

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 2024

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 a qualified opinion in respect of the consolidated financial statements of the Group for the financial year ended 30 June 2024 ("**FY2024**").

The basis of the qualified opinion is contained in the extract of the Independent Auditor's Report for FY2024 annexed to this announcement.

The qualifications are on the comparability of current year's figures and the corresponding figures for (i) Advance Payment Recoverable From The PRC Authority and (ii) Receivables From Certain Subsidiaries.

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 FY2024 in their entirety and 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 advisers.

BY ORDER OF THE BOARD

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

Independent Auditor's Report

To the Members of GRP Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of GRP Limited (the "company") and its subsidiaries (the "group"), which comprise the consolidated statement of financial position of the group and the statement of financial position of the company as at June 30, 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the group and the statement of changes in equity of the company for the financial year then ended, and the notes to the financial statements, including material accounting policies, as set out on pages 105 to 182.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying 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 1967 (the "Act") and 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 June 30, 2024, 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 financial year ended on that date.

Basis for Qualified Opinion

1. Advance payment recoverable from the PRC authority

During the prior financial year ended June 30, 2023, the group recognised, in consolidated statement of profit or loss, a full impairment loss of \$4.3 million (RMB21.9 million) on the non-current advance payment recoverable from the PRC authority. This amount relates to the recovery of advances made to the PRC authority in consideration for the group to obtain the first right of refusal to participate in an integrated mixed development project in Tangshan City, PRC. The advances were used to facilitate the land clearance and other incidental processes in order for the land to be ready for public tender. Despite legal opinion letters and various correspondences sent by the group to the PRC authority in previous financial years, management assessed that these balances were long outstanding, and there was no clear indication of recovery from the PRC authority and there was no repayment received from the PRC authority during the financial year ended June 30, 2023.

During the prior financial year ended June 30, 2023, we were unable to determine whether adjustments to the consolidated statement of profit or loss and opening retained earnings at July 1, 2022 of the group might be necessary in respect of the full impairment loss of \$4.3 million (RMB21.9 million) recognised during the financial year ended June 30, 2023. The extract for the basis for qualified opinion for the financial year ended June 30, 2023 is disclosed in Note 34 to the financial statements.

Our opinion on the current year's consolidated financial statements of the group is modified because of the possible effects of the above matter on the comparability of the current year's figures and the corresponding figures.

Independent Auditor's Report

To the Members of GRP Limited

Report on the Audit of the Financial Statements (cont'd)

Basis for Qualified Opinion (cont'd)

2. Receivables from certain subsidiaries

During the prior financial year ended June 30, 2023, the company recognised expected credit losses of \$4.9 million on the receivables due from GRP Development Pte Ltd ("GRP Development") and Tangshan GRP Trading Co Ltd ("Tangshan GRP"). In determining the expected credit losses, management has taken into account the financial position of GRP Development and Tangshan GRP, and Tangshan GRP's ability to recover non-current advance payment recoverable from the PRC authority.

During the prior financial year ended June 30, 2023, we were unable to determine whether adjustments to the prior year profit or loss and opening retained earnings at July 1, 2022 of the company might be necessary in respect of the expected credit loss allowance recognised of \$4.9 million during the financial year ended June 30, 2023. The extract for the basis for qualified opinion for the financial year ended June 30, 2023 is disclosed in Note 34 to the financial statements.

Our opinion on the current year's statement of financial position and statement of changes in equity of the company is modified because of the possible effects of the above matter on the comparability of the current year's figures and the corresponding figures.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section, we have determined the matter described below to be the key audit matter to be communicated in our report.

Independent Auditor's Report

To the Members of GRP Limited

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Revenue and cost recognition on development properties

Description of key audit matter:

For the financial year ended June 30, 2024, as disclosed in Note 22, the group recognises revenue from sale of development properties of \$5.7 million (2023: \$5.6 million) over time by reference to the performance completed to date as disclosed in Note 2 to the financial statements. The performance completed to date is based on the construction and other costs incurred to-date as a proportion of the estimated total construction and other costs to be incurred.

We consider this area to be a key audit matter because significant assumptions are used in the estimation of the total contract revenue and total contract costs (including estimated costs to complete), and the determination of the stage of completion as disclosed in Note 3 to the financial statements.

Our procedures to address the key audit matter:

We have evaluated the group's revenue recognition policy to be in compliance with SFRS(I) 15 *Revenue from Contracts with Customers* and obtained an understanding of internal controls over the revenue recognition process and performed test of design and implementation over relevant key operational and accounting controls.

We reviewed management's budgeted contract cost estimates for each of the development properties and assessed the reasonableness of the assumptions and estimates applied in the budget to estimate the cost to complete, which include key elements such as additional contractor costs and other development costs, where applicable, taking into consideration any effect of potential delay and significant events that occurred during the financial year.

We discussed the construction progress of the development properties with management and recomputed the contract costs incurred to date against the budgeted costs to determine the percentage of completion. We then compared this percentage with the revenue to be recognised for the financial period.

For sold development property units, on a sampling basis, we reviewed the sale and purchase agreements with buyers and assessed the appropriateness of the revenue recognition policies applied. We also verified the sales values used in allocating contract costs to the respective sold properties.

We assessed for onerous contracts in accordance with SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets.

We also assessed the adequacy and appropriateness of the group's disclosures made in the financial statements.

Independent Auditor's Report

To the Members of GRP Limited

Report on the Audit of the Financial Statements (cont'd)

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the directors' statement and the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in our report above, we have issued a qualified opinion due to the matters highlighted in the *Basis for Qualified Opinion* section. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

To the Members of GRP Limited

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- (d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

To the Members of GRP Limited

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the matters referred to in the Basis for Qualified Opinion section of our report, the accounting and other records required by the Act to be kept by the company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lee Chee Sum Gilbert.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

October 7, 2024