

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ON THE ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2024

The Board of Directors (the “**Board**”) of GRP Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to inform the shareholders that the Company has received queries from the Securities Investors Association (Singapore) (“**SIAS**”) in relation to the Company’s Annual Report for financial year ended 30 June 2024 (“**FY2024**”). The SIAS queries, and our responses are as follows:

Question 1

In the annual report, the company states its mission clearly:

GRP is committed to enhancing group performance and delivering shareholder value.

The core businesses are (1) property development, (2) measuring instruments/metrology and (3) hose and marine (discontinued during the financial year).

In property development, the group ventured into an affordable housing project in Perak in December 2020, consisting of 1,039 units of single-storey terrace houses and 28 units of terraced shops. The company recognised a \$(13.58) million loss allowance on the amount due from the indirect 70% owned subsidiary.

With regard to the aborted Tangshan City integrated mixed development, the group is awaiting a balance of \$3.28 million as part of the \$4.75 million refund from the Kaiping District government

- (i) Can the new management outline its key strategic priorities for FY2025 to return the group to profitability?
- (ii) Can the incoming CEO outline his specific accomplishments in corporate turnarounds and real estate development? How does he intend to apply his expertise in these areas to the group’s property development ventures, especially in addressing ongoing challenges in Malaysia and China?
- (iii) Who is currently leading the negotiations with Energiser Enterprise Sdn Bhd (EESB) on the retention sum issue? Can the board clarify the nature of the disagreement, and what level of involvement and oversight does the board have over the dispute? Can the board clarify if there is any relationship between EESB and the group, its directors, or their associates?
- (iv) In addition, what is the level of experience within the Ratus Nautika management team in real estate development?
- (v) Can management provide a detailed roadmap for growth in the measuring instruments/metrology business?

Company’s response

- (i) The new Chief Executive Officer (“**CEO**”) will collaborate closely with the new Board of Directors to explore new business opportunities to broaden and enhance the earning base in the financial year ended 30 June 2025.
- (ii) The new CEO has over 25 years of experience in engineering services and has held various senior management positions in Singapore, India and China. To address the ongoing challenges, legal and financial advisors will be appointed as appropriate.

(iii) The Dispute with EESB - on the Retention Sum

The new CEO, together with the Chief Financial Officer and General Manager, is leading the negotiations with Energiser Enterprise Sdn Bhd (“**EESB**”) regarding the retention sum issue.

The dispute is for the payment of retention sum of RM3,049,887 (approximately \$887,757) withheld from an ongoing project by Ratus Nautika Sdn Bhd (“**Ratus Nautika**”), an indirect 70%-owned subsidiary of the Group, to EESB. On 5 August 2024, EESB served a winding-up petition on Ratus Nautika. The Company’s legal advisers have replied that the retention sum is not yet due for payment under the letter of award issued by Ratus Nautika to EESB and that the winding-up petition is unfounded, being based on a disputed debt. The Board is fully aware of the dispute and has been guiding management on the claim by EESB.

The Relationship with EESB

The Company entered into a Subscription Agreement dated 31 July 2017 with EESB, Chong Yin Peng (“**CYP**”), Chang Kok Kheong (“**CKK**” and together with CYP, the “**Existing Shareholders**”). The proposed subscription was for an aggregate principal amount of RM20 million (approximately \$6.41 million) worth of Redeemable Convertible Preference Shares (“**RCPS**”) to be issued by EESB at an issue price of RM506.67 (approximately \$162.44) for each RCPS. The Company subscribed for 15,295 RCPS, paying RM7.75 million (approximately \$2.5 million); and the other subscribers were Luminor Pacific Fund 2 Ltd (“**LPF2**”) and Luminor Harbour Fund 1 Pte Ltd (“**LHF1**”).

Luminor Capital Pte. Ltd. (“**LCPL**”), being the fund manager of LPF2 and LHF1, is the lead fund manager for the EESB subscription. LCPL charged fees of 2% on the investment amount pursuant to the EESB RCPS subscription. The shareholders of LCPL are Mr Kwan Chee Seng (“**KCS**”), Ms Kwan Yu Wen and Dr Foo Fatt Kah (“**FFK**”), and the directors of LCPL include KCS and FFK. Investors in LHF1 included KCS and FFK.

On 30 June 2020, Company announced that EESB was unable to settle the redemption sum for the RCPS (\$10,337,060) and late payment interest (\$863,784). The Company had, 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 (“**Restructuring Agreements**”). The Restructuring Agreements include Third Supplemental Agreement, Land Transfer and Option Agreements (“**LTO**”), Deed of Assignment and Joint Venture Agreement (“**JVDA**”). After evaluation, the Company did not pursue the LTO and the JVDA.

LCPL, the lead fund manager, has since been pursuing EESB for the recovery on sums due on the RCPS. There is no relationship between EESB and the Group, the Group’s Directors, or the Directors’ associates, except as otherwise disclosed herein.

- (iv) The General Manager of the Property segment is supported by a Project Manager who holds a diploma in civil engineering and has more than 20 years of property experience in Malaysia.
- (v) Management is always looking for opportunities to grow the measuring instruments/metrology business. This includes exploring new products or services that synergize with the current business.

Question 2

The company raised \$44.9 million from a placement and rights cum warrants issue in 2014 and a further \$13.5 million from a rights cum warrants issue.

As at 30 June 2024, equity attributable to owners of the company stands at just \$14.7 million following the distribution of 120 million shares of Luminor Financial Holdings Limited which are worth an estimated \$7.2 million.

The company's accumulated losses increased from \$(9.6) million to \$(27.0) million for the financial year ended 30 June 2024.

As noted in the corporate governance report, the board oversees the business affairs and sets overall corporate strategy and direction of the group. The board is collectively responsible for the long-term success of the group. The board's principal functions include:

- a. Providing entrepreneurial leadership, setting corporate strategies and ensuring that the necessary financial and human resources are in place for the Group to meet its objectives;
- b. Identifying the principal risks of the Group's business and establishing a framework of prudential controls to assess and manage these risks;
- c. Overseeing the Group's overall performance objectives, key operational initiatives and major business decisions;
- d. Ensuring the adequacy of internal controls (financial, information technology, operational and compliance) and risk management frameworks and standards, including ethical standards, to safeguard shareholders' investments and the Group's assets

On 7 June 2023, the company announced that it has been placed on the SGX watch-list with effect from 6 June 2023.

- (i) What has been the total shareholder return over the past 5 and 10 years?
- (ii) Can the board elaborate on how it conducted its formal annual assessment of the board's effectiveness, including that of its committees and individual directors? What were the key findings from these assessments?
- (iii) In particular, can the board justify its effectiveness at "board processes and accountability", "strategic planning" and "risk management and internal control" especially in light of the significant accumulated losses, the challenges in Malaysia and China and the company's placement on the SGX financial watch-list?
- (iv) In addition, has the board held management accountable in light of the company's underperformance?
- (v) What specific action has the board taken to improve the company's financial position and guide it towards exiting the SGX Watch-list? Has the board considered an orderly liquidation to preserve value for shareholders?

Company's response

- (i) The total shareholder return ("TSR") over the past 5 years and 10 years is -13.23% and -42.86%, respectively. Please refer to Appendix 1 for the TSR computation.
- (ii) The Director submits a board and board committee assessment form and an individual director assessment form annually. The evaluation focuses on various aspects of the performances of the board and board committee as well as the individual directors, such as board composition and structure, information provided to the board, board procedures, board accountability, communication between the board and management, as well as the standards of conduct of the board. The key findings from the most recent assessment identified strengths and improvements in all aspects of the evaluation.

- (iii) The day-to-day operations of the Group are managed by the Executive Director and his management team. Despite the external challenges faced in Malaysia and China, the Board has maintained a strong focus on risk management and continues to refine its strategic planning to address market dynamics. The significant accumulated losses are acknowledged, and the company's placement on the SGX financial watch-list is being actively addressed through targeted financial and operational improvements.
- (iv) Management updates the Board on the performance of the various business segments regularly. The Board has maintained strict oversight of the management team, holding them accountable for performance through regular reviews.
- (v) The new CEO will be working closely with the new Board of Directors to explore new business opportunities to shape future growth so as to maximize value to shareholders. The Board continuously reviews all options, but remains committed to preserving and maximising shareholder value through a recovery strategy.

Question 3

At the annual general meeting scheduled to be held on 24 October 2024, Mr Kwan Chee Seng, a director retiring pursuant to Article 88 of the company's constitution, will be seeking shareholders' approval for his re-election.

The biography of the director and additional information on directors seeking re-election can be found on pages 11 and pages 55 to 75 of the annual report.

On 6 June 2023, the company announced that Mr Kwan Chee Seng, then executive director and controlling shareholder of the company, was selling all 64,887,640 of his shares at a consideration of \$0.40 per share to David Hsieng Loong Su and Colin Tay Yong Lee and would cease to be a shareholder of the company upon the sale.

The share last traded at \$0.073 per share before the announcement.

Mr Kwan Chee Seng resigned as executive director of the company on 5 June 2023.

Subsequently, on 7 August 2023, the company announced that the proposed sale of shares to David Hsieng Loong Su had been terminated, followed by another announcement that Mr Kwan Chee Seng will instead sell 41,200,360 shares to Colin Tay Yong Lee.

On 15 January 2024, the company announced that the shares sale by Mr Kwan Chee Seng to Colin Tay Yong Lee has been terminated and there had been no transfer of shares.

The director's decision to sell his stake at a premium of more than five times the market value raises concerns about his alignment with shareholder interests.

- (i) As Mr Kwan Chee Seng is seeking shareholders' approval for his re-election at the AGM, can the director help shareholders better understand his level of commitment to the company given that he has tried to sell his shares at 40 cents (more than 5 times the last traded price) and even resigned from the board?
- (ii) Given the aborted sales attempts, can the director clarify his long-term plans for his shareholding in the company? Would he be willing to provide a binding commitment to remain invested, and if not, what are his exit intentions?

The director was first appointed in March 2013 and the company had accumulated profits of \$1.6 million as at 30 June 2013. As mentioned in Q1, the company's accumulated losses increased from \$(9.6) million to \$(27.0) million for the financial year ended 30 June 2024.

- (iii) Can the director highlight his specific contributions that have created sustainable, long-term value for shareholders?

- (iv) If re-elected, what new perspectives or strategies does the director intend to introduce to drive profitability and enhance shareholder returns?

Company's response

- (i) KCS is a Non-Independent Non-Executive Director. He is not involved in the day-to-day operations of the Group.
- (ii) KCS will be open to selling his shares should the price be right for him.
- (iii) KCS began his fund management business with LCPL in 2009. As a founding director of a private equity fund, he brings a unique set of skills in mergers and acquisitions to the Group.
- (iv) If re-elected, KCS will explore merger and acquisition deals for the Group.

BY ORDER OF THE BOARD

Teo Tong How
Independent Non-Executive Director and Chairman
22 October 2024

C:\Users\jstall\Documents\GMF - Mkt\GMF - Securities\2024\Total Shareholder Return 2024Sheet

1	Total Shareholder Return (TSR) - Note A	
a	Over 10 years period (2014 to 2024)	Cents
	- Share price at 2014	30.10
	- Share price at 2024	4.60
	- Dividend received from 2014 to 2024	1.50
	- DIS received from 2014 to 2024	11.10
	TSR for past 10 years (2014 to 2024)	-42.86%
b	Over 5 years period (2019 to 2024)	Cents
	- Share price at 2019	16.10
	- Share price at 2024	4.60
	- Dividend received from 2019 to 2024	1.50
	- DIS received from 2019 to 2024	7.87
	TSR for past 5 years (2019 to 2024)	-13.23%

2	TSR related Data	July 1 2014	July 1 2019	July 1 2024
	Share - market price (cents)	30.10	16.10	4.60
	Dividends (cents)			
	Paid in FY2019		0.50	
	Paid in FY2020		1.00	
	Dividend in Specie (DIS) - (cents)			
	10/7/2016 (Note B)	3.23		
	12/3/2021 (Note C)		7.87	

Note A

TSR is expressed as a percentage, including the price appreciation of a share plus any dividends paid during the performance period. As a mathematical equation TSR would be = (Current Price - Purchase Price + Dividend)/Purchase Price

Note B

7 October 2016 - Shareholders of the Company, for each ordinary share held in the Company - had a DIS of 0.17 shares of Starland Holdings Limited now known as Luminor Financial Holdings Limited (**LFHL**). Total of 23,718,245 LFHL shares were distributed. As at 7 October 2016, shares of LFHL traded at \$0.19; Value of the DIS per ordinary share in the Company is \$0.0323 (i.e \$0.19 * 0.17)

Note C

3 December 2021 - Shareholders of the Company - had a DIS of 2 LFHL shares for 3 shares held in the Company. Total of 120,130,358 LFHL shares were distributed. At 3 December 2021, shares of LFHL traded at \$0.118; Value of the DIS per ordinary share in the Company is \$0.0787 (i.e.0.118 * 2/3)