



**Securities Investors Association (Singapore)**

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: [admin@sias.org.sg](mailto:admin@sias.org.sg) [www.sias.org.sg](http://www.sias.org.sg)

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**Issuer:** GDS Global Limited

**Security:** GDS Global Limited

**Meeting details:**

Date: 18 January 2019

Time: 10.00 a.m.

Venue: 86 International Road, Singapore 629176

**Company Description**

GDS Global Limited, an investment holding company, provides commercial and industrial door and shutter solutions in Singapore and the South East Asia region. The company's industrial door systems include Gliderol continuous sheet roller doors; Gliderol GIANT series roller shutters; heavy duty and high security roller shutters; insulated and Louvred roller shutters; sectional overhead doors; Renlita bi-folding doors; and Butzbach stacking doors. It also provides commercial door systems, such as Gliderol continuous and Alfresco steel roller shutters, crystal aluminum and CrystalClear transparent shutters, aluminum roller grilles, high security roller shutters, and Butzbach glass stacking doors; Gliderol GIANT series and Butzbach sliding hangar doors; and garage door systems that include sectional garage and roller doors, as well as Renlita tiltup doors for use in private homes. In addition, the company offers proprietary fire-rated shutter systems, which comprise non-insulated fire shutters, normal heat and fire insulated shutters, fire insulated curtains, and fire insulated panel shutters; door systems for Gliderol swift high-speed traffic doors, Gliderol horizontally coiling hatches, Butzbach NOVOSPRINT high-speed traffic doors, Won-Door DuraSound acoustic accordion doors, and Won-Door FireGuard fire-rated accordion doors. Further, it provides preventive, general maintenance, repair, and replacement services for faulty components and safety checks; and ad hoc repair and maintenance services. Additionally, the company manufactures metal doors, window and door frames, and grilles and gratings; distributes industrial doors and door components; and designs, produces, and trades in production components. Its products are used in manufacturing, retail, food processing, hospitality, health, education, aerospace, and security and defense industries. The company was founded in 1982 and is headquartered in Singapore. GDS Global Limited is a subsidiary of D'Oasis Pte. Ltd.

(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=5VP](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5VP))

1. As noted in the Chairman's message to shareholders (pages 4-6 of the annual report), FY2018 was a challenging year with revenue slipping from \$23.88 million in FY2017 to \$17.74 million in FY2018. Loss attributable to owners of the company was \$(998,595) in FY2018, slipping into the red from a profit of \$608,932 in FY2017.

The decline in revenue and profit was mainly attributed to lower sales of doors and shutters system and fewer provision of service and maintenance work.

- (i) Singapore:** Revenue derived from Singapore dropped from \$19.1 million in FY2016 to \$15.3 million in FY2017 and to \$10.5 million in FY2018 (page 95). **Can the company elaborate further on the reasons for the drop in revenue from Singapore? What is the group's competitive advantage and how has the competitive landscape evolved in the past two years? What are management's pro-active efforts to capture a larger share of the market?**
- (ii) Product mix:** What were the reasons that the sales of the group's proprietary products slipped while revenue from distributed products increased? Does the group have the right products to meet customers' needs?
- (iii) R&D:** It was disclosed that the group has a pipeline of new and improved products, including two patent applications pending approval. **How does the group ensure that it is able to successfully turn its R&D efforts into commercial successes?**

**2. Overseas growth:** With all its non-current assets in Singapore, the group does not have a physical presence overseas and operates through a distribution network. Approximately 40% of the group's sales was derived outside of Singapore, with revenue from Europe and Australia holding steady and the Middle East showing a large increase in FY2018.

- (i) Can the company help shareholders better understand the scale of its distribution network? What are the new markets secured in FY2018 and what are the group's plans to expand its network in the next 12-24 months?**
- (ii) In particular, how does the group pro-actively secure new orders from customers overseas with its distribution model?**
- (iii) What were the reasons for the 93% drop in revenue from Greater China? Please elaborate further on management's strategies to grow the business in Greater China where there have been "increasingly stringent and mandatory fire safety requirements" (page 5).**
- (iv) Can management help shareholders understand the size of the total addressable market in Vietnam and Myanmar?**

3. One of the material Environmental, Social and Governance (“ESG”) factors identified by the company is the occupational health and safety of its employees. The company has stated that safety and health at workplace is its topmost priority. The group’s target is to have zero accidents or injuries.

The group’s three-step approach (page 20) are:

- identifying hazards that affect organisational performance;
- assessing potential risks to employees’ health and safety; and
- implementing necessary control measures to eliminate risks.

The company has reported that its injury rate, defined as the number of fatal and non-fatal workplace injuries per employed persons (x 100,000), has increased from 840 in FY2017 to 2,752 (page 16).

- (i) Can management help shareholders understand the reason(s) for the increase in workplace injury rate?**
  
- (ii) What are the improvements made to the group’s operations to ensure that the group achieves its zero accidents/injuries targets?**

A copy of the questions for the Annual Report for the financial year ended 30 September 2017 and 30 September 2016 could be found here:

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

The company’s response could be found here:

2017:

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2016:

[https://sias.org.sg/media/qareport/1485227031\\_GDS\\_SIAS-QAs\\_-AR-FY2016.pdf](https://sias.org.sg/media/qareport/1485227031_GDS_SIAS-QAs_-AR-FY2016.pdf)