

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

**RESPONSE TO QUERIES FROM THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED
ON THE ANNUAL REPORT FOR FINANCIAL YEAR ENDED 30 JUNE 2024**

The Board of Directors (the “**Board**”) of GRP Limited (the “**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 financial year ended 30 June 2024 (“**FY2024**”). The SGX queries, and our responses are as follows:

Query 1

Listing Rule 704(6) states that an issuer must immediately announce any material adjustments to its preliminary full-year results made subsequently by the auditors, if an issuer has previously announced its preliminary full-year results.

Please provide explanations for the following material variance in:

- (i) net cash used in operating activities from S\$745,000 to S\$456,000 in the annual report;
- (ii) net cash generated from investing activities from S\$277,000 to S\$68,000 in the annual report

Please clarify whether and how has Listing Rule 704(6) been complied with.

Company’s Response

- (i) The difference in net cash used in operating activities from \$745,000 per unaudited financial statements to \$456,000 per audited financial statements is as follows:

	\$	Note
Representation of interest earned but not received as at year end from investing activities to operating activities (*)	(202,000)	(a)
Unrealised foreign exchange loss	(87,000)	(b)
Total differences	(289,000)	

- (ii) The difference in cash generated from investing activities from \$277,000 per unaudited financial statements to \$68,000 per audited financial statements is as follows:

	\$	Note
Receivable from associates	7,000	(c)
Representation of interest earned but not received as at year end from investing activities to operating activities (*)	202,000	(a)
Total differences	209,000	

*The items offset each other on the cashflow statement.

- (a) The representation of \$202,000 as interest earned but not received at year-end was initially reported as cash received from investing activities. The amount is now reclassified to operating activities, which does not affect the overall cash position of the Group.
- (b) The unrealised foreign exchange loss of \$87,000 is a non-cash adjustment. As it has not been realised in cash, it does not affect the actual cash flows of the Group.
- (c) The receivable from associates amounting to \$7,000 is considered immaterial.

The above-mentioned adjustments do not represent any change in the Group's financial performance, they do not impact the cash and cash equivalents of the Group and being non-cash movements, they do not require immediate announcement.

Query 2

We note that the Company's internal audit function is outsourced to One e-Risk Services Pte. Ltd., a certified public accounting firm, and Crowe Governance Sdn Bhd (formerly known as Crowe Horwath Governance Sdn Bhd).

- (i) Please elaborate why the internal audit function is outsourced to two different firms and the differences in scope of work of each of the service providers, if any.
- (ii) Please provide information on the relevant experience of the engagement team of both One e-Risk Services Pte Ltd and Crowe Governance Sdn Bhd.

Company's Response

- (i) One e-Risk Services Pte Ltd performs the internal audit of Singapore companies in the Group and Crowe Governance Sdn Bhd performs the internal audit of Malaysian companies. The reason for doing so is mainly for cost saving.
- (ii) One-e-Risk Services Pte Ltd has over 15 years of experience. The engagement team has relevant internal audit experience and is led by Manager with Certified Internal Audit qualification. Crowe Governance Sdn Bhd is part of Crowe Malaysia, one of the largest mid-tier accounting firms in Malaysia. The partner-in-charge has more than 26

years of experience and is a Certified Internal Auditor and Chartered Member of the Malaysian Institute of Internal Auditors.

Query 3

Listing Rule 710A(2) states that an issuer must describe in its annual report its board diversity policy, including the following:

- (i) the issuer's targets to achieve diversity on its board; and
- (ii) the issuer's accompanying plans and timelines for achieving the targets;

As the Company had not provided any specific targets, accompanying plans, timelines and progress, please elaborate further in relation to the Company's Board Diversity Policy pursuant to Listing Rule 710A(2). Please also explain whether and how Listing Rule 710A(2) has been complied with.

Company's Response

The Company has appointed 2 new Board of directors on 1 August 2024 and 1 new Board of director on 15 August 2024, after taking into account factors such as age, experience, skills and business knowledges of the appointed directors.

The Company would like to clarify its compliance with Listing Rule 710A(2) through its merit-based approach to Board appointments, in particular the specific knowledge and specialized expertise aligned to Company's business strategy, the regular assessments of Board composition and transparent reporting practices.

Although the Company has not set specific numerical targets or timelines, it has always prioritised merit in its Board appointments. In this process, factors such as gender, experience, skills, business background, knowledge, and diversity of perspectives are considered, ensuring that diversity is pursued without compromising effective governance. The current composition of the Board has reflected diversity across various dimensions, including skills, business experience, industry backgrounds, age, and ethnicity. The Board has also consistently expressed its intention to include female representation in future appointments, even in the absence of specific numerical targets.

Query 4

It is disclosed that, "On 4 September 2023, the Board has engaged M/s Yang Lee and Associates ("YLA") to perform an independent review of the transactions entered by former CEO, Mr David Su Hsieng Loong and assess the financial implications of the Transactions. The Company has also implemented additional written policies on investment and purchasing as recommended by YLA to strengthen its internal control processes."

Please disclose the actions taken by the Company against the former CEO in relation to the above.

Company's Response

The Company is still trying to explore whether the statutory demand issued to the former CEO, Mr David Su Hsieng Loong (“**Mr David Su**”) for the \$1.61 million short term loan receivable pertaining to a loan granted to a company owned by Mr David Su, can be served via substituted service. The substituted service of the statutory demand is required as Mr David Su is out of Singapore and cannot be contacted. Upon approval by the court on mode of substituted service, the Company will pursue the necessary legal proceedings to recover from Mr David Su.

Query 5

It is disclosed on page 58 of the annual report that Mr Kwan Chee Seng has principal commitments in 17 companies.

Please disclose:

- (i) whether any of the 17 companies are listed and/or active;
- (ii) the roles and responsibilities of Mr Kwan Chee Seng in these 17 companies;
- (iii) the time and commitment required of Mr Kwan Chee Seng in these companies; and
- (iv) the Board's and Nominating Committee's detailed justifications on how Mr Kwan Chee Seng is able to carry out his responsibilities as an Non-Independent Non-Executive Director in the Company effectively in spite of his significant number of concurrent principal commitments.

Company's Response

- (i) Luminor Financial Holdings Limited is listed. 5 of the 17 companies are active.
- (ii) Mr Kwan Chee Seng is non-executive in these 17 companies.
- (iii) The 17 companies are run by salaried professional.
- (iv) Mr Kwan Chee Seng is not involved in the day to day running of the 17 companies. As such, the Board and the Nominating Committee deem that Mr Kwan Chee Seng is able to carry out his responsibilities as a Non-Independent Non-Executive Director in the Company effectively.

BY ORDER OF THE BOARD

Teo Tong How
Chairman and Independent Non-Executive Director
14 October 2024