

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

REPLY TO SGX-ST'S QUERIES ON THE ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2022.

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 annual report for the financial year ended 30 June 2022 ("**AR2022**"). The SGX queries, and our responses are as follows:

To facilitate clarification/response to the SGX queries, we provide the following Information:

A.1 The Receivables (Trade and Other) has been summarized (the "**Summary**") and relevant pages and notes have been referenced to AR2022 and is as follows:

Annual Report – 30 June 2022 (AR2022)			The Group			The Company		
Receivables	Page(s)	Notes	Balance	Provision/ allowance	Net Balance	Balance	Provision/ allowance	Net Balance
Current								
Trade Receivables	79/122/123	8.1	2,509	-	2,509	5,524	(4,700)	824
Other Receivables	79/125	8.1	1,106	-	1,106	23,095	(3,925)	19,170
Non -current								
Other Receivables	79/125	8	4,557	-	4,557	-	-	-
Total S\$'000			8,172	-	8,172	28,619	(8,625)	19,994

A.2 The Company provides management services, and /or advances, to facilitate and provide funding for the business activities and projects of the various subsidiaries in the Group.

A.3 The Company "Other Receivables" of S\$23,095k, refer Summary above, includes amounts receivable from GRP Development Pte Ltd (\$6,676k) ("**GRP Development**") and Tangshan GRP Trading Co., Ltd (\$4,163k) ("**Tangshan GRP**"). These receivables amounting to \$10,839k were to facilitate the Group to provide advances to relevant PRC authority being consideration for the group to obtain first right of refusal to acquire land and to participate in an integrated mixed development project in Tangshan City, PRC (the "**Project Land**").

However, in November 2018, the relevant PRC authority negotiated with Tangshan GRP for the repossession of the Project Land. Sums advanced to the PRC authority have since been recovered except for the sum of \$4,557k, refer Note A.4 below

- A.4 For the recovery of the Group “Other Receivables”, amount of \$4,557k (RMB21.9 million), refer Summary above, Management continues to pursue the recovery of the receivable from the relevant PRC authority. Management has communicated with the relevant PRC authority and had obtained written acknowledgement from the PRC authority with regards to their liability. Management has responded to the PRC authority and requested for a repayment plan commencing with a first instalment of 50% of their liability. Management envisages a visit to the PRC after the travel restrictions are lifted. Management considers that the amount of \$4,557k is recoverable.
- A.5 Taking into account the recoverability of the \$4,557k, and also taking into account the financial position of the subsidiaries, the company has recognized \$2,852k expected credit loss for recoverability of receivables due from GRP Development and Tangshan GRP.
- A.6 The Company’s “Allowance - Other Receivables” of \$3,925k, refer Summary above, includes the allowance of \$2,852k
- A.7 The Company “Trade Receivables” amount of \$5,524k, refer Summary above, includes receivable from subsidiaries GRP Pte Ltd (\$4,543k), and General Rubber Pte Ltd(\$157k). The 2 subsidiaries, in the hose and marine business segment, supply hoses to the onshore, offshore, marine, pharmaceutical and petrochemical markets. These subsidiaries have been loss making and their revenues have been negatively affected due to Covid-19 pandemic since January 2020, and prevailing supply chain disruptions. The receivables of \$4,700k has been fully provided, refer Summary above.

Management is monitoring the performance of the business on an ongoing basis

- A.8 Section 1 and Section 2 of “The Basis for Qualified opinion”, refer page 74 of the AR2022 is relevant to the matters stated in Note A.3 to A.6 above.
- A.9 Other than for the intent for the Project Land, refer Note A.3, the Group has commenced construction of phase 1 of the affordable housing property project in Perak, Malaysia. The project is undertaken by Ratus Nautika Sdn Bhd, a 70% indirectly-owned subsidiary. The project consists of 1,039 units of single-story terrace houses and 28 commercial units.

Question 1:

It is noted in the Qualified Opinion that the Company has receivables due from GRP Development Pte Ltd (“GRP Development”) and Tangshan GRP Trading Co Ltd (“Tangshan GRP”) of \$6.7 million and \$4.2 million respectively. We further note from the Responses that “the underlying transactions of the receivables refer to the subsidiaries being provided advances towards funding the performance of the business and projects pursued by the subsidiaries.”

Question 1a:

Please provide a breakdown of the advances provided to the respective subsidiaries.

Company's response:

Please refer to Note A.3 above.

Question 1b:

Please provide further information on the projects pursued by the subsidiaries as well as the status update of these projects.

Company's response:

Please refer to Note A.3, A.4 and A.9 above.

Question 2:

With reference to the trade receivables that had an impairment allowance of \$4.7 million,

Question 2a:

Please disclose the subsidiaries which the trade receivables are due from and the actions taken to recover these trade and other receivables.

Company's response:

Please refer to Note A.7 above.

Question 2b:

For the receivables that are the subject of the qualified audit opinion, please disclose the reasons for the impairment on trade and other receivables due from these subsidiaries, including the reasons for delays or non-payment, where applicable.

Company's response:

Please refer to Note A.3 to A.6 and A.8 above.

Question 3

We noted from the Company's Response that the Board and the Company review the recoverability of the remaining trade and other receivables on an ongoing basis.

Question 3a:

Please disclose Board's assessment of the recoverability of the remaining trade and other receivables due from these subsidiaries to-date.

Company's response:

Management updates the Board on the performance of the subsidiaries on regular basis. The Board has also had prior discussions with the management and the external auditors on the assessment of the recoverability of the remaining trade and other receivables. The

Board is satisfied with the reasonableness and the approach adopted by the management on the recoverability of the remaining trade and receivables due from these subsidiaries.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
11 January 2023