

**Issuer:** GS Holdings Limited  
**Security:** GS Holdings Limited

**Meeting details:**

Date: 26 April 2018

Time: 10.00 a.m.

Venue: 8 Loyang Way 4, Singapore 507604

**Company Description**

GS Holdings Limited, an investment holding company, provides commercial dishware washing and cleaning services in Singapore. It offers on-site cleaning and stewarding services; centralized dishware washing services; and cleaning and dishware washing consultancy services, as well as sells dishware washing related equipment and consumables. The company also provides landscape care and maintenance services; rents equipment/machines, and tangible goods; undertakes dishwashing machines and other equipment installation, and mechanical engineering works; and repairs, services, and maintains dishwashing machines and other equipment. It serves shopping malls, food courts, coffee shops, restaurants, and hawker centers, as well as a public tertiary hospital. In addition, the company engages in letting and operating food courts, coffee shops, and eating houses. GS Holdings Limited was incorporated in 2014 and is based in Singapore.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=43A](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=43A))

**Q1.** On 4 April 2018, the independent auditor of the group, Baker Tilly TFW LLP, has included a “Material Uncertainty Related to Going Concern” section in their report on the audited financial statements of the Group and Company for the financial year ended 31 December 2017.

The basis for opinion for the material uncertainty related to going concern included:

- A net loss for the group of \$3,877,697 (2016: \$1,951,282)
- Net cash outflows from operating activities of \$1,663,246 (2016: \$2,291,813)
- Current liabilities exceeded its current assets by \$2,063,867 (2016: \$1,744,957)

In addition, the controlling shareholder of the Company, Mr Pang Pok, has on 27 February 2018 provided irrevocable undertaking to provide additional support of up to \$2 million in interest-free loan to the group, and subsequent to the end of the financial year, the shareholder has provided additional interest-free loans amounting to \$850,000 to the Group for working capital purposes.

In the Operations & Financial Review, the company has disclosed that it is also “*planning to raise additional capital to strengthen the Group’s cash position and to mitigate any potential liquidity risk*” (page 7).

**Has the board evaluated if it would be beneficial for the group to seek out strategic investors who might be able to contribute capital, expertise and network to further help the group?**

**Q2.** With regard to the group’s operations, would the board/management provide better clarity to help shareholders understand the group’s performance? Specifically:

- a) Increase in salary and foreign worker levy: Does the group have the ability to pass on such increases to its customers? Is the group able to review how it contracts to incorporate some of these cost increases to be passed on/shared with the customers?**
- b) Centralised Dishwashing Facility at Changi Airport: What was the utilisation rate at the new facilities at Changi Airport? Can the facility also serve F&B customers who are not located in the airport?**
- c) Cost management:** For both FY2017 and FY2016, the group suffered gross losses of \$(993,956) and \$(77,830) respectively. The loss widened even as revenue increased by 8%. **Would it be timely for management to review both (a) how contracts/services are priced and (b) the cost structure of the group? Given the high fixed costs, what is the volume of business required for the group to break-even?**

**Q3. Can the board help shareholders understand if the group has the management depth and strength to execute on its growth plans?**

As announced by the company, Mr Phang Boon Chin Aren ceased to be Head (Food and Beverage Division) on 10 March 2018 and Ms Tung Juh Ing resigned as Finance Manager on 7 March 2018. These were two of the three key management personnel listed by the company in the Corporate Governance Report (page 31).

In addition, Mr Foo Sek Kuan resigned as Executive Director and Chief Financial Officer of the Company on 30 September 2017.

**Would the nominating committee (NC) help shareholders understand how it is helping the group to develop and retain its human talent?**