

GRP Limited

AGM

29 December 2020

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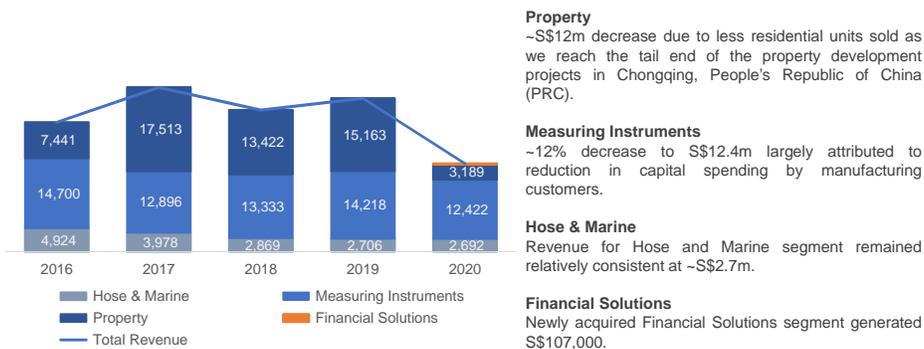
2020 Business Review

FY2020 Highlights

- The ongoing COVID-19 pandemic affected the Group negatively for the last quarter of FY2020.
- As a sign of solidarity, the Board and the senior management of the Group agreed to a voluntary 10% reduction in remuneration from April to June 2020.
- Despite the challenges faced in the current environment, the Group continues to press on to grow its businesses with the new affordable housing project (Slide 7), and the new Financial Solutions Business (Slide 10), to pave the way for future growth.
- Balance sheet remains strong – Group's cash & bank balances at S\$44m.
- Net cash used in operating activities – S\$4.8m
- Revenue for the Group – S\$18.4m, a 42.6% decrease due to lower revenue from Property and Measuring Instruments segments.
- Gross profit – S\$5.4m, a decrease of 9% from FY2019.
- Loss after tax of S\$5.1m largely a result of:
 - An impairment allowance of S\$2.5m related to the investment in Redeemable Convertible Preference Shares (RCPS) issued by Energiser Enterprise Sdn Bhd (EESB).
 - A S\$0.4m impairment of goodwill arising from the acquisition of Luminor Capital Malaysia Sdn Bhd.
 - A S\$0.1m impairment loss on development properties.

2020 Business Review

Revenue by Business Segment (\$'000)



Key Financial Indicators

Balance sheet remains extremely healthy – High cash levels, no gearing

✓ Cash accounts for 75.01% of equity

(S\$'000)	2020	2019
Cash & Bank Balances	44,000	56,626
Total Assets	85,896	94,128
Total Liabilities	22,530	20,962
Non-controlling Interest	4,709	5,479
Total Equity	58,657	67,687
Cash as % of Equity	75.01%	83.65%

✓ No gearing

- Money market loan of S\$900,000 has been fully repaid in FY 2020.

(S\$'000)	2020	2019
Loans and Borrowings	-	900
Total Equity	58,657	67,687
Debt to Equity Ratio	-	0.0132

Current Ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\$ 77,298,000}{\$ 15,752,000} = 4.9$$

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Business Update - Stockists, Agency and Trading Divisions

Hose and Marine, and Measuring Instruments

- The Group will continue to:
 - Focus on increasing brand agencies and complementary products.
 - Leverage on existing distribution networks and channels to increase coverage.
 - Strengthen engineering capabilities to serve market needs.
 - Implement staff training programmes to improve knowledge.

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Business Update – Property Division in Malaysia

Strategy for growth through own developments and M&A

Affordable Housing – Seri Iskandar Project

- On 4 December 2020, the Group entered into a Joint Venture Development Agreement (JVDA) with Perak State's Housing and Property Board (LPHP) to develop (design & build), sell and manage an affordable housing project.
- Project consists of 1,093 units of single-storey terrace houses, and 28 units of terraced shops.
- Building and construction works of the project shall be completed within 42 months from the date of the JVDA.
- Project is in line with our ongoing innovative business model to enter into the mass affordable housing space in Malaysia.
- Started works on the first sub-divided plot of 18 terrace houses with 2 showrooms.
- Targeting to launch Phase 1 (465 terrace houses) for sale in 2Q 2021.

19.35 Acres of Land in Tambun, Perak

- As of October 2019, the Group through its indirectly-owned subsidiary controls 67.5% of the project.
- The land has been subdivided into 5 plots.
- Since signing a JVDA in Oct 2017, the Group has successfully converted the Land Use Rights from "Agricultural Use" to "Residential Use" in June 2018, and in August 2020 has been rezoned to "Commercial Use".
- With the successful conversion to "Commercial Use", the subdivided 5 plots of land can be used for mixed development, without having to allocate 30% of the development to Bumiputera for affordable housing, and will not be subject to terms under the Housing Development Act.

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Business Update – Land Bank for Development

As of 29 December 2020, the Group has the following land bank for development:

Chongqing, PRC Residential Land

- Royal Waterhouse Land (Received repossession notice from Fuling District's local authority)

Ipoh Town Centre Commercial Land, Malaysia

- 3 plots of land at Jalan Sultan Abdul Jalil (Acquired in August 2019)
- For commercial development
- 999-year leasehold titles

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Business Update – Tangshan Project

Repossession of 165mu Industrial Land

- The Group expects the repossession of the land to be completed and receive the final payment of RMB 20m by end December 2020 in accordance with the repossession agreement with the Kaiping District Government.
- Due to constant changes in policies on land rights in PRC, the Group has decided not to participate in the tender process when the land is rezoned and ready for tender after the repossession.

Recovery of RMB 25.7 million

- The Group has commenced negotiation to recover RMB 25.7m disbursed as a portion of the RMB 85m advance to the Kaiping Government, given as consideration to obtain the first right of refusal to participate in the project.

Tangshan Project

- The Group will not be pursuing any development land in this project as we have shifted our focus to Malaysia.

Business Update – Financial Solutions

Starland's Acquisition of 51% Interest in Luminor Capital Malaysia (LCM)

Convertible Loan Agreement

- On 4 February 2020, the Group exercised its option to acquire a 51% interest in LCM.
- The Group has appointed its representatives to the boards of LCM and its subsidiaries, as well as LCM's Executive Committee, to oversee and control the management of LCM and its subsidiaries.

Introduction to LCM

- Non-Bank Financial Institution (NBFI) that provides financial services with the focus of serving the "underserved" customers, avoiding direct competition with local and international banks.
- Offers innovative financial services to serve the needs of the "underserved" who struggle to access mainstream financial products offered by conventional banks.
- To date, LCM has acquired the following licenses and approvals:
 - Moneylending License issued by the Ministry of Housing (Malaysia);
 - Rights granted by Bank Negara Malaysia under the Banking and Financial Institutions Act 1989 to operate leasing, factoring and building credit businesses;
 - Approval granted by Ministry of Finance (Malaysia) to operate factoring business;
 - Advisory License issued by Bank Negara Malaysia.
- These licenses allow LCM to provide financial services targeting the underserved Small, and Medium Enterprises (SMEs) and the Consumer Lending Market, with the aim of eventually having customers embedded in a close-looped e-payment platform.
- The Group has dedicated resources to pursue the growth of this business.
- Despite the ongoing COVID-19 pandemic, LCM has set up a new office in KL to accommodate the fast expanding staff strength, in particular the factoring division, El Nuwr Capital Sdn Bhd*.

* <https://www.elnuwr.com/>

GRP's Value Proposition

Stock trading way below Net Asset Value (NAV)

Attractive valuation with shares trading at <50% of NAV, backed by strong balance sheet.

	Price/share (\$)	No. of ordinary shares ¹	Value (S\$'000)
Share price as at 18 December 2020	0.157	180,458,010	28,332
Equity/share as at 30 June 2020	0.325		58,657
Cash/share as at 30 June 2020	0.244		44,000

Price to Book Ratio

$$\frac{\text{Price/share}}{\text{Equity/share}} = \frac{0.157}{0.325} = 0.483$$

¹ Excludes 13,243,600 treasury shares as at 30 November 2020.

GRP removed from MTP watchlist

- With effect from 1 June 2020, the MTP watchlist has been removed.

Future Realisable NAV

Estimated future realisable NAV from:

- Unsold units in projects in Fuling, Chongqing.
- Finalisation of repossession of 165mu land in Tangshan.
- Upcoming Affordable Housing Projects in Malaysia.
- Financial Solutions Business.
- Potential writeback from recoverable of RCPS.

Possible reasons why stock is trading below value

- Low trading volume/liquidity resulting in shareholder trades at lower price.

Next Steps

- Prudent share buyback to take out "weak" investors looking to exit the stock.
- Directors and shareholders to continue showing support for the stock.
- Leverage on our strengths to sharpen our competitive edge, reinforce our presence in existing markets, extend our reach to penetrate new markets and develop and grow our Property Development and Financial Solutions Business.

Directors' Shareholding

	Name	Shareholding ¹
1.	Kwan Chee Seng	35.50%
2.	Teo Tong How	4.47%
3.	Mahtani Bhagwandas	0.14%

¹ As at 30 November 2020

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Thank You

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