

**GRP Limited**

*AGM*

25 October 2019

# Disclaimer

---

This presentation contains privileged and confidential information and the copying or distribution of it or any information it contains is prohibited. If you have received this presentation in error, please delete and remove all physical and soft copies and notify GRP Limited (GRP) by email at investor@grp.com.sg.

This presentation may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. The Company undertakes no obligation to update these forward-looking statements for events or circumstances that occur subsequent to such dates.

Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current view of GRP's management on future events.

Unless otherwise indicated, all the content found in this document are subject to copyright owned by GRP Limited. Prior written consent of GRP is required if you intend to reproduce, distribute or otherwise use any non-text contents (including but not limited to photographs, graphics, drawings, diagrams, audio files and video files) found in this document in any way or for any purpose.

**© 2019 GRP Limited. All rights reserved.**

# 2019 Business Review

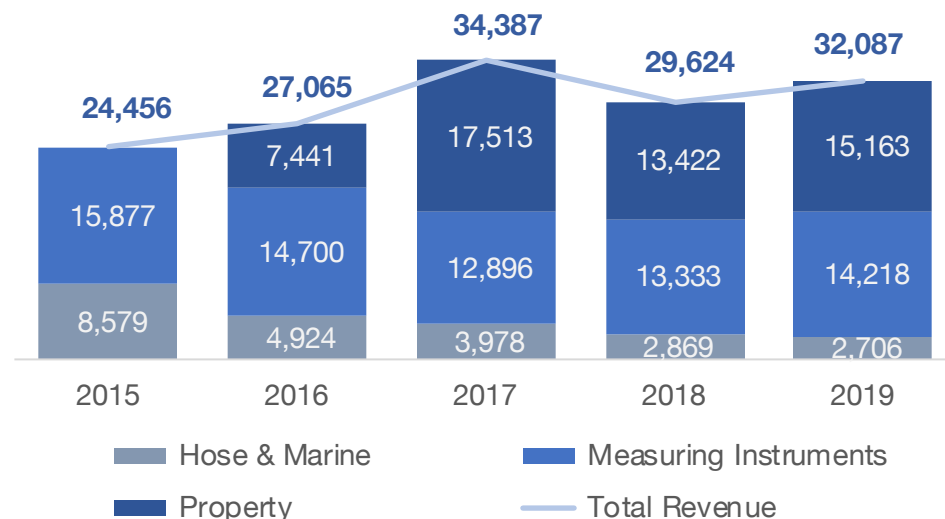
S\$14.75m cash flow generated from operating activities, loss after tax of S\$4.7m

## FY2019 Highlights

- Net cash generated from operating activities – S\$14.75m compared to S\$12.42m in FY2018
- Revenue for the Group – Increase by 8.3% to S\$32.1m
- Gross profit – Increase by 27% to S\$6m
- Loss after tax of S\$4.7m largely a result of:
  - An impairment loss of S\$2.8m related to a repossession notice received for land at Fuling District, Chongqing, PRC.
  - A S\$0.7m net loss on financial assets (Ayondo Limited Shares) measured at fair value.
- Balance sheet remains extremely strong – the Group’s cash & bank balances at S\$56.6m, S\$6.9m increase from FY2018.
- Dividend of 1 cent per ordinary share recommended.

## Revenue by Business Segment (S\$'000)

*Shift in revenue composition – Decreasing revenues from Hose & Marine offset by revenues from Measuring Instruments and Property.*



### Property

13% increase to S\$15.2m – Completed property projects (Singapore Garden & University Town) almost fully sold

### Measuring Instruments

6.6% increase to S\$14.2m

### Hose & Marine

5.7% decrease to S\$2.7m – Affected by protracted weakness in the offshore and marine industry

# Key Financial Indicators

Balance sheet remains extremely healthy – High cash levels, extremely low gearing

## ✓ Cash accounts for 88.37% of equity

GRP has been continuously turning its assets (properties held for sale) into cash.

(S\$'000)	2019	2018
<b>Cash &amp; Bank Balances</b>	56,626	49,776
<b>Total Assets</b>	94,128	109,887
<b>Total Liabilities</b>	20,962	27,624
<b>Non-controlling Interest</b>	5,479	6,168
<b>Total Equity</b>	67,687	76,095
<b>Cash as % of Equity</b>	83.37%	65.41%

## ✓ Consistent positive operating cashflow for >7 consecutive years (except in 2016)

Businesses are established & consistently generate positive operating cashflow, with no need for more funds to maintain operations

## ✓ Extremely low gearing (debt-to-equity ratio: 0.0132)

Debt composition:

- Money market loan of S\$900,000 – Fixed deposit of RMB5,650,000 (~S\$1,112,000) pledged with bank
- Fixed deposit for money market loan more than loan quantum. Cash in bank way exceeds debt.

(S\$'000)	2019	2018
<b>Debt (Bank loans)</b>	900	5,160
<b>Total Equity</b>	67,687	76,095
<b>Debt to Equity Ratio</b>	0.0132	0.068

### Current Ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\$ 81,762,000}{\$ 16,039,000} = 5.1$$

# Business Updates

---

Continue strategy of growth through own developments and M&A, equipped with strong cash position to capture new opportunities

## Hose and Marine

- Incorporated 2 subsidiaries, Hiflex Pte Ltd and General Rubber Pte Ltd to distribute more product ranges.
- Signed Distributor Agreement to become Gates Corporation's Stockist, Distributor, and Assembler for Singapore.
- Gates Corporation is a US based leading manufacturer of industrial and automotive belts and hoses since 1911.<sup>1</sup>

## Tangshan City Project – Repossession of development property

- Total repossession value is RMB63.8m. The Group received RMB43.8m in December 2018, with the balance of RMB20m to be received by 31 December 2020.
- In addition, management is negotiating for a refund of RMB25.7m, part of the advance disbursed in accordance with agreement entered with the People's Government of Kaiping District in FY2015.

## Ipoh

- In August 2019, the Group acquired 2 plots of land in Ipoh, Malaysia, bringing up its land bank to 4 plots of land in Ipoh.
- Awaiting approval to convert land at the Multiple Lodge project from "residential land" to "mixed development" land.

# Business Updates

Continue strategy of growth through own developments and M&A, equipped with strong cash position to capture new opportunities

## Property Development – Affordable Housing

- The Group is presently focused on property development in Malaysia, particularly in the affordable housing space.
- Bank Negara estimates the gap between demand and supply of affordable homes to reach one million units by 2020.<sup>1</sup>
- The Group believes it is well-equipped to successfully execute an innovative business model to address the lack of affordable housing.
- The Group aims to become a leading developer in good quality, next generation affordable homes for the people in Malaysia.

## Starland's Property Development Update

- As of 30 June 2019, 21 residential units, 25 commercial units and 140 car park lots remain unsold in the 2 projects in Chongqing, PRC.
- Of the 2 units at Jalan Nipah Singapore, 1 unit was sold in FY2019.
- Our third party joint development construction partner has committed to complete the sale of the remaining unit by June 2020.
- Upon completion of the sale, the Group will receive \$1.84m.

## Starland's Convertible Loan Agreement with Luminor Capital (Malaysia) Sdn Bhd

- On 22 July 2019, Starland Axis Pte Ltd (83.17%-owned indirect subsidiary of the Company) entered into a Convertible Loan Agreement with Luminor Capital (Malaysia) Sdn Bhd.
- Starland on 24 July 2019 provided a S\$2,333,333 loan to Luminor to be repaid 12 months from drawdown.
- Starland has the option to convert \$1,333,333 of the principal amount for 51% interest in the enlarged share capital of Luminor.
- Loan will facilitate Luminor's business growth & investment, and allows the Group to diversify its core activities to include Financial Solutions Business (FSB).
- Company will evaluate this opportunity prior to exercising the Option.
- Starland has scheduled an EGM to obtain shareholder approval for the diversification to FSB.

# GRP's Value Proposition

## Stock trading way below Net Asset Value (NAV)

Attractive valuation with shares trading at ~50% of NAV, backed by strong balance sheet

	Price/share (\$)	No. of ordinary shares <sup>1</sup>	Value (S\$'000)
Share price as at 14 October 2019	0.195	187,894,810	36,639
Equity/share as at 30 June 2019	0.360		67,687
Cash/share as at 30 June 2019	0.301		56,626
<b>Minimum share price required for \$40,000,000 market cap = approximately 21.3 cents/share</b>			

### Price to Book Ratio

$$\frac{\text{Price/share}}{\text{Equity/share}} = \frac{0.195}{0.360} = 0.542$$

<sup>1</sup> Excludes 5,806,800 treasury shares as at 14 October 2019.

## GRP remains on MTP watchlist

- Following shareholders' approval at the last AGM, GRP commenced its share buyback programme.

## Future Realisable NAV

Estimated future realisable NAV from:

- Unsold units in projects in Fuling, Chongqing.
- Finalisation of repossession of 165mu land in Tangshan.
- Upcoming Affordable Housing Projects in Malaysia.

## Possible reasons why stock is trading below value

- Negative effect of GRP on watchlist.
- Low trading volume/liquidity resulting in shareholder trades at lower price.

## Next Steps

- Prudent share buyback to take out "weak" investors looking to exit the stock.
- To continue to monitor the markets and options available for an MTP exit.
- Directors and shareholders to continue showing support for the stock.

## Directors' Shareholding

	Name	Shareholding <sup>1</sup>
1.	Kwan Chee Seng	34.09%
2.	Teo Tong How	4.26%
3.	Mahtani Bhagwandas	0.134%

<sup>1</sup> As at 14 October 2019

# Thank You

---

**Contact Us:**

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

<http://grp.com.sg>