

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

QUALIFIED OPINION BY THE INDEPENDENT AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board of Directors (“**Board**”) of GRP Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”), wishes to announce that the independent auditor of the Company, Baker Tilly TFW LLP (the “**Independent Auditor**”), has issued their Independent Auditor’s Report (the “**Independent Auditor’s Report**”) with an except for qualified opinion in respect of the consolidated financial statements of the Group for the financial year ended 30 June 2023 (“**FY2023**”).

The Independent Auditor has opined that the consolidated financial statements of the Group, and the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 and the Singapore Financial Reporting Standards (International) [“SFRS(I)”] so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at FY2023 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for FY2023, except for transactions and agreements entered into by former CEO, recoverability of certain receivables and assets from the PRC authority and recoverability of receivables from certain subsidiaries.

The basis of the qualified opinion is contained in the Independent Auditor’s Report. The Independent Auditor’s Report may be found in the consolidated financial statements of the Group for FY2023, which has been included in page 75 to 80 in the Company’s Annual Report for FY2023 released via the SGXNet on 11 October 2023.

The Board and the Management of the Company wish to provide their comments and views in relation to certain matters raised in the Auditor’s Report which formed the basis of the qualification:

1. Transactions and agreements entered into by former CEO.

The Group paid a total retainer fee of \$291,370 to 5 service providers. Out of this amount, the Group expensed off \$223,570 in FY2023 and \$67,800 was refunded from 1 of the service providers subsequent to FY2023.

Subsequent to FY2023, the service providers submitted further claims for professional fees and out-of-pocket disbursements amounting to \$197,101 which related to FY2023. These claims were not recognized in the FY2023 accounts as management is of the view that these expenses were not related to the Group’s business. Management will continue to correspond with the service providers requesting for details of the professional services performed.

The Group has also appointed an independent party to review and assess the potential financial implications transactions and agreements entered into by the former CEO. The Group will provide update as and when there is material information available.

Additionally, the Board is not proposing the former CEO, Mr David Su Hsieng Loong for re-election in the AGM to be held on 26 October 2023.

2. Recoverability of the non-current receivables from the PRC authority and recoverability of receivables from certain subsidiaries.

The Group had sent legal opinion letter and various correspondences to the PRC authority in both the current and previous financial years. There was no repayment received from the PRC authority in the current and previous financial years. Management has assessed that the balances are long outstanding and there is no clear indication of recovery from the PRC authority. As a result, the Group recognised a full impairment loss of \$4.3 million (RMB21.9 million) in FY2023.

Despite the full impairment, the Group will continue to pursue the recovery of the amount and will provide update as and when there is material information available.

Shareholders of the Company are advised to read this announcement in conjunction with the Independent Auditors' Report, the Financial Statements and the Company's Annual Report for FY2023 in their entirety.

The Board is of the opinion that sufficient information has been disclosed for the trading of the Company's securities to continue in an orderly manner; and confirms that all material disclosures have been provided for the trading of the Company's shares to continue. The Company will further update the shareholders via SGXNet announcement as and when there are any further developments on the matter. Shareholders of the Company are advised to exercise caution when dealing in the shares of the Company. Persons who are in doubt as to the action they should take should consult their stockbrokers, bank managers, solicitors or other professional.

BY ORDER OF THE BOARD

Colin Tay Yong Lee
Managing Director
11 October 2023