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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

Unless otherwise defined or the context otherwise requires, all capitalised terms used herein bear the same meanings as in the Announcements (as defined below).

The Board of Directors (the "**Board**" or "**Directors**") of GRP Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the Company's announcements dated 9 February 2023 relating to the unaudited interim financial statements for the financial period ended 31 December 2022 in respect of the financial year ending 30 June 2023.

The Company sets out its response to the SGX-ST's queries below.

Query 1
Please explain why interest income amounted to only S$116,000 during the financial period ended 31 December 2022 when the Group has significant cash and bank balance amounting to S$20,340,000.

Company's Response
The interest income of $116,000 comprises $38,000 for 3 months ending September 2022, and a higher $78,000 for 3 months ending December 2022, due to interest rates earned in different tenor and period. As at 31 December 2022, the Group has fixed deposits placements of $12,874,000, compared to $13,190,000 as at 30 September 2022.

Query 2
It is disclosed on page 10 of the unaudited financial results for the period ended 31 December 2022 that "The Company had decided not to further extend the timeline for the restructuring and will pursue actions to recover the outstanding amount, hence the RCPS amount was assessed at $Nil value as at 30 June 2022 and 31 December 2022".

Please disclose the outstanding amount and actions taken by the Company to-date to recover the outstanding amount.

Company's Response
The investment amount of the Redeemable Convertible Preference Shares ("**RCPS**") was $2,500,000. Based on the Restructuring Agreements between the RCPS subscribers and the RCPS issuer, please refer to Company announcement dated 30 June 2020, the Outstanding Sum due to the Company, including the late payment interest up to 31 December 2022, would be $5,553,000.

At expiry of the Restructuring Agreements, the conditions precedent had not been fulfilled, and the Company decided to not extend it, and instead seek other recourse for recovery. Since then, the Company, and the other RCPS holders, are in negotiation with Energiser Enterprise Sdn Bhd, the RCPS issuer, to reach new settlement terms. The Company will update as and when new agreements are executed.

Query 3

It is disclosed on page 11 of the unaudited financial results for the period ended 31 December 2022 that "Management is in process of negotiating with the PRC authority and to arrange to meet the local PRC authority to negotiate for full recovery of the remaining receivables".

Please disclose (i) a status update of the Company's negotiation with the PRC authority since the recognition of these advance payments; and (ii) the Board's assessment of the recoverability of the non-current receivables.

Company's Response

The total advance payment furnished to the PRC authority was $5.5 million (approximately RMB28.7 million). In September 2019, the PRC authority repaid $0.6 million (approximately RMB3 million). The balance of $4.9 million (approximately RMB25.7 million) is due from the PRC authority as at 31 December 2022.

(i) The Group has engaged a PRC law firm to issue a legal opinion letter to the PRC authority on 20 February 2023 requesting for a settlement of the advance payments. Management is currently scheduling for a trip in June 2023 to meet the PRC authority. The Company will update as and when there is material information available.

(ii) The Board and the Management have been regularly assessing the recoverability of the non-current receivables from the PRC authority, taking into account various considerations including but not limited to an amicable settlement by negotiation from a face-to-face discussion. The Board is of the view that Management is putting its best effort to recover the amount from the PRC authority and has also considered other approach and methodology applied to this assessment and is satisfied with the current approach taken.

Query 4

It is disclosed on page 31 of the unaudited financial results for the period ended 31 December 2022 that, the decrease in other receivables is "largely due to the write-off of $0.48 million deposit placed with the land owner for the joint venture agreement with Karib Tropika Sdn Bhd that was terminated on 15 November 2022".

Please disclose the actions taken by the Company to recover the deposit placed with the land owner.

Company's Response

The termination of the joint venture agreement with Karib Tropika Sdn Bhd ("**KTSB**"), the land owner, was announced by the company on 16 November 2022. With the termination, Multiple Lodge Sdn Bhd ("**MLodge**"), a 67.5% indirectly owned subsidiary of the Company, had negotiated for the recovery of 50% of the RM1,525,000 that MLodge had advanced to KTSB.

The recovery is to be by an assignment of the commissions due to Greenery Majestic Sdn Bhd ("**GMSB**"). As per assignment arrangement agreed by GMSB and KTSB, the recoverable amount will be offset from commissions receivable by GMSB from Ratus Nautika Sdn Bhd ("**RNSB**"), a 70% indirectly owned subsidiary of the Company, developing the affordable housing project in Seri Iskandar Perak, Malaysia. GMSB, a related Company of KTSB, has a 12.857% indirect interest in RNSB.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
1 March 2023