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

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON THE PROPOSED SUBSCRIPTION OF SHARES IN TONG REN TANG ROYAL FOOD PTE. LTD.

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 12 January 2023 and 26 January 2023 (the "**Announcements**") relating to the Proposed Subscription.

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

Query 1

It is stated in the response to Query 1 that "Sgp TRTRF has been dormant since the date of incorporation".

(a) Please clarify whether Sgp TRTRF has the requisite resources, experience and expertise in conducting the trading and manufacturing of food commodities and products business as well as the development of "同仁堂御膳" mobile food truck business in China on a franchise model.

(b) Please explain the rationale behind subscribing for a majority stake of 51% in a dormant company in order to acquire the Beijing TRTRF trademark, taking into consideration that only the Company is required to pay the one-time royalty fee to Beijing TRTRF for the Trademark. Please also clarify whether the Company would be able to obtain the use of the Trademark without subscribing to shares in Sgp TRTRF.

Company's Response

(a) Sgp TRTRF is newly set up, and currently does not have the requisite resources, experience and expertise to conduct the trading and manufacturing of food commodities and products business. The business model will be envisioned and the Company will be recruiting the necessary staff to run the operation.

(b) With the acquisition of a 51% interest, Company will have a controlling stake, and Sgp TRTRF will be a subsidiary of the Company. The Company considered that the "同仁堂御膳" Trademark is an important aspect of the deal. In the SSA, parties agree that the rights of the Trademark to be registered by Sgp TRTRF and the Company, being the controlling shareholders, is to pay the consideration (singly) to validate the transaction with Beijing TRTRF. Accordingly, the subscription of the shares of Sgp TRTRF enables the use of the Trademark, and allows the Company to gain entry to the trading and manufacturing of food commodities and products business as well as mobile food truck business in China by drawing on the experience and expertise of Beijing TRTRF in China. The Company would not be able to use the Trademark if it does not subscribe to shares in Sgp TRTRF.

Query 2

It is stated in the response to Query 4 that “A factor of 8 times of the three (3) year’s average EBITDA, was appropriate”. Please provide the Board’s basis for arriving at this conclusion.

Company’s Response

The Board expects that China government will refocus on the economy with strong policy support after lifting its zero-Covid curbs and that would benefit the Sgp TRTRF entry to the trading and manufacturing of food commodities and products business as well as mobile food truck business in China significantly. The factor of 8 times of the three year’s average EBITDA is decided based on arm’s length negotiation between parties taking into consideration the commercial knowledge and experience of the Board and also the broader market perspective and was deemed appropriate for arriving at this conclusion

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
7 February 2023