

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ON FINDINGS OF AGREED-UPON PROCEDURES REPORT

Unless otherwise defined or the context otherwise requires, all capitalised terms used herein bear the same meanings as in the announcements dated 2 August 2023, 7 August 2023, 6 February 2024 and 23 February 2024.

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 announcement dated 23 February 2024 relating to the findings of agreed-upon procedures report.

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

Query 1

Please disclose the scope of work and procedures performed by YLA.

Company’s Response

The scope of work and procedures performed by YLA are as follows:

- a) Obtain from management the relevant Company’s protocol and procedures.
- b) Obtain from the Finance Department a list of all expense claims made by Mr David Su (“**Mr Su**”), the former Chief Executive Officer (“**CEO**”) during the period from 6 June 2023 to 2 August 2023.
- c) Conduct interviews with Mr Su to understand the business rationale behind the expense claims.
- d) Through the interviews conducted, verify explanations provided (where practicable) to source documents and check compliance with the relevant Company’s policies and procedures.
- e) Recommend action plans to address the above matters and improvements to internal controls, if applicable.

Query 2

Please disclose the findings of YLA with regard to the Company’s internal control processes.

Company’s Response

YLA has recommended that the Company establish an investment policy and a purchasing and payment policy covering processes for, among others, a segregation of duties, delegation of authority levels, selection of vendors, monitoring of process and retention of records, and ensure compliance with requirements of policies. YLA has also recommended that the Group strengthen compliance on the requirements of the existing Group staff handbook on business

travel claims. The Company has implemented these recommendations to strengthen its internal control processes.

Query 3

Please clarify whether there were any limitations in the review conducted by YLA. If yes, please provide further information.

Company's Response

The review conducted by YLA has the following limitations:

- (i) YLA was not engaged to perform a forensic accounting investigation;
- (ii) YLA performance of the procedures does not constitute an audit, compilation, or review of the financial statements of the Company;
- (iii) YLA work does not amount to a comprehensive internal control review on the internal control system of the Company and thus cannot be relied upon as the primary basis for assessing the adequacy of the internal control system;
- (iv) The findings of the report are based on information obtained from the interviews and/or discussions conducted as well as review of documents that were provided to them;
- (v) All assumptions made for the purpose of the engagement are based on representation from personnel whom they interviewed and liaised with during the course of their engagement. YLA does not give any representation, warranty, indemnity or undertaking expressly or impliedly as to the accuracy or completeness of such information provided to and used by them in their engagement;
- (vi) The personnel interviewed by YLA were not under oath. Hence, certain judgements would need to be exercised as to the creditability of the views and recollections of those interviewed and/or discussed.

Query 4

It is disclosed in the Announcement that "The Group recognised \$315,860 of the financial implications in financial year ended 30 June 2023 ("**FY2023**") and recognised the additional \$27,686 in half year ended 31 December 2023. The \$315,860 recognised in FY2023 is made up of \$223,570 retainer fees paid to the professional service providers engaged by Mr Su and \$92,290 accrual for Mr Su's travelling and related expenses.", and "Accordingly, the amount of \$343,546, has been fully provided in the Company's results announcement as at the half year ended 31 December 2023 released on 6 February 2024."

- (a) Please clarify what "financial implications" mean and disclose how the amount of \$343,546 was recorded in the financial statements for FY2023 and the half year ended 31 December 2023 ("**1HFY2024**").
- (b) Please disclose the nature of the additional \$27,686 provided for in the financial statements for 1HFY2024.
- (c) Please clarify if the amount of \$343,546 was incurred in, or in connection with, the ordinary course of the Company's business.

(d) Please disclose the actions taken to recover the total amount of \$343,546 that was provided for in the 1HFY2024 financial statements.

Company’s Response

(a) “Financial implications” refer to the impact on the income statement for the various transactions entered into and obligations incurred by Mr Su on behalf of the Company during his tenure as CEO of the Company. The \$343,546 was recorded as administrative expenses, and as follows:

	Annual Report Page Reference	Amount \$	Recorded in Financial Year
- Consultancy service fees– Retainer fees paid to the service providers, with engagement letters signed by Mr Su, the former CEO	Pg 142	223,570	FY2023
- Others – Accrual for travelling related expenses of Mr Su. No payment has been made		92,290	FY2023
		315,860	
- Others – Accrual for additional fees charged by the service providers. No payment has been made		27,686	1HFY2024
		343,546	

(b) The \$27,686, relates to additional accrual for fees charged by two (2) of the service providers engaged by Mr Su.

(c) YLA had interviewed Mr Su, and at the interview, Mr Su had provided to YLA that the business rationale behind the engagement of the various service providers, is to advise him for the purposes of exploring various projects including business diversification and restructuring of the business segments of the Group, with objective to assist GRP in exiting the watchlist of the Singapore Exchange Securities Trading Limited.

While the business rationale provided by Mr Su for the expenses is relevant to the ordinary course of the Company’s business, the Board had written an email to Mr Su on 25 July 2023, to justify (i) whether such claims and expenses were incurred strictly for the benefit of the Company and not otherwise, (ii) whether Mr Su was devoting all his time and work solely to the Company on the projects and the work undertaken on behalf of the Company and (iii) account for the various key projects and key milestones he was pursuing for the benefit of the Company to support his numerous extended business trips and travels. Mr Su has not provided his acknowledgement or response to this email.

(d) Management has written to the service providers to pursue for the refund of the amounts paid of \$223,570. Management will continue to communicate and follow up with the service providers.

BY ORDER OF THE BOARD

Teo Tong How
Chairman and Independent Non-Executive Director
29 February 2024