

GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

POTENTIAL IMPACT OF COVID-19 OUTBREAK ON THE GROUP

Further to the announcement made on 7 April 2020, the Board of Directors ("**Board**") of GRP Limited ("**Company**" and together with its subsidiaries, the "**Group**") wishes to update the shareholders on the potential impact of COVID-19 outbreak on the Group.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation ("**WHO**") in March 2020. The outbreak continues to spread throughout Singapore, Malaysia and China, which are the Group's main geographical areas of operation.

The Singapore government has implemented Circuit Breaker on 8 April 2020 and this has been extended to 1 June 2020. This has impacted sales by our Singapore hose and marine as well as the measuring instrument businesses. The hose and marine business received approval from the Singapore Ministry of Trade and Industry ("**MTI**") to continue its operations with reduced manpower capacity on 9 April 2020. The Multi-Ministry Taskforce had announced on 14 April 2020 and 21 April 2020 that there would be further tightening of the list of companies that were permitted to operate during the circuit breaker period to reduce the number of on-site workers and minimise people movement. Arising from this review, approval previously granted to the hose and marine business to continue operations was rescinded on 27 April 2020 by MTI. The measuring instrument business has received approval from MTI to continue its operations with reduced manpower capacity since 7 April 2020. However, sales have been slow in view of the uncertain global market outlook.

The Malaysian government implemented a movement control order ("**MCO**") on 18 March 2020 as a result of COVID-19. Malaysia has relaxed its MCO regulations and implemented a conditional MCO on 4 May 2020, with the effective end date extended to 9 June 2020. This has impacted our measuring instrument sales and our recently acquired financial solution business, as well as delay the progress of our affordable housing project in Malaysia. The three businesses in Malaysia are not exempted from the MCO. Financial solution business and affordable housing project are customized businesses where face-to-face discussion with business partners, government agencies, customers and potential customers are required. As at the date of this announcement, some of the business partners, government agencies, customers and potential customers are still not fully operational.

The Chinese authorities implemented lockdown from late January 2020 and reopen in April 2020. Property sales and rental income in Fuling Chongqing and collection of the remaining proceeds from the sale of industrial land in Tangshan, People's Republic of China, had been negatively impacted during the lockdown period. Since the re-opening of China in April 2020, property sales have been slow.

The scale and duration of these developments remain uncertain as at the date of this announcement. The impact of COVID-19 on the Group's operations, and therefore on its results for the year ending 30 June 2020, is not yet reasonably quantifiable as it is uncertain when business operations may recommence in jurisdictions where restrictions have forced operations to cease or otherwise return to normal operations similar to those prior to the declaration of the pandemic by the WHO.

However, the Board believes it will be able to withstand the effects of COVID-19 both financially and operationally for the foreseeable future. As announced on 7 April 2020, the Board and the senior management of the Group, had agreed to take a voluntary 10% reduction in directors' fees and management salaries commencing from 1 April 2020. Further, the Group had a total cash and bank balances of S\$46 million and no bank loans and borrowings as at 31 December 2019.

BY ORDER OF THE BOARD

Kwan Chee Seng
Executive Director
21 May 2020