Malaysia and Hong Kong governments.

Concerns to our target market relating to the Project were:

- a. The Malaysia government had stopped/delayed approval for foreign buyers for residential apartments for the Forrest City project in Johore, Malaysia;
- b. Suspension of MM2H (Malaysia My 2nd Home) policy with subsequent revised criteria that are more stringent;
- c. Hongkong SAR government continue with their zero-Covid policy. This has restricted the cross-border travels for our target market;
- d. The US central bank raising interest rates to tame the inflationary pressures has triggered restrictions in the global financial markets, raised prospects of higher costs for holding property investments and homeownership, and
- e. Malaysian banks have also taken a cautious approach in providing mortgage loans to foreign buyers.

In response to the changes in market sentiment, MLodge had proposed for the Project to be revised to target largely to the Malaysian buyers instead by redesigning the project having a guarded and gated high-

end double-storey landed mixed development. The Landowner has rejected the proposal, and has requested to terminate the JVDA with MLodge.

The Company has evaluated the Landowner's request, and having taken into account the concerns mentioned above, and the ongoing US/China trade war and the Ukraine/Russia conflict among other geo-political concerns, the Company and MLodge's shareholders have considered that the Project will not be pursued.

Accordingly, MLodge and the Landowner have on 15th November 2022 entered into a settlement agreement to terminate the JVDA (the "**Termination**").

The Company had provided advances to MLodge to facilitate the Project and upon the Termination, MLodge will cease to have any activity. The Termination is expected to have negative impact of approximately S\$490,000 on the consolidated net tangible assets and earnings per share of the Group for the financial year ending 30 June 2023, and the extent of such impact will be reported in the Group's financial results for the second quarter ending 31 December 2022

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
16 November 2022