



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: GRP Limited

Security: GRP Limited

Meeting details:

Date: 26 October 2018

Time: 10.00 a.m.

Venue: Esplanade Room 2, Level 3 of Singapore Recreation Club, B Connaught Drive, Singapore 179682

Company Description

GRP Limited, an investment holding company, engages in the measuring instruments/metrology, hose and marine, and property businesses. The company's Measuring Instruments/Metrology division distributes measuring instruments and scientific apparatus. Its Hose and Marine division designs, manufactures, sells, and services industrial/marine hoses, fittings, marine safety equipment, and related products for the onshore, offshore, marine, pharmaceutical, and petrochemical markets. The company's Property division acquires, holds, develops, trades, and does marketing planning of properties. GRP Limited also engages in the wholesale, import, and export of chemical products, office furniture, and clothing; sale of construction materials, decoration materials, and low voltage electronic apparatus; and provision of consultancy services on the enterprise management and business information. It operates in Singapore, Malaysia, Myanmar, Indonesia, the People's Republic of China, other Asian countries, the Middle Eastern countries, and internationally. GRP Limited was founded in 1977 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=BLU)

1. Would the board/management provide shareholders with better clarity on the following operational matters of the group? Specifically:

- (i) Hose and Marine business: With the retirement of Ms Iris Sim as General Manager, and the appointment of Mr. Khoo Frederick Christopher Jr., how will the segment be fine-tuning its strategy, if any, to capture any potential upswing particularly in the marine and offshore sectors?**
- (ii) Measuring instruments/metrology: The segment eked out a marginal 3.4% increase in top-line, to report revenue of \$13.3 million in FY2018. Who are the main customers (by industry and sector)? Does the group see any major opportunities in the segment in the next 1-2 years? How will the Technical Support Department drive growth in revenue and profit?**
- (iii) Kaiping: Can management update shareholders on the progress made in the integrated mixed development project in Kaiping District, Tangshan City? Does the group have any visibility on the development timeline? Since February 2015, the group had disbursed RM28.5 million (or approximately \$5.7 million) to the Kaiping Government. It has been more than 3.5 years with little/no visible progress.**

2. On page 1 of the annual report, the group's mission is stated as follows:

GRP IS COMMITTED TO ENHANCING GROUP PERFORMANCE AND DELIVERING SHAREHOLDER VALUE.

MOVING FORWARD, WE WILL LEVERAGE ON OUR STRENGTHS TO SHARPEN OUR COMPETITIVE EDGE, REINFORCE OUR PRESENCE IN EXISTING MARKETS, EXTEND OUR REACH TO PENETRATE NEW MARKETS AND TO DEVELOP AND GROW THE PROPERTY DEVELOPMENT BUSINESS.

(Source: Company annual report)

- (i) For the benefit of both new and old shareholders, would the board further elaborate on the group's mission and strategic direction? How integral are the "Hose and Marine" and "Measuring Instruments/Metrology" segments to the group's long term plans? Will the group be allocating its capital primarily to property development business?**
- (ii) Since the diversification mandate into the property business was obtained from shareholders in 2014, can management provide shareholders with an overview of the achievements and milestones in this area?**

With the two rights issue in 2013 and 2016, the group raised a cumulative \$55.2 million, with \$15.0 million still un-utilised as at 26 September 2018.

- (iii) Can management update shareholders on the plans for the balance \$15.0 million, mainly from the 2016 rights issue? If there are no suitable investment opportunities that can generate shareholder value, would the board consider a return of capital to shareholders?**
- (iv) In addition, in the company's Sustainability Report, the company listed its six main stakeholder groups, namely suppliers, customers, employees, community, investors, and regulators (page 51). How do the key issues identified through the stakeholders fit into the company's strategy?**

3. As noted in the Corporate Governance Report, the company does not have a Chief Executive Officer (CEO) and the responsibilities of the group's businesses are undertaken by the executive director, Mr Kwan Chee Seng and the management (page 20). In Mr Kwan's profile, it is stated that Mr Kwan is responsible for the group's business development. Mr Kwan's role is further described as overseeing the execution of GRP's strategy, managing operations and spearheading the strategic development of GRP (page 20).

Starland, being the group's property arm is listed, has its own management team and board, and is headed by its own General Manager (GM). The group's Hose and Marine, and Measuring instruments/Metrology segments have their own GMs.

- (i) Would the company help shareholders understand the specific roles and responsibilities of Mr Kwan as executive director of the company?**
- (ii) What were the key performance indicators used to assess the performance of Mr Kwan?**
- (iii) As Mr Kwan is also listed as an executive director of Luminor Capital, can the company help shareholders understand how Mr Kwan divides his time, energy and attention between the group, Luminor Capital and his other commitments (such as ASX-listed Variscan Mines Ltd)?**
- (iv) Given that several of the transactions are interested party transactions (with Luminor Capital as fund manager of Luminor Pacific Fund 2 Ltd and Luminor Harbour Fund 1 Pte Ltd and with interested persons on the proposed acquisition of ayondo by Starland), does the company have a structured and robust approach to deal sourcing, including but not limited to the use of independent investment bankers, independent consultants and independent business professionals?**
- (v) What guidance has the board provided to management to help it further improve its deal sourcing to enhance long-term shareholder value?**



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<https://sias.org.sg/qa-on-annual-reports/?company=GRP%20Ltd>

The company's response could be found here:

(2017)

<https://sias.org.sg/media/qareport/GRP%20Responses%20to%20SIAS%20Queries%2006112017.pdf>