



บริษัท กู๊ปเปลีส จำกัด (มหาชน)

GROUP LEASE PUBLIC COMPANY LIMITED

Ref. GL 11/2021

22 March 2021

Subject: Clarification on 3Q2020 Financial Statement **Disclaimer of Conclusion**

Attention: The President
The Stock Exchange of Thailand

KPMG issued a disclaimer of conclusion for the Company for the 30 September 2020 financial statement. There were a number of items that led KPMG to their disclaimer of conclusion, however these items can be grouped into three categories: legal uncertainty, KPMG being unable to obtain satisfactory explanation and evidence, and going concern. **KPMG also stated the reason for the disclaimer of conclusion is due to the situation for the items in paragraphs 3, 4, and 9 of their auditor's review and due to the management of the Company for the items in paragraphs 5, 6, 7, and 8.**

First, for legal uncertainty, there are several legal cases actioned by the substantial convertible debenture holder of the Company and its related companies. The Company's subsidiary in Singapore, Group Lease Holdings Pte. Ltd. ("GLH"), was one of the defendants in a legal case brought by the substantial convertible debenture holder of the Company alleging deceit and unlawful conspiracy regarding the financial status of the Company and misrepresentation of the financial position of the Company's subsidiary in Singapore. The Judgement dated 6 October 2020 by the Court of Appeal of the Republic of Singapore, which overturned the judgement of the High Court of Republic of Singapore dated 12 February 2020, found the former executive director and GLH liable for the deceit claim and, together with other co-defendants, the unlawful conspiracy claim awarding total damages of USD 70 million to be paid jointly and severally by the co-defendants. On 30 April 2018, the Company filed a case with the Thailand Civil Court against the substantial convertible debenture holder of the Company alleging wrongful acts and claiming compensation for damage. On 5 March 2020, the Civil Court ruled in favor of the Company and awarded compensation of Baht 685.5 million. On 9 March 2021, the Appeal Court reversed this judgment and ruled that the acts by the substantial convertible debenture holder of the Company were not torts. Due to these two recent legal outcomes, the outcome of further litigation against the Company has increased in uncertainty in our auditor's view and now represents a material uncertainty which could result in financial consequences that are significantly different to those recorded in the interim financial information at 30 September 2020. The Company will try to obtain the best litigation outcome against JTA which is stated in Auditor's review report and will obtain more legal evidence and reasoning in support of the Company and provide more assertions to KPMG to achieve better assurance of them. The main civil case in Thailand has yet to go to trial and the Company is well prepared to defend itself in the Thai courts.

Second, KPMG was unable to obtain satisfactory explanation and evidence for several items. KPMG questioned transactions the Company's subsidiary had with a related-party in Cambodia. The auditor stated that they have not received satisfactory explanations and evidence for some of these transactions. As a consequence, any resulting consideration and treatment of required provisions or other adjustments may not be fully or properly reflected in the interim financial information. Also, the Company discovered that approximately USD 73 million held in an account of GLH with an overseas Bank has a charge over it and thus the Company classified this as a non-current asset instead of as cash. KPMG stated that the Company has not provided them with a satisfactory explanation of the nature or status of this charge, or whether there is any current or likely loss arising which would require adjustment or disclosure in the interim financial information. The Company did provide many and all documents to KPMG which had been in hand already and took action to try to obtain the additional information and evidence which KPMG requested, however some of these information and evidences were out of the hands of the Company. The Company will continue to seek all the information and evidences which KPMG requests and if needed will take action in all meanings including legal actions to make sure the Company is able to provide all information to KPMG to satisfy them in the future. **KPMG also noted they were unable to review our impairment testing of our subsidiaries and this is true**

as the Company normally does impairment testing in 4Q. The Company will perform impairment testing in the 4Q20 financial statement.

Lastly, as a consequence of the proceeding two issues together with the due date of 1 August 2021 of a Convertible Debenture of roughly Baht 4,106 million, indicate the existence of material uncertainties which cast significant doubt about the Group's and the Company's ability to continue as going concerns. However, the Company believes that the Company is not obligated to and should not repay the debt until all litigation is resolved which is not likely to be in the near term. The Company continues to operate normally and expects to be able to operate normally for the foreseeable future.

The Company takes KPMG's statements very serious. We look forward to working with KPMG to complete the Company's 2020 audit. In regards to the legal uncertainty, while the Company has had two legal setbacks recently, we have still also had some legal success against our substantial convertible debenture holder. The Company will continue to try its best in court. While it is unfortunate that KPMG was unable to be satisfied with some information about the Company, Covid-19 and other factors hindered our ability to provide satisfactory evidence. We anticipate during the audit of 2020 that the Company will be able to continue to work to provide more information and evidence until KPMG is satisfied. While there is a large Convertible Debenture due 1 August 2021, the Company is engaged in multiple litigations against the holder and the Company does not expect to pay until the court cases are resolved, therefore we do not believe there is a going concern issue in the short term.

Yours sincerely,

(Mr. Riki Ishigami)
Chief Executive Officer