

GRP LIMITED

(Company Registration No: 197701449C)
(Incorporated in the Republic of Singapore)

QUALIFIED OPINION BY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

Pursuant to Rule 704(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors ("**Board**") of GRP Limited (the "**Company**" and together with its subsidiaries, the "**Group**") wishes to announce that the Company's auditors, Messrs Deloitte & Touche LLP ("**Deloitte**"), have 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 2020 ("**FY2020**").

Deloitte has opined that the consolidated financial statements of the Group, and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 and 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 FY2020 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 the year ended on that date, except for various fund transfer payments made by certain of the Group's subsidiaries in the People's Republic of China ("**PRC**") ("**PRC Subsidiaries**") and recoverability of certain assets from the PRC authorities.

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 FY2020 which has been included on pages 57 to page 63 in the Company's Annual Report for FY2020 released via the SGXNet on 14 December 2020. Shareholders of the Company are advised to read this announcement in conjunction with the Auditor's Report and the Company's Annual Report for FY2020 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) The Company had obtained a legal opinion from a firm of PRC legal counsel, which has confirmed that the transfer of funds from the PRC Subsidiaries' bank accounts in China (the "**Accounts**") to certain third-party PRC entities as designated by the Singapore licensed remittance agent (the "**Agent**") did not contravene any PRC laws or regulations. Further for the fund transfers received by the Company's Singapore subsidiaries, the Company has also obtained legal opinion from a Singapore lawyer who have opined that the transactions complied with all regulations issued by the MAS.
- 2) The Company had engaged legal counsels ("**Counsels**") for the respective PRC Subsidiaries to pursue the resolution of the matter in relation to their frozen bank accounts. The Counsels have commenced communications and for submission of documents with the officer-in-charge ("**OIC**") of the investigation in Yan Ta police station, Shanxi Province Xi'an City, PRC.

As announced by the Company on 24 November 2020, the Company has recently noted that the affected bank accounts have been "unfrozen", and Company has then obtained verbal confirmation from the OIC that the bank accounts have been "unfrozen" and that the PRC Subsidiaries may continue to use the funds in the affected bank accounts for normal business

operations; and in the meantime, the Company must comply and submit the documents that they request for their investigation. The Company intends to co-operate fully with the OIC on the matters.

- 3) The Company is in the process of re-negotiating on 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. The title of the land parcel is held by the PRC Subsidiaries at present.

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 confirmed 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 is any further development on this 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, accountants or other professional.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
14 December 2020