

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

**QUALIFIED OPINION BY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021**

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors (the “**Board**”) of GRP Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company’s auditors, Messrs Baker Tilly TFW LLP (“**Baker Tilly**”), has issued their Independent Auditor’s Report (“**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 2021 (“**FY2021**”).

Baker Tilly 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, Chapter 50 and the Singapore Financial Reporting Standards (International) 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 FY2021 and of 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 FY2021, except for various fund transfers made by certain of the Group’s subsidiaries in the People’s Republic of China (“**PRC**”) (“**PRC Subsidiaries**”), recoverability of certain receivables and assets from the PRC authorities, the disposal group assets and liabilities held for distribution, receivables from certain subsidiaries, and opening balances.

The basis for the “except for” qualified opinion is contained in the Auditor’s Report. The Auditor’s Report may be found on the consolidated financial statements of the Group for FY2021, which has been included on pages 76 to page 82 in the Company’s Annual Report for FY2021 released via the SGXNet on 11 October 2021. Shareholders of the Company are advised to read this announcement in conjunction with the Auditor’s Report for FY2021 and to read the aforementioned documents in their entirety.

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. Matter of Bank Accounts and Funds Transfers
 - a. As at the date of this announcement, while the matter is still under investigation, the bank accounts maintained in the PRC by the Company’s wholly owned indirect subsidiary, Tangshan GRP Trading Co., Ltd (“**Tangshan GRP**”) and 83.17% indirect-

owned subsidiaries, Chongqing Tianhu Land Co., Ltd (“**Tianhu**”) and Chongqing Gangyuan Property Development Co., Ltd (“**Gangyuan**”) (collectively the “**PRC Subsidiaries**”), have been unfrozen since end of 2020. The Management of the Company has obtained verbal confirmation from the officer-in-charge (“**OIC**”) of the case at Yan Ta police station, Shanxi Province Xi’an City, PRC that these PRC bank accounts may be used for normal business operations.

- b. The Company has obtained a legal opinion from a firm of PRC legal counsel, which has confirmed that the transfer of the RMB Funds from the PRC Subsidiaries to certain unrelated PRC entities as designated by the Singapore licensed remittance agent (the “**Agent**”) did not contravene any PRC laws or regulations. Further, relating to the arrangement for transfer of the SGD Funds to the Company’s Singapore subsidiary, the Company has also obtained legal opinion from a Singapore legal counsel to confirm that the Agent held a remittance license issued by the Monetary Authority of Singapore in accordance with the Money-Changing and Remittance Act (Chapter 187 of Singapore). The Agent’s license was valid for the period commencing 1 January 2017 to 31 December 2019 (both dates inclusive) when the fund transfers took place.
- c. The Management of the Company has submitted all requested documents to the OIC on 25 January 2021 and since then the OIC has not requested for additional documents or information. The Company will continue to co-operate fully with the OIC on the matter. The Company is of the view that at this juncture it remains premature to determine whether there would be any material financial impact on the Group relating to this matter.

2. Matter of the Recoverability of the Receivables and the Assets in the PRC

- a. The Management of the Company has been pursuing the recovery of the receivables from the PRC authorities. The Management, which has been communicating with the relevant authorities in writing, envisages a visit to PRC once the travel restrictions are lifted.
- b. The Management of the Company is in the process of re-negotiating the repossession value of the land parcel in Fuling District, Chongqing, PRC with the local authorities. The Management is confident of the recovery of the value of the land parcel, and will pursue arbitration, if and when the circumstances so require.

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 aforementioned matters. 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 professionals.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
11 October 2021