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

REPLY TO SGX-ST'S QUERIES ON THE FINANCIAL STATEMENT ANNOUNCEMENT FOR FINANCIAL YEAR ENDED 30 JUNE 2023

The Board of Directors ("**Board**") of GRP Limited ("**Company**" and together with its subsidiaries, the "**Group**") wishes to inform the shareholders that the Company has received queries from the Singapore Exchange Securities Trading Limited ("**SGX-ST**") in relation to (the Company's Financial Statement announcement for financial year ended 30 June 2023 ("**FY2023**"). The SGX queries, and our responses are as follows:

Question 1:
We note that the Company recorded an impairment loss of S$4,277,000 for the financial year ended 30 June 2023 for the "advance payment in accordance with agreement entered with the People's Government of Kaiping District to obtain the first right of refusal to participate in an integrated mixed development project in Tangshan City, PRC". Please disclose:

(a) when the advance payment was made to the PRC authority;
(b) whether the agreement has lapsed;
(c) the Company's plans to recover the other receivables;
(d) the reasons for the impairment on other receivables, including the reasons for delays or non-payment, where applicable;
(e) the Board's opinion on the reasonableness of the methodologies used to determine the value of the impairment of the other receivables; and
(f) the Board's assessment of the recoverability of the remaining other receivables.

Company's response:
(a) The advance payment was made to the PRC authority in the financial year ended 30 June 2016.

(b) The agreement has no expiry date.

(c) As mentioned on the Company's announcement on 25 August 2023, the Company has issued another letter to the PRC authority requesting for the settlement on 23 August 2023. In the near future, the Company will co-ordinate with and visit the PRC authority to reach amicable settlement of the receivables.

(d) The delays or non-payment is mainly due to frequent changes in the PRC authority's officials handling the case and travelling was interrupted for pro-longed period in the past three years due to travel restrictions imposed by PRC during COVID-19 pandemic from year 2020 to 2022. Having regard that the receivables have been outstanding for

long period of time, the Company considered it prudent to make full impairment in FY2023 so as to address the qualified audit opinion issue.

(e) The Board has been updated by the management from time to time on the process of the collection. On 20 February 2023, the Group has engaged a reputable PRC Counsel to issue a legal opinion letter to the PRC authority requesting for a settlement of the advance payments. The management has updated the Board on the impairment provision prior to the year ended 30 June 2023. On the basis that the amount has been long outstanding and in order to address the issue of qualified audit opinion, it would be prudent to make an impairment provision in June 2023. Notwithstanding the provision, and having considered the legal opinion from the PRC Counsel which supports the management's view that the receivables are collectible, the Company will continue to pursue the recovery of the receivables. On 23 August 2023, the Company issued another letter to the PRC authority requesting for the settlement. Based on the actions and methodology undertaken by the management of the Company, the Board is of the opinion that the methodologies used to determine the value of the impairment of the other receivables are reasonable.

(f) The management evaluates the collectability of all receivables on an ongoing basis and will update the Board from time to time. The Board has reviewed and accepted management's assessment and will continue to have oversight on the progress of the recoverability of the remaining other receivables.

Question 2:
It is disclosed on page 11 of the unaudited financial statements that, in respect of the investment in redeemable convertible preference shares, 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 30 June 2023. The Company and the other RCPS holders are in negotiation with EESB to reach new settlement terms. Please disclose:

(a) the outstanding amount and actions taken to recover the outstanding amount; and
(b) the status of negotiation with EESB to reach new settlement terms, including timelines if any.

Company's response:
(a) The outstanding amount owed to the Company, together with interest as at 30 June 2023 is approximately S$5.9 million (RM19.8 million).

(b) The Company and the other RCPS holders are still negotiating with EESB to reach amicable settlement. No terms and timelines have been reached as of to-date. The Company will update as and when new settlement agreements may be reached between the parties.

Question 3

It is disclosed on page 12 of the unaudited financial statements that, the $1,161,000 short term loan receivable pertained to loan granted to a company owned by Mr David Hsieng Loong Su. It is further disclosed in the Company's FY2022 annual report that, as the non-related party did not repay the loan as scheduled and management has served a demand notice to recover the loan, a full allowance has been recognised in profit or loss since the financial year ended June 30, 2018. Please disclose:

(a) the background of the loan granted to a company owned by Mr David Su, taking into consideration Mr David Su was only appointed as the CEO and Executive Director and Chief Executive Officer on 5 June 2023;
(b) the actions taken to recover the short term loan receivable;
(c) the Company's plans to recover the short term loan receivables; and
(d) the details of any other transactions with Mr David Su and/or his associates, including a status update on such transactions.

Company's response:

(a) The S$1,161,000 loan was given to a company owned by Mr David Hsieng Loong Su ("**Mr David Su**") in FY2018. The loan was guaranteed by Mr David Su.

(b) Demand Notice has been served on Mr David Su and his company in FY2018.

(c) The Company has instructed lawyers and is working towards recovery of the outstanding loan from Mr David Su and his company.

(d) Save as disclosed in this announcement and the Company's previous announcements, the Company has no other transactions with Mr David Su and/or his associates prior to his appointment as CEO and Executive Director on 5 June 2023.

Question 4

It is disclosed on page 24 of the unaudited financial statements that, the Company announced on 2 August 2023 that it had required the Chief Executive Officer ("**CEO**") and an Executive Director, Mr David Hsieng Loong Su ("**Mr Su**") to cease exercising and performing all powers and duties arising from or relating to his appointment as the CEO of the Company, pending review of transactions entered into and obligations incurred on behalf of the Company by Mr Su since his appointment as such

Please provide a status update on the Company's review of transactions entered into and obligations incurred on behalf of the Company by Mr Su since his appointment.

Company's response:

The review process is still ongoing and will be tabled to the Board in due course.
As far as the Company is aware, Mr David Su has engaged 5 professional firms and incurred some expenses, the actual amounts are yet to be resolved, during his appointment from 5 June 2023 to 2 August 2023 as CEO and Executive Director. The Company has written to these 5 professional firms to inform them of the cessation of powers and duties arising from

or relating to Mr David Su's appointment as CEO and Executive Director of the Company. The Company is currently working on the claims with the 5 professional firms. Our lawyer has written to Mr David Su requesting him to inform the Company on any other obligations and commitments entered by him during his appointment with the Company (the "**Transactions**"). Mr David Su has not responded to the request as of today. The Company has expensed off S$0.4 million travelling and professional fees incurred by Mr David Su in FY2023.

In order to mitigate further exposure to the Company, the Board has resolved to terminate the service agreement of Mr David Su on 18 September 2023. Mr David Su remains in office as a Non-executive Director. The Company has appointed an audit firm to review and assess the financial implications of the Transactions. The Company will update as and when there is material information available.

BY ORDER OF THE BOARD

Colin Tay Yong Lee
Executive Director
20 September 2023