

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 2022

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 2022 (“**FY2022**”).

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 1967 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 FY2022 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 FY2022, except for recoverability of certain receivables and assets from the PRC authority, recoverability of receivables from certain subsidiaries and certain opening balances for the financial year ended 30 June 2021 (“**FY2021**”).

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 FY2022, which has been included on page 74 to page 78 in the Company’s Annual Report for FY2022 released via the SGXNet on 12 October 2022. Shareholders of the Company are advised to read this announcement in conjunction with the Auditor’s Report for FY2022 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. Recoverability of the non-current receivables from the PRC authority and recoverability of receivables from certain subsidiaries
 - a. The Management of the Company has been pursuing the recovery of the receivables from the PRC authority. Management has communicated with the relevant authorities, and has obtained written acknowledgement from the PRC authority with regard to their liability. Management has responded to the PRC authority and requested for a repayment plan commencing with a first instalment

of 50% of their liability. Management envisages a visit to PRC once the travel restrictions are lifted.

2. Opening balances for FY2021

a. Whether Fund transfers were in compliance with laws and regulations in PRC and Singapore; and impact of breach if any

i. The Company had 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 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.

ii. The Management of the Company has submitted all requested documents to the OIC by 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.

iii. As announced on 19 November 2021, Chongqing Tianhu Land Co., Ltd and Chongqing Gangyuan Property Development Co., Ltd, subsidiaries of Luminor Financial Holdings Limited (“**LFHL**”), had received and accepted the Notices of Administrative Penalty (“**Notices**”) from the State Administration of Foreign Exchange Hanzhong City Central Branch. The Notices served as a warning not to repeat such transactions and to impose a penalty of 10% of the funds transferred in accordance with Article 45 of the Regulations of the People’s Republic of China on Foreign Exchange Administration. With this, Management has provided \$0.8 million (approximately RMB3.6 million) penalty in FY2022. This represented 10% penalty on the fund transfers from subsidiary in Tangshan, PRC.

b. Whether disposal group asset held for distribution to owners is stated at the lower of carrying amount and fair value less cost to distribute

i. The Company has completed the distribution of LFHL shares to all shareholders of the Company on 3 December 2021. With this distribution, LFHL is no longer a subsidiary of the Company and the disposal group assets held for distribution to owners are expensed off from the Group’s accounts in the form of dividend in specie and loss on distribution in specie.

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

Kwan Chee Seng
Executive Director
12 October 2022