



HD (SWGPS) Ferret's Stock Watch: GPS ALLIANCE HOLDINGS LTD

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SINGAPORE **PROPERTY COMPANY** NOW ACTIVE LOCALLY

Sydney - Wednesday - June 4: (RWE Aust Business News)- GPS Alliance Holdings (ASX:GPS) has entered into a **sale** and **purchase** agreement (SPA) with the sole shareholder of Forte Development Pte Ltd being Lee Boon Leng for the acquisition of the entire issued and paid-up share capital of the target **company**.

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The aggregate consideration to be paid by the **company** for the proposed **transaction** will be S\$55,000,000 subject to adjustment for outstanding loan(s) of the **company**; Outstanding Loan, of which (a) a sum within the range of S\$28,000,000 to S\$33,000,000 (which is to be mutually agreed by the parties on the date of completion of the proposed **transaction**) less any outstanding loan will be paid in cash; (b) a sum within the range of S\$4,000,000 to S\$9,000,000 (which is to be mutually agreed by the Parties on the date of completion of the Proposed **Transaction**) will be satisfied by the issue of notes which are convertible into shares in the **company** (Convertible Notes); and (c) the remaining sum of the Consideration will be satisfied by the issue of 80 million shares in the **company** at AU\$0.20 per share (Consideration Shares).

The consideration was determined on a willing buyer-willing seller basis and will be funded partially by the internal resources of the **company** and debt to be secured over properties the target **company** owns and partially by the above- mentioned allotment and issue of shares in the **company**.

SHARE PRICE MOVEMENTS

Shares of GPS Alliance Holdings yesterday advanced 5c to 21c 16c. Rolling high for the year is 21c and low 7c.

The **company** has 23.3 million shares on issue with a market cap of \$4.9 million

Chairman Ian Thiam Hee told shareholders last year that history was created with its successful listing on the Australian Securities Exchange (ASX:GPS) raising gross proceeds from the issue of new shares of S\$3.8 million.

"We were pleased with the keen interest from investors and we would like to thank you for your confidence in the **Group**.

"On August 17, 2013, we acquired a 60% effective interest in Probuild Pte. Ltd., Ecobuild Products Pte. Ltd., Novel Praxis Pte. Ltd. and Probuild Sdn Bhd (collectively, the "Probuild **Group**").

The Probuild **Group** is involved in the trading of building materials, interior design and fit-out work businesses and this acquisition is expected to create synergistic opportunities as the **Company** grows its interior design and fit-out work business.

In February 2014, we announced that we have been awarded a four-year project management service contract for **China** Chongqing Yongchuan District Xianghai Hot Spring Development, worth approximately S\$4.4 million.

"The development **site** is located in Yongchuan District South West of Chongqing 63 kilometres from the city and 80 kilometres from the Jiangbei International Airport.

The development will consist of a land area of 333,000 square metres, a 5-star **hotel** and villas, theme parks, **residential** and **commercial** areas.

The **Group**'s revenue for the financial year ended 31 December 2013 ("FY2013") increased by 5.3% from S\$25.1 million in financial year ended December 31, 2012 ("FY2012") to S\$26.5 million in FY2013.

This was mainly due to contribution from newly acquired Probuild **Group**.

Revenue of S\$3.1 million was contributed by the Probuild **Group** after they were acquired by the **Group** in August 2013.

This was partially offset by lower revenue of S\$2.2 million from the Real **Estate** Agency, of which revenue from primary and secondary markets were adversely affected as cooling measures and mortgage curbs implemented by both local and certain regional countries' Governments dampened both the local and regional **property** markets.

The **Group**'s gross profit decreased from S\$4.2 million in FY2012 to S\$3.0 million in FY2013 mainly due to gross loss from the Probuild **Group** arising from low utilisation of resources during this initial setup period to increase production capacity (both manpower and infrastructure, including setup of three Malaysian factories) to cope with the increased order book.

Administrative expenses increased from S\$3.4 million in FY2012 to S\$6.0 million in FY2013 mainly due to additional costs incurred which were incidental to the **Group**'s public listing and office relocation costs.

Distribution costs increased from S\$0.3 million in FY2012 to S\$0.6 million in FY2013 due to increased spending on advertisement and marketing to strengthen brand awareness of the real **estate** agency as well as the various structured business units.

The **Group**'s performance were adversely impacted by oneoff items in FY2013 namely

- i. offer expenses of S\$0.6 million incurred in relation to the **Group**'s public listing on the ASX on 2 July 2013;
- ii. employee share based expenses relating to the issuance of 7,446,460 ordinary shares at S\$1.9 million to two founding directors on 30 April 2013 in recognition of their services to the **Group**; and
- iii. interest amounting to S\$1.6 million for the loan from Koon Holdings Limited ("Koon"), which was applied towards the Watercolours Executive Condominium project. Due to current accounting requirements, we have booked interest cost on the amount outstanding whilst profits from the Watercolours Executive Condominium project cannot be recognised until when the project achieved Temporary Occupation Permit ("TOP") which is expected in late 2014.

The loan has been fully repaid in December 2013.

The **Group** recorded a loss of S\$6.8 million in FY2013 as compared to a profit of S\$1.2 million in FY2012 mainly due to the factors above.

Moving forward, we hope to continue growing our business organically and through joint ventures or strategic alliances, the chairman concluded.

BACKGROUND

GPS Australia was incorporated in New South Wales as a public **company** limited by shares on 25 March 2013.

The **company** holds the entire issued capital of the Singapore investment holding **company**, GPS Alliance Holdings Pte. Ltd.

GPS, a Singapore incorporated private **company** limited by shares.

Since its establishment in September 2010, the GPS **Group** has grown rapidly.

GPS won one of the Top 5 SME1 Asia Awards in 2012 in the Emerging Award category and received the Most Promising Entrepreneurs Award at the Global Entrepreneurs Roundtable 2012 (GER 2012) held in

Malaysia. GER 2012 brought together entrepreneurs, investors and business leaders from across the world to share and celebrate entrepreneurship.

Mr Hong Eng Leong (Jeffrey), **Group** Chief Operating Officer, received the prestigious Asia Pacific Entrepreneurship Award (APEA) in 2012 in the Most Promising Entrepreneurship Awards category in recognition of his efforts within the GPS **Group**.

With the progress made in the expansion of its business activities, GPS streamlined its business focus into three synergistic business segments conducted by its subsidiaries:

- * a real **estate** agency business conducted by Global **Property** Strategic Alliance (GPSA);

- * a **property** development business conducted by GPS Development and Investment and related **property** marketing business conducted by GPSA;

- * a kitchen and wardrobe cabinet and interior design and fit-out business conducted by Probuild **Group** and Muse Living.

CO gpsalz : GPS Alliance Holdings Ltd

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