

APPENDIX DATED 14 DECEMBER 2020

This Appendix is circulated to shareholders (the “**Shareholders**”) of GRP Limited (the “**Company**”) together with the Company’s annual report for the financial year ended 30 June 2020 (the “**Annual Report**”). Its purpose is to provide Shareholders with the relevant information relating to, and seek Shareholders’ approval to appoint Baker Tilly TFW LLP as new auditors of the Company and to renew the Share Buyback Mandate (as defined herein) to be tabled at the annual general meeting (the “**AGM**”) of the Company to be held by electronic means on 29 December 2020 at 10.00 a.m. or at any adjournment.

The notice of AGM and a proxy form are enclosed with the Annual Report. This Appendix has been appended to the Annual Report, which has been made available on the SGXNET and the Company’s website at <https://grp.com.sg/>. A printed copy of this Appendix will not be despatched to Shareholders.

If you have sold or transferred all your ordinary shares in the capital of the Company represented by physical share certificate(s), you should immediately inform the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or the transfer was effected for onward notification to the purchaser or transferee that this Appendix (together with the Annual Report) may be accessed via the SGXNET and the Company’s website at <https://grp.com.sg/>. The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix.



GRP LIMITED

(Company Registration Number 197701449C)

(Incorporated in the Republic of Singapore)

APPENDIX TO THE ANNUAL REPORT IN RELATION TO

- (1) THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM MESSRS DELOITTE & TOUCHE LLP TO MESSRS BAKER TILLY TFW LLP; AND
- (2) THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

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DEFINITIONS

In this Appendix, the following definitions apply throughout unless the context requires otherwise or unless otherwise stated:

“ACRA”	:	The Accounting and Corporate Regulatory Authority of Singapore
“AGM”	:	The annual general meeting of the Company to be convened by electronic means on 29 December 2020 at 10.00 a.m.
“Annual Report”	:	The annual report of the Company for FY2020
“Appendix”	:	This appendix dated 14 December 2020
“Audit Committee”	:	The audit committee of the Company, comprising Mr Goh Lik Kok(Chairman), Mr Mahtani Bhagwandas and Mr Peter Moe as at the date of this Appendix
“Auditors”	:	The external auditors of the Company as appointed from time to time
“Baker Tilly”	:	Baker Tilly TFW LLP
“Board”	:	The board of Directors as at the date of this Appendix or from time to time, as the case may be
“CDP”	:	The Central Depository (Pte) Limited
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended, supplemented or modified from time to time
“Company”	:	GRP Limited
“Constitution”	:	The constitution of the Company as may be amended, supplemented or modified from time to time
“Deloitte”	:	Deloitte & Touche LLP
“Directors”	:	The directors of the Company for the time being, and each a “Director”
“FY”	:	Financial year ended or ending 30 June (as the case may be)
“Group”	:	The Company and its subsidiaries collectively
“Latest Practicable Date”	:	30 November 2020, being the latest practicable date prior to the issuance of this Appendix
“Listing Manual”	:	The Listing Manual of the SGX-ST as may be amended, supplemented or modified from time to time
“Notice of AGM”	:	The notice of AGM to be held on 29 December 2020 at 10.00 a.m.
“Proposed Change of Auditors”	:	The proposed change of auditors from Deloitte to Baker Tilly
“Proxy Form”	:	The proxy form in respect of the AGM which is issued together with this Appendix
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent

DEFINITIONS

“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as may be amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited
“Shares”	:	Ordinary shares in the capital of the Company
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“%”	:	Per centum or percentage

The terms **“Depositor”**, **“Depository Agent”** and **“Depository Register”** shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The terms **“subsidiary”** and **“related corporations”** shall have the meanings ascribed to them respectively in the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Appendix are inserted for convenience only and shall be ignored in construing this Appendix.

Any reference in this Appendix to **“Rule”** or **“Chapter”** is a reference to the relevant rule or chapter in the Listing Manual.

Any reference in this Appendix to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the Companies Act, the Listing Manual or any modification thereof and used in this Appendix shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or any modification thereof, as the case may be.

Any reference to a time of day and date in this Appendix shall be a reference to Singapore time and date, unless otherwise stated.

Any discrepancies in tables included in this Appendix between the listed amounts and the totals are due to rounding; accordingly, the figures shown as totals in certain tables may not be an aggregation of the figures that precede them.

Opal Lawyers LLC has been appointed as the legal adviser to the Company as to Singapore law in relation to this Appendix.

LETTER TO SHAREHOLDERS

GRP LIMITED

(Company Registration Number 197701449C)
(Incorporated in the Republic of Singapore)

Board of Directors

Teo Tong How (Independent Director and Chairman)
Kwan Chee Seng (Executive Director)
Kwan Yu Wen (Executive Director)
Goh Lik Kok (Independent Director)
Mahtani Bhagwandas (Independent Director)
Peter Moe (Independent Director)

Registered office:

8 Marina Boulevard
#13-02 Marina Bay Financial Centre Tower 1
Singapore 018981

14 December 2020

To: The Shareholders of GRP Limited

Dear Sir/Madam

(1) **THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM MESSRS DELOITTE & TOUCHE LLP TO MESSRS BAKER TILLY TFW LLP**

(2) **THE PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE**

1. INTRODUCTION

Reference is made to the Notice of AGM dated 14 December 2020 convening the AGM to be held on 29 December 2020.

The purpose of this Appendix is to provide Shareholders with relevant information relating to, explain the rationale for, and to seek Shareholders' approval for, the Proposed Change of Auditors and the proposed renewal of the Share Buyback Mandate to be tabled at the AGM. This Appendix has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Appendix. If a Shareholder is in any doubt as to the action he should take, he should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

2. **THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM MESSRS DELOITTE & TOUCHE LLP TO MESSRS BAKER TILLY TFW LLP**

2.1 Background and rationale for the Proposed Change of Auditors

Ordinary Resolution 5 proposed in the Notice of AGM is to appoint Baker Tilly TFW LLP ("**Baker Tilly**") as the auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP ("**Deloitte**"), and to authorise the Directors to fix its remuneration.

The Company's current auditors, Deloitte, were re-appointed as auditors at the Company's last annual general meeting on 25 October 2019. Deloitte have served as auditors of the Company for 24 years before our listing on SGX Mainboard in 2002.

As part of its ongoing corporate governance initiatives as well as to manage its overall business costs and expenses amidst the challenging business climate, the Board is of the view that it would be appropriate and timely to effect a change of auditors for the following financial year ending 30 June 2021 ("**FY2021**"), subject to Shareholders' approval by ordinary resolution 5 proposed in the Notice of AGM. The Board believes that a change of auditors will also enable the Company to benefit from fresh perspectives and views of another professional audit firm to enhance the value of the audit services

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and accord the Group an opportunity to benchmark audit fees with a view to realising cost efficiencies. The outgoing Auditor, Deloitte, has also indicated that it will not be seeking re-appointment at the forthcoming AGM.

Accordingly, the Company has invited three reputable audit firms in Singapore to propose for the audit of the Group for FY2021. However, only Baker Tilly submitted its proposal to the Group. After reviewing and deliberating on the proposals received from Baker Tilly and the criteria for the evaluation and selection of external auditors contained in the Guidebook for Audit Committees in Singapore, including factors such as the adequacy of the resources and experience of the auditing firm and the audit partners, the audit firm's other engagements, and the number and experience of supervisory and professional staff to be assigned. Management feedback was also sought as part of the deliberations by the Audit Committee. An objective approach was adopted throughout the process. After evaluating the above factors and taking into consideration the factors set out in Sections 2.3 and 2.4 below, the Audit Committee recommended to the Board that Baker Tilly be selected for the proposed appointment as the Company's auditors for FY2021.

The Board took into account, inter alia, (i) the Audit Committee's recommendation, including the factors listed in Sections 2.3 and 2.4 below; and (ii) that there is no reason to believe that the scope of audit services to be provided by Baker Tilly will not be comparable to those currently provided by Deloitte. Accordingly, the Board is of the opinion that Baker Tilly meets the existing needs and audit requirements of the Company.

Pursuant to Rule 712(3) of the Listing Manual and Section 205AF of the Companies Act, the appointment of Baker Tilly as Auditors in place of Deloitte must be specifically approved by Shareholders in a general meeting.

Accordingly, the retirement of Deloitte as auditors has taken effect on 10 December 2020 upon the conclusion of FY2020 audit after signing off the audited financial statements, and the appointment of Baker Tilly as auditors of the Company will take effect upon the approval by the Shareholders at the AGM. Baker Tilly, if appointed, will hold office until the conclusion of the next annual general meeting of the Company.

2.2 Information on Baker Tilly and the audit engagement partner

The information on Baker Tilly and the audit engagement partner provided below was provided to the Company by Baker Tilly and its representatives. The Directors have not conducted an independent review or verification of the accuracy of the statements and information below.

About Baker Tilly

Baker Tilly is a firm of Chartered Accountants in Singapore registered with ACRA. It is one of the top 10 largest accounting and business advisory firms in Singapore and has 16 partners and staff strength of about 300. It has significant experience acting as auditors for companies listed on the SGX-ST. Baker Tilly is an independent member of Baker Tilly International, which is globally the 10 largest accounting and business advisory network by combined revenue and is represented by 126 firms in 145 countries. The proposed audit team comprises professionals with experience in distribution and retail, property investment and property development industries to conduct the audit of the Group. For more information about Baker Tilly, please visit Baker Tilly's website at www.bakertilly.sg.

About the Audit Engagement Partner

The audit engagement partner-in-charge, Mr. Lee Chee Sum Gilbert, is a practising member of the Institute of Singapore Chartered Accountants and a public accountant registered with ACRA. He will be supported by a team of between five to seven members for the audit. Mr. Lee has over 18 years of experience in the audit of local, multinational and public listed companies in diverse industries. Prior to joining Baker Tilly, Mr. Lee spent 12 years in an international accounting firm in Singapore. His experience in listed companies includes investment holdings, property developer, trading and distribution, mining, marine, construction and property investment sector. He has been involved in the audits of companies in the financial services sector, electronics, construction, oil and gas, marine,

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property investment and property development industries. Mr. Lee is also the engagement partner of other companies listed on SGX-ST.

Mr. Lee passed his last Practice Monitoring Programme review by ACRA in 2018 and the Company noted that there is no adverse feedback from ACRA.

2.3 Compliance with Rule 712 of the Listing Manual

Pursuant to Rule 712(1) of the Listing Manual, the Directors and the Audit Committee, having considered the adequacy of the resources and experience of Baker Tilly and the audit engagement partner assigned, the size and complexity of the Group's operations, and the number and experience of supervisory and professional staff assigned to the audit of the financial statements of the Group, are of the opinion that the appointment of Baker Tilly as the Auditors will be able to meet the audit requirements of the Group.

Pursuant to Rule 712(3) of the Listing Manual, the appointment of Baker Tilly as the Auditors must be specifically approved by Shareholders in a general meeting. Accordingly, the appointment of Baker Tilly would be effective upon the approval by Shareholders at the AGM to be held on 29 December 2020.

2.4 Compliance with Rules 715 of the Listing Manual

The Board confirms that pursuant to Shareholders' approval of the Proposed Change of Auditors, Baker Tilly will be appointed as the auditors of the Company as well as its Singapore-incorporated and foreign-incorporated subsidiaries save for Luminor Capital Malaysia Sdn. Bhd. and its subsidiaries (collectively, the "**Luminor Malaysia**") for FY2021. Luminor Malaysia will be audited by BDO Malaysia.

2.5 Compliance with Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

- (i) Deloitte has confirmed in its professional clearance letter dated 10 December 2020 that it is not aware of any professional reasons why Baker Tilly should not accept the appointment as the new auditors of the Company (the "**Professional Clearance Letter**");
- (ii) Deloitte has issued a qualified opinion on the Group's audited financial statements for FY2020 on the following basis:

Bank accounts and fund transfers relating to certain subsidiaries in the People's Republic of China ("PRC")

During FY2020, certain PRC banks have frozen certain PRC bank accounts of Tangshan GRP Trading Co., Ltd ("**Tangshan GRP**"), Chongqing Tianhu Land Co., Ltd ("**Tianhu**") and Chongqing Gangyuan Property Development Co., Ltd ("**Gangyuan**") of an aggregate amount of \$5.4 million (RMB 27.5 million) as at June 30, 2020.

These frozen bank accounts were used for normal business operation and there were fund transfers from these bank accounts made by the abovementioned PRC subsidiaries, aggregating to RMB 114.0 million (\$22.8 million) to certain third-party PRC entities as designated by the Singapore licensed remittance agent ("**Agent**"). Certain of the group's Singapore subsidiaries had also received fund transfers aggregating \$21.8 million from the Agent. The receipts of these funds in Singapore were related to the fund transfers made by the abovementioned PRC subsidiaries to these designated third-party PRC entities by the Agent.

Management have appointed Legal Counsels in the PRC to pursue the resolution of the matter. The Legal Counsels have since initiated communications with the banks and have been referred to an officer-in-charge ("**OIC**") of the case in Yan Ta police station, Shanxi Province Xi'an City, PRC.

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Subsequent to FY2020, the OIC informed management verbally that the affected bank accounts have been “unfrozen” and that those bank accounts can be used for “normal business operations”. Notwithstanding this, the OIC also indicated that documents requested for the investigation should continue to be provided. As at the date of the Company’s Annual Report, the matter is still under on-going investigation.

As a result of the above, Deloitte are of the opinion that they are unable to obtain sufficient appropriate audit evidence on:

- (a) whether the abovementioned fund transfers are in compliance with applicable laws and regulations in the PRC and Singapore. It is not practicable to estimate the potential financial impact, if any, to the group in the event of any breach of applicable laws and regulations; and
- (b) whether the group has the rights and ability to recover the bank balances contained in the affected bank accounts as mentioned above.

Recoverability of certain assets from the PRC authorities and the receivables from certain subsidiaries

- (a) Assets recoverable from the PRC authorities

As at June 30, 2020, Tangshan GRP recorded current and non-current receivables from the PRC authorities which amounted to \$3.9 million (RMB 20.0 million) and \$4.3 million (RMB 21.9 million) respectively. The current receivables arose from repossession of a land parcel located in Tangshan, PRC, in FY 2019, by the local PRC authority and the non-current receivable was for the recovery of advances upon repossession of the land made to the same local PRC authority. The advances were made to facilitate the land clearance and other incidental processes in order for the land to be ready for public tender.

As at June 30, 2020, Gangyuan recorded a development property in Fuling which amounted to \$3.7 million (RMB 18.5 million) based on valuation provided by an external PRC valuer appointed by the local PRC authority in connection with an offer made by the authority in FY2019 to repossess a land parcel located in Fuling, PRC which has lapsed at the end of the reporting period. Management represented that they are still in the process of re-negotiating on the repossession value with the local PRC authority.

Deloitte are of the opinion that they were unable to obtain sufficient appropriate audit evidence on the recoverability of these assets and the classification of these current/non-current receivables as there has been no verifiable correspondence with the respective PRC authorities, and they are unable to perform alternative procedures.

- (b) Receivables from certain subsidiaries

As at June 30, 2020, the Company has receivables due from certain subsidiaries amounting to \$39.2 million. The ability to recover these receivables is dependent on the recoverability of the underlying assets as mentioned above and ability of the group to recover the amounts in the affected bank accounts of Tangshan GRP, Tianhu and Gangyuan. Accordingly, Deloitte are of the opinion that they are unable to obtain sufficient appropriate audit evidence over the recoverability of these receivables.

Consequently, Deloitte were unable to determine whether any adjustments to the accompanying financial statements may be necessary in respect of these matters.

- (iii) the Board confirms that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Appendix;
- (iv) the reasons for the Proposed Change of Auditors are disclosed in paragraph 2.1 of this Appendix above; and

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- (v) the Board confirms that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of Baker Tilly as its new Auditors, after taking into account the various factors in paragraph 2.3 and 2.4 of this Appendix above.

2.6 Audit Committee's Recommendation

The Audit Committee recommends the appointment of Baker Tilly as the new Auditors, after taking into account, among other things, the suitability and independence of Baker Tilly to meet the audit requirements of the Group, the various factors set out in paragraphs 2.2 and 2.3 of this Appendix above and compliance with the requirements of the Listing Manual.

The Audit Committee had not considered the Audit Quality Indicators Disclosure Framework in its entirety when selecting the new Auditors as the adoption of the same is voluntary. However, the Audit Committee has based its selection of Baker Tilly as the proposed new Auditors on the Company's internal criteria, which includes costs, quality and scope of audit, and adequacy of the resources, experiences and reputation of the audit firm.

2.7 Nomination Notice

Pursuant to Section 205 of the Act, a copy of the notice of nomination of Baker Tilly dated 26 November 2020 from a Shareholder is attached in the Annex to this Appendix.

3. PROPOSED RENEWAL OF THE SHARE BUYBACK MANDATE

3.1 Background for the Proposed Renewal of the Share Buyback Mandate

The proposed Ordinary Resolution 8 in the Notice of AGM relates to the renewal of a share buyback mandate (the "**Share Buyback Mandate**"), which Shareholders had previously approved at the AGM held on 25 October 2019, to authorise the Directors to purchase or otherwise acquire issued Shares on the terms of the Share Buyback Mandate. The authority conferred by the Share Buyback Mandate will expire on 29 December 2020, being the date of the AGM.

3.2 Authority and Limits of the Share Buyback Mandate

The Share Buyback Mandate, if renewed, will authorise the Directors, from time to time, to purchase Shares either through market purchases (the "**Market Purchases**") or off-market purchases on an equal access scheme (the "**Off-Market Purchases**") as defined in Section 76C of the Companies Act of up to a maximum of 10% of the total number of issued Shares as at the date of the AGM at which the Share Buyback Mandate is renewed, at such price up to but not exceeding the Maximum Price (as defined below). For the purpose of calculating the percentage of the total number of issued Shares above, any Shares which are held as treasury shares and subsidiary holdings will be disregarded.

For illustrative purposes only, based on the total number of issued Shares of 180,458,010 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that there is no change in such number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM, not more than 18,045,801 Shares (representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of the AGM) may be purchased or acquired by the Company pursuant to the Share Buyback Mandate.

The purchase price (excluding applicable brokerage, stamp duty, commission, goods and services tax and other related expenses) to be paid for a Share will be determined by the Directors or a committee of Directors that may be constituted for the purposes of effecting purchases or acquisitions of Shares by the Company under the Share Buyback Mandate. However, the purchase price to be paid for the Shares pursuant to the purchases or acquisitions of the Shares must not exceed:

- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

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(the “**Maximum Price**”) in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five days on which the SGX-ST is open for trading in securities (the “**Market Days**”), on which transactions in the Shares were recorded, before the day on which the Market Purchase was made, or as the case may be, the day of making of the offer for an Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five Market Day period and the day on which the purchases are made; and

“**day of making of the offer**” means the day on which the Company makes an offer for an Off-Market Purchase, stating therein the purchase price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

If renewed, the authority conferred by the Share Buyback Mandate will take effect from the date of the AGM and continue to be in force until the conclusion of the next AGM or the date by which such an AGM is required by law to be held (whereupon it will lapse, unless renewed at such meeting), whichever is earlier, unless prior thereto, the purchases or acquisitions of Shares are carried out to the full extent mandated or the Share Buyback Mandate is revoked or varied by the Company at a general meeting.

3.3 Manner of Purchase or Acquisition of Shares

Purchases or acquisitions of Shares may be made by the Company by way of:

- (a) Market Purchases transacted on the SGX-ST through the SGX-ST trading system or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
- (b) Off-Market Purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as defined under Section 76C of the Companies Act and as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act and the rules of the Listing Manual.

The Directors may impose such terms and conditions, which are consistent with the Share Buyback Mandate, the Companies Act, the Listing Manual and the Constitution, as they consider fit in the interests of the Company in connection with or in relation to any equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

- (a) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;
- (b) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made to them; and
- (c) the terms of all the offers shall be the same, except that there shall be disregarded, where applicable:
 - (i) differences in consideration attributable to the fact that the offers relate to Shares with different accrued dividend entitlements;
 - (ii) differences in consideration attributable to the fact that the offers relate to Shares with different amounts remaining unpaid; and
 - (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.

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In addition, if the Company wishes to make an Off-Market Purchase in accordance with an equal access scheme, the Company must, as required by the Listing Manual, issue an offer document to all Shareholders containing at least the following information:

- (a) the terms and conditions of the offer;
- (b) the period and procedures for acceptances;
- (c) the reasons for the proposed purchase or acquisition of Shares;
- (d) the consequences, if any, of the purchases or acquisitions of Shares by the Company that will arise under the Take-over Code (as defined below) or other applicable take-over rules;
- (e) whether the purchases or acquisitions of Shares, if made, would have any effect on the listing of the Shares on the SGX-ST;
- (f) details of any purchases or acquisitions of Shares made by the Company in the previous 12 months (whether by way of Market Purchases or Off-Market Purchases), giving the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for the purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions; and
- (g) whether the Shares purchased or acquired by the Company will be cancelled and/or kept as treasury shares.

3.4 Rationale

The rationale for the Company to undertake the purchase or acquisition of its Shares is as follows:

- (a) In managing the business of the Group, the management team strives to increase Shareholders' value by improving, *inter alia*, the return on equity of the Group. In addition to growth and expansion of the business, share buybacks may be considered as one of the ways through which the return on equity of the Group may be enhanced.
- (b) The Share Buyback Mandate would provide the Company with the flexibility to purchase or acquire its Shares if and when circumstances permit, during the period when the Share Buyback Mandate is in force. It is an expedient, effective and cost efficient way for the Company to return surplus cash/funds over and above its ordinary capital requirements, if any, which are in excess of its financial requirements, taking into account its growth and expansion plans, to its Shareholders. In addition, the Share Buyback Mandate will allow the Company to have greater flexibility over, *inter alia*, the Company's share capital structure and its dividend policy.
- (c) The purchase or acquisition of Shares under the Share Buyback Mandate will help mitigate short-term share price volatility (by way of stabilising the supply and demand of Shares) and offset the effects of short-term share price speculation, supporting the fundamental value of the Shares, thereby bolstering Shareholders' confidence and employees' morale.
- (d) Repurchased Shares which are held in treasury may be transferred for the purposes of or pursuant to employees' share schemes implemented by the Company.

While the Share Buyback Mandate would authorise a purchase or acquisition of Shares up to the 10% limit during the period referred to in paragraph 2.2 above, Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buyback Mandate may not be carried out to the full 10% limit as authorised and the purchases or acquisitions of Shares pursuant to the Share Buyback Mandate will be made only as and when the Directors consider it to be in the best interests of the Company and/or the Shareholders and in circumstances which they believe will not result in any material adverse effect on the financial position of the Company or the Group, or result in the Company being delisted from the SGX-ST. The Directors will use their best efforts to ensure that after a purchase or acquisition of Shares pursuant to the Share Buyback Mandate, the number of Shares remaining in

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the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading and listing status of the Shares on the SGX-ST.

3.5 Sources of Funds

The Company may only apply funds legally available for the purchase or acquisition of its Shares as provided in the Constitution and in accordance with the applicable laws in Singapore. The Company may not purchase or acquire its Shares for a consideration other than in cash or, in the case of a Market Purchase, for settlement otherwise than in accordance with the trading rules of the SGX-ST.

Under the Companies Act, the Company may purchase or acquire its Shares out of capital or profits so long as the Company is solvent.

The Company intends to use internal sources of funds or borrowings or a combination of both to finance the Company's purchase or acquisition of Shares pursuant to the Share Buyback Mandate. In purchasing or acquiring Shares pursuant to the Share Buyback Mandate, the Directors will principally consider the availability of internal resources. In addition, the Directors will consider the availability of external financing. However, in considering the option of external financing, the Directors will consider particularly the prevailing gearing level of the Group and the costs of such financing.

The Directors will only make purchases or acquisitions of Shares pursuant to the Share Buyback Mandate in circumstances which they believe will not result in any material adverse effect to the financial position of the Company or the Group.

3.6 Status of Purchased or Acquired Shares

Shares purchased or acquired by the Company are deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to those Shares will expire on such cancellation) unless such Shares are held by the Company as treasury shares. The total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

Shares purchased or acquired by the Company and cancelled will be automatically delisted by the SGX-ST. Certificates in respect thereof will be cancelled by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

3.7 Treasury Shares

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

- (a) The number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares (the "**Treasury Shares Limit**").
- (b) The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at general meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.
- (c) In addition, no dividend may be paid, and no other distribution of the Company's assets may be made to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed. A subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.
- (d) Where Shares are held as treasury shares, the Company may at any time but subject always to the Take-over Code:
 - (i) sell the treasury shares (or any of them) for cash;

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- (ii) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for employees, directors or other persons;
- (iii) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (iv) cancel the treasury shares (or any of them); or
- (v) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister for Finance may by order prescribe.

Shares purchased or acquired under the Share Buyback Mandate will be held as treasury shares or cancelled by the Company taking into consideration the then prevailing circumstances and requirements of the Company at the relevant time.

As at the Latest Practicable Date, the Company has 13,243,600 treasury shares representing approximately 6.84% of the total number of issued Shares and 7.34% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). Where Shares purchased or acquired pursuant to the Share Buyback Mandate are held as treasury shares, the number of such Shares to be held as treasury shares, when aggregated with the existing treasury shares held, shall not, subject to the Companies Act, exceed the Treasury Shares Limit at any time.

3.8 Reporting Requirements

3.8.1 Notification to ACRA

Within 30 days of the passing of the Shareholders' resolution to approve the proposed renewal of the Share Buyback Mandate, the Company will lodge a copy of such resolution with ACRA.

The Company will also lodge with ACRA a notice of purchase or acquisition of Shares within 30 days of such purchase or acquisition. Such notification shall include the date of purchase or acquisition, the number of Shares purchased or acquired, the number of Shares cancelled or held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid for the purchase or acquisition and whether such consideration is paid out of profits or capital of the Company, and such other information as may be prescribed from time to time.

In addition, within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company will lodge with ACRA a notice of cancellation or disposal of treasury shares with such information as may be prescribed from time to time.

3.8.2 Notification to the SGX-ST

The Company shall notify the SGX-ST of all purchases or acquisitions of its Shares not later than 9.00 a.m.:

- (a) in the case of a Market Purchase, on the Market Day following the day on which the Market Purchase was made, and
- (b) in the case of an Off-Market Purchase under an equal access scheme, on the second Market Day after the close of acceptance of the offer.

Such announcement shall include the number of Shares authorised for purchase or acquisition, the date of purchase or acquisition, the number of Shares purchased or acquired, the purchase price per Share or (in the case of Market Purchases) the purchase price per Share or the highest price and lowest price per Share, the total consideration paid for the Shares, the number of issued Shares after purchase or acquisition and such other information as may be prescribed from time to time.

In addition, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "usage"). Such announcement must include the date of usage,

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the purpose of usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued Shares before and after the usage, the value of the treasury shares comprised in the usage and such other information as may be prescribed from time to time.

3.9 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions of Shares that may be made pursuant to the Share Buyback Mandate on the earnings per Share (“EPS”) and net tangible assets (“NTA”) per Share of the Company and the Group as the resultant effect would depend on, *inter alia*, the aggregate number of Shares purchased or acquired, whether the purchase or acquisition is made out of capital or profits, the purchase prices paid for such Shares, the amount (if any) borrowed by the Company to fund such purchases or acquisitions and whether the Shares purchased or acquired are cancelled or held as treasury shares.

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company’s capital or profits so long as the Company is solvent. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of profits, such consideration (including costs incidental to the purchase or acquisition) will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the consideration paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

The Directors do not propose to exercise the Share Buyback Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirements, the availability of financial resources, the expansion and investment plans of the Group and the prevailing market conditions. The Share Buyback Mandate will be exercised with a view to enhancing the EPS and/or the NTA per Share of the Group.

The financial effects presented below are based on the following assumptions:

(a) *Information as at the Latest Practicable Date*

As at the Latest Practicable Date, the Company has 180,458,010 issued Shares (excluding treasury shares and subsidiary holdings).

(b) *Illustrative Financial Effects*

Purely for illustrative purposes, on the basis of 180,458,010 Shares in issue (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, the purchase or acquisition by the Company of 10% of its Shares will result in the purchase or acquisition of 18,045,801 Shares.

In the case of Market Purchases by the Company and assuming that the Company purchases or acquires 18,045,801 Shares at the Maximum Price of \$0.1514 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the last five Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 18,045,801 Shares is approximately \$2.732 million.

In the case of Off-Market Purchases by the Company and assuming that the Company purchases or acquires 18,045,801 Shares at the Maximum Price of \$0.1730 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the last five Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition of 18,045,801 Shares is approximately \$3.122 million.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

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- (i) the Share Buyback Mandate had been effective on 1 July 2019; and
- (ii) such purchases or acquisitions of Shares are funded solely by internal resources,

the financial effects of the share buyback on the audited consolidated financial statements of the Company and the Group for FY2020, are set out below:

(i) **PURCHASES MADE ENTIRELY OUT OF CAPITAL AND HELD AS TREASURY SHARES**

(a) **Market Purchases**

<u>As at 30 June 2020</u>	Before Share	After Share	Before Share	After Share
	Purchase	Purchase	Purchase	Purchase
	Group		Company	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	58,657	55,925	72,927	70,195
NTA ⁽¹⁾	58,625	55,893	72,902	70,170
Current Assets	77,298	74,566	66,942	64,210
Current Liabilities	15,752	15,752	1,405	1,405
Total Borrowings	-	-	-	-
Number of Shares ('000)	180,458	162,412	180,458	162,412
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽²⁾	32.49	34.41	40.40	43.20
Current Ratio (times) ⁽³⁾	4.91	4.73	47.65	45.70
Basic EPS (cents)	(2.56)	(2.83)	(1.24)	(1.37)

(b) **Off-Market Purchases**

<u>As at 30 June 2020</u>	Before Share	After Share	Before Share	After Share
	Purchase	Purchase	Purchase	Purchase
	Group		Company	
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	58,657	55,535	72,927	69,805
NTA ⁽¹⁾	58,625	55,503	72,902	69,780
Current Assets	77,298	74,176	66,942	63,820
Current Liabilities	15,752	15,752	1,405	1,405
Total Borrowings	-	-	-	-
Number of Shares ('000)	180,458	162,412	180,458	162,412
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽²⁾	32.49	34.17	40.40	42.96
Current Ratio (times) ⁽³⁾	4.91	4.71	47.65	45.42
Basic EPS (cents)	(2.56)	(2.83)	(1.24)	(1.37)

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(ii) **PURCHASES MADE OUT OF CAPITAL AND CANCELLED**

(a) **Market Purchases**

<u>As at 30 June 2020</u>	Before Share Purchase		After Share Purchase	
	Group	Company	Group	Company
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	58,657	55,925	72,927	70,195
NTA ⁽¹⁾	58,625	55,893	72,902	70,170
Current Assets	77,298	74,566	66,942	64,210
Current Liabilities	15,752	15,752	1,405	1,405
Total Borrowings	-	-	-	-
Number of Shares ('000)	180,458	162,412	180,458	162,412
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽²⁾	32.49	34.41	40.40	43.20
Current Ratio (times) ⁽³⁾	4.91	4.73	47.65	45.70
Basic EPS (cents)	(2.56)	(2.83)	(1.24)	(1.37)

(b) **Off-Market Purchases**

<u>As at 30 June 2020</u>	Before Share Purchase		After Share Purchase	
	Group	Company	Group	Company
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Shareholders' Funds	58,657	55,535	72,927	69,805
NTA ⁽¹⁾	58,625	55,503	72,902	69,780
Current Assets	77,298	74,176	66,942	63,820
Current Liabilities	15,752	15,752	1,405	1,405
Total Borrowings	-	-	-	-
Number of Shares ('000)	180,458	162,412	180,458	162,412
<u>Financial Ratios</u>				
NTA per Share (cents) ⁽²⁾	32.49	34.17	40.40	42.96
Current Ratio (times) ⁽³⁾	4.91	4.71	47.65	45.42
Basic EPS (cents)	(2.56)	(2.83)	(1.24)	(1.37)

Notes:

- (1) NTA represents total tangible assets less total liabilities and non-controlling interest.
- (2) NTA per Share is calculated based on NTA and 180,458,010 Shares in issue as at 30 June 2020.
- (3) Current ratio equals current assets divided by current liabilities.

Shareholders should note that the financial effects illustrated above are based on certain assumptions and purely for illustrative purposes only. In particular, it is important to note that the above analysis is based on the audited consolidated financial statements of the Company and the Group for FY2020, and is not necessarily representative of the future financial performance of the Company or the Group.

The Company will take into account both financial and non-financial factors (for example, stock market conditions and the performance of the Shares) in assessing the relative impact of a purchase or acquisition of Shares before execution. Although the Share Buyback Mandate would authorise the Company to purchase or acquire up to 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire or be able to purchase or acquire the entire 10% of the total number of its issued Shares (excluding treasury shares and subsidiary holdings). In addition, the Company may cancel all or part of the Shares purchased or hold all or part of the Shares purchased in treasury.

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3.10 Take-over Implications under the Singapore Code on Take-overs and Mergers

Appendix 2 of the Singapore Code on Take-overs and Mergers (the “**Take-over Code**”) contains the Share Buy-back Guidance Note applicable as at the Latest Practicable Date. The take-over implications arising from any purchase or acquisition by the Company of its Shares are set out below.

3.10.1 Obligations to Make a Take-over Offer

Pursuant to the Take-over Code, an increase of a shareholder’s proportionate interest in the voting rights of the Company resulting from a share buyback by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code.

Under Rule 14 of the Take-over Code, a Shareholder and persons acting in concert with the Shareholder will incur an obligation to make a mandatory take-over offer if, *inter alia*, he and persons acting in concert with him increase their voting rights in the Company to 30% or more or, if they, together holding between 30% and 50% of the Company’s voting rights, increase their voting rights in the Company by more than 1% in any period of six months.

3.10.2 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), cooperate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following individuals and companies to be persons acting in concert with each other:

- (a) a company with its parent company, its subsidiaries, its fellow subsidiaries, any associated companies of the foregoing companies, any company whose associated companies include any of the foregoing companies, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- (b) a company with any of its directors (together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts);
- (c) a company with any of its pension funds and employee share schemes;
- (d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis, but only in respect of the investment account which such person manages;
- (e) a financial or other professional adviser, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the adviser, and all the funds which the adviser manages on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10% or more of the client’s equity share capital;
- (f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;
- (g) partners; and
- (h) an individual with his close relatives, his related trusts, any person who is accustomed to act in accordance to his instructions, companies controlled by any of the foregoing persons, and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing persons and/or entities for the purchase of voting rights.

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For this purpose, ownership or control of at least 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders (including Directors) and persons acting in concert with each of them, will incur an obligation to make a mandatory take-over offer under Rule 14 of the Take-over Code after a purchase or acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

3.10.3 Application of the Take-over Code

As at the Latest Practicable Date, Kwan Chee Seng, who is an executive Director and Controlling Shareholder of the Company, held 64,064,440 Shares, constituting 35.5% of the total number of the issued voting Shares of the Company. Kwan Yu Wen, who is an executive Director of the Company and the daughter of Kwan Chee Seng, did not hold any Shares as at the Latest Practicable Date.

In the event that, after the proposed renewal of the Share Buyback Mandate is approved by Shareholders at the AGM, and should the Company purchase or acquire up to 10% of the total number of issued Shares (excluding treasury Shares and subsidiary holdings) as at the date of the AGM as permitted by the Share Buyback Mandate, the voting rights of Kwan Chee Seng would increase by more than 1% in any period of six months to 39.45%. Under the Take-over Code, Kwan Chee Seng would therefore incur a mandatory take-over obligation for the issued Shares not already owned by him.

3.10.4 Securities Industry Council's Waiver

Under Appendix 2 of the Take-over Code, Kwan Chee Seng, Kwan Yu Wen and the persons acting in concert with them (the "**Concert Party Group**") will be exempted from the requirement under Rule 14 of the Take-over Code to make a mandatory take-over offer for the issued Shares not already owned by them if their voting rights in the Company increase by more than 1% in any period of six months, as a result of any share buyback carried out pursuant to the Share Buyback Mandate, subject to the following conditions:

- (a) this Appendix contains advice to the effect that by voting for the resolution authorising the proposed renewal of the Share Buyback Mandate, Shareholders are waiving their rights to a general offer at the required price from the Concert Party Group, who, as a result of the Company buying back its Shares under the Share Buyback Mandate, would increase their voting rights by more than 1% in any period of six months; and the names of the Concert Party Group and their voting rights at the time of the resolution and after the proposed share buyback are disclosed in this Appendix;
- (b) the resolution authorising the proposed renewal of the Share Buyback Mandate is approved by a majority of those Shareholders present and voting at the AGM on a poll who could not become obliged to make an offer as a result of the Company purchasing or acquiring its Shares pursuant to the Share Buyback Mandate;
- (c) the Concert Party Group abstain from voting for and/or recommending Shareholders to vote in favour of the resolution authorising the proposed renewal of the Share Buyback Mandate;
- (d) within seven days after the passing of the resolution authorising the proposed renewal of the Share Buyback Mandate, Kwan Chee Seng and Kwan Yu Wen to submit to the Securities Industry Council ("**SIC**") a duly signed form as prescribed by the SIC; and
- (e) the Concert Party Group has not acquired and will not acquire any Shares between the date on which they know that the announcement of the Share Buyback Mandate is imminent and the earlier of:
 - (i) the date on which the authority of the Share Buyback Mandate expires; and

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- (ii) the date on which the Company announces it has bought back such number of Shares as authorised by the Share Buyback Mandate or it has decided to cease buying back its Shares, as the case may be,

if such acquisitions, taken together with the proposed share buyback, would cause their aggregate voting rights in the Company to increase by more than 1% in the preceding six months.

It follows that where the aggregate voting rights held by the Concert Party Group increases by more than 1% solely as a result of the Company purchasing or acquiring its Shares and none of them has acquired any Shares during the relevant period defined above, then the Concert Party Group would be eligible for SIC's exemption from the requirement to make a general offer under Rule 14 of the Take-over Code, or where such exemption had been granted, would continue to enjoy the exemption.

3.10.5 Advice to Shareholders

Shareholders should therefore note that by voting for the proposed renewal of the Share Buyback Mandate, they are waiving their rights to a mandatory take-over offer by the Concert Party Group under the circumstances set out above. Such take-over offer, if required to be made and had not been exempted by the SIC, would have to be made in cash or be accompanied by a cash alternative at the Required Price (as defined below).

Shareholders who are in doubt as to their obligations, if any, to make a mandatory take-over offer under the Take-over Code as a result of any purchase or acquisition of Shares by the Company should consult the SIC and/or their professional advisers at the earliest opportunity.

"Required Price" means in relation to the offer required to be made under the provisions of Rule 14.1 of the Take-over Code, the highest of the price paid by the offerors and/or any person(s) acting in concert with them for the Shares (i) during the offer period and within the preceding six months, (ii) acquired through the exercise of instruments convertible into securities which carry voting rights within six months of the offer and during the offer period, or (iii) acquire through the exercise of rights to subscribe for, and options in respect of, securities which carry voting rights within six months of the offer or during the offer period; or at such price as determined by the SIC under Rule 14.3 of the Take-over Code.

Other than as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert who may become obligated to make a mandatory take-over offer in the event the Directors exercise the power to purchase or acquire Shares pursuant to the Share Buyback Mandate.

3.11 **Tax Implications**

Shareholders who are in doubt as to their respective tax positions or the tax implications of purchase or acquisition of Shares by the Company or who may be subject to tax, whether in or outside Singapore, should consult their professional advisers.

3.12 **Listing Manual**

- 3.12.1 While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time, because the listed company would be regarded as an "insider" in relation to any purchase or acquisition of its issued shares, the Company, together with its officers, will not undertake any purchase or acquisition of Shares at any time after any matter or development of a price-sensitive nature has occurred or has been the subject of consideration and/or a decision of the Board until such price-sensitive information has been publicly announced. Further, in line with the best practices on dealing with securities stipulated in the Listing Manual, the Company and its officers will not purchase or acquire any Shares through Market Purchases or Off Market Purchases during the period commencing one month immediately preceding the announcement of the Company's half-year or full-year results.

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3.12.2 The Company does not have any individual shareholding limit or foreign shareholding limit. The Listing Manual requires a listed company to ensure that at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed must be held by public Shareholders. Where such percentage falls below 10%, the SGX-ST may at any time suspend trading of the shares of the listed company. The term “public”, as defined under the Listing Manual, are persons other than (i) the Directors, chief executive officer, substantial shareholders or controlling shareholder of the Company and its subsidiaries; and (ii) associates of the persons in (i).

As at the Latest Practicable Date, approximately 108,075,970 Shares, representing 59.89% of the total number of issued Shares are held by public Shareholders. For illustrative purposes only, assuming the Company exercises the Share Buyback Mandate in full and purchases 10% of the total number of issued Shares through Market Purchases from the public, the public float would be reduced to approximately 90,030,169 Shares, representing approximately 55.43% of the total number of issued Shares.

The Directors will use their best efforts to ensure that the Company does not effect a purchase or acquisition of Shares if the purchase or acquisition of Shares would result in the number of issued Shares remaining in the hands of the public falling to such a level as to cause market illiquidity or adversely affect the listing status of the Company. Before deciding to effect a purchase or acquisition of Shares, the Directors will ensure that, notwithstanding such purchase or acquisition, a sufficient float in the hands of the public will be maintained to provide for an orderly market for trading in the Shares.

3.13 Share Buybacks in the Previous 12 months

Pursuant to the Share Buyback Mandate and as at the Latest Practicable Date, the Company had bought back by way of market acquisitions a total number of 7,436,800 Shares in the previous 12 months. The highest price paid per Share was \$0.19 and the lowest price paid per Share was \$0.15. The total consideration paid was \$1,248,804 (inclusive of brokerage and clearing fees).

4. DIRECTORS’ AND SUBSTANTIAL SHAREHOLDERS’ INTERESTS

The interests of the Directors and the substantial shareholder of the Company in the Shares, as recorded in the register of Directors’ shareholdings and the register of Substantial Shareholders of the Company respectively, as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	%
Directors				
Teo Tong How ⁽²⁾	8,065,600	4.47	-	-
Kwan Chee Seng ⁽³⁾	64,064,440	35.50	-	-
Kwan Yu Wen	-	-	-	-
Goh Lik Kok	-	-	-	-
Mahtani Bhagwandas ⁽⁴⁾	252,000	0.14	-	-
Peter Moe	-	-	-	-
Substantial Shareholder				
Kwan Chee Seng ⁽³⁾	64,064,440	35.50	-	-

Notes:

- (1) Based on the Company's issued and paid up share capital of 180,458,010 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.
- (2) 7,200,000 Shares are registered in the name of United Overseas Bank Limited which is holding the Shares as bare trustee.

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- (3) 61,073,940 Shares are registered in the name of Citibank Nominees Singapore Pte Ltd which is holding the said Shares as bare trustee.
- (4) 252,000 Shares are registered in the name of Maybank Kim Eng Securities Pte Ltd which is holding the Shares as bare trustee.

5. DIRECTORS' RECOMMENDATIONS

The Directors having considered, among other things, the rationale and information relating to the Proposed Change of Auditors as set out in this Appendix, and the Audit Committee's recommendation, are of the opinion that the Proposed Change of Auditors is in the best interests of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of Ordinary Resolution 5, being the Ordinary Resolution relating to the appointment of Baker Tilly TFW LLP as auditors of the Company in place of the retiring auditors, Deloitte & Touche LLP, to be proposed at the AGM

Kwan Chee Seng and Kwan Yu Wen will abstain from voting on the resolution relating to the proposed renewal of the Share Buyback Mandate and have therefore refrained from making any recommendation to Shareholders on Ordinary Resolution 8 set out in the Notice of AGM. The rest of the Directors, after having considered the rationale and the information relating to the proposed renewal of the Share Buyback Mandate, are of the opinion that the proposed renewal of the Share Buyback Mandate is in the best interests of the Company, and accordingly, recommend that Shareholders vote in favour of the Ordinary Resolution 8 set out in the Notice of AGM.

6. ABSTENTION FROM VOTING

The Concert Party Group as well as their associates will abstain from voting, whether by representative or proxy, on Ordinary Resolution 8 set out in the Notice of AGM. They will also not accept nominations as proxies or otherwise for voting in respect of the aforesaid ordinary resolution at the AGM unless specific instruction has been given in the proxy form as to the manner in which votes are to be cast in respect of such ordinary resolution.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Appendix and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Appendix constitutes full and true disclosure of all material facts about the Proposed Change of Auditors and the proposed renewal of the Share Buyback Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Appendix misleading. Where information in the Appendix has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Appendix in its proper form and context.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Due to the mandatory safe distancing measures issued by the Singapore Ministry of Health in relation to the Covid-19 outbreak, the Company will conduct the AGM by electronic means only and Shareholders will not be able to physically attend the AGM. Instead, alternative arrangements have been put in place to allow Shareholders to participate at the AGM by (a) watching the AGM proceedings via "live" webcast or listening to the AGM proceedings via "live" audio feed, (b) submitting questions in advance of the AGM, and/or (c) voting by proxy at the AGM. Please refer to Notice of AGM for further details.

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9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Company at 8 Marina Boulevard, #13-02, Marina Bay Financial Centre, Singapore 018981 from the date of this Appendix up to and including the date of the AGM:

- (i) Constitution;
- (ii) the annual report of the Company for FY2020;
- (iii) the letter of nomination from Mr Kwan Chee Seng dated 26 November 2020;
- (iv) the letter of resignation from Deloitte dated 10 December 2020
- (v) Deloitte's professional clearance letter to Baker Tilly dated 10 December 2020; and
- (vi) Baker Tilly's letter to the Company dated 11 December 2020 in respect of its consent to act as auditors of the Company.

Yours faithfully
For and on behalf of the Board of Directors of
GRP Limited

Teo Tong How
Independent Director and Chairman

LETTER OF NOMINATION

26 November 2020

The Board of Directors
GRP Limited
8 Marina Boulevard, #13-02
Marina Bay Financial Centre
Singapore 018981

Dear Sirs

NOTICE OF NOMINATION

Pursuant to the provisions of Section 205 of the Companies Act, Cap. 50, I, Kwan Chee Seng, being a member of GRP Limited (the "**Company**"), hereby nominate Baker Tilly TFW LLP of 600 North Bridge Road, #05-01, Parkview Square, Singapore 188778 for appointment as auditor of the Company in place of the retiring auditor, Deloitte & Touche LLP, at the forthcoming annual general meeting of the Company.

I intend to propose the following ordinary resolution at the forthcoming Annual General Meeting:

"That Baker Tilly TFW LLP be appointed as auditor of the Company in place of the retiring auditor, Deloitte & Touche LLP, to hold office until the conclusion of the next annual general meeting of the Company and the Directors be authorised to fix their remuneration".

Yours faithfully



Kwan Chee Seng