



**Securities Investors Association (Singapore)**

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**Issuer:** GS Holdings Limited

**Security:** GS Holdings Limited

**Meeting details:**

Date: 26 April 2019

Time: 10.00 a.m.

Venue: 8 Loyang Way 4, Singapore 507604

**Company Description**

GS Holdings Limited is an investment holding company. The Company is a dishware washing company. The Company is engaged in providing cleaning services for Singapore's food and beverage (F&B) industry. The Company operates through the dishware washing and cleaning services segment. The Company 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 serves a range of customers ranging from F&B tenants located in shopping malls, food courts, coffee shops, restaurants, hawker centers, as well as a public tertiary hospital. The Company has approximately three centralized dishware washing facilities. Its subsidiaries include Hawkerway Pte. Ltd., GreatSolutions Pte. Ltd., GS Cleaning Services Pte. Ltd., GS Equipment Supply Pte. Ltd. and GS Maintenance Services Pte. Ltd.

(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))

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

- (i) **8 Loyang Way:** As disclosed on page 3 of the annual report, the leasehold property commenced operations in March 2016 and is the group's largest facility with 12 lines spanning an area of 4,500 sqm. **Can management clarify how the group's operations may be affected if this is sold? How will the group deal with the equipment?**
- (ii) **Utilisation rate: With the opening of Jewel, what is the utilisation rate of the IMM and Changi Airport facilities?**

With losses of \$(3.5) million and \$(3.9) million in FY2018 and FY2017, the group has carried out "various restructuring and streamlining measures to improve efficiency in the utilisation of the group's manpower and other resources" and implemented a "sales rationalisation plan" in the year.

Based on the consolidated statement of profit and loss, the group's revenue amounted to \$8.45 million while incurring cost of \$9.43 million. The gross loss for the year was \$(0.98) million.

- (iii) **With the benefit of hindsight, can management help shareholders understand the lessons gleaned from the past two years?**
- (iv) **Can management clearly identify the key success factors for the business?**
- (v) **How can the group price its services better so as to capture its fair share of value?**

2. On 1 April 2019, the company acquired Hao Kou Wei Pte. Ltd. which is in the business of letting, operating and managing of food courts, coffee shops and eating houses.

In the circular dated 11 February 2019, the risks associated with the new business include:

- regulatory requirements for our operations in the F&B business
- manpower shortage in the F&B industry in Singapore
- labour and immigration laws and policies that govern the employment of foreign workers
- limited prior track record and operating history in the F&B Business
- inability to secure new strategic locations to expand our F&B business
- face food contamination and tampering risks
- intense competition from exiting competitors and new market entrants in the F&B Business and may not be able to maintain our competitiveness

Has the board reviewed the risks? How would the group be able to manage and mitigate some of these risks? In particular:

- (i) The group has a limited prior track record while there are other incumbents who have established themselves in the market. What is the group's market-entry strategy?**
- (ii) What is the group's market positioning/branding that will set it apart from other food courts and coffeeshops?**
- (iii) How does the group intend to secure new locations?**
- (iv) What guidance has the board given to management in terms of the quality and pace of growth?**

3. There were several changes to the board composition with Mr Chong Eng Wee being appointed on 10 January 2019 as independent director and Mr Lui Changsheng being appointed on 10 January 2019 as non-executive non-independent director.

In addition, Mr Lee Sai Sing resigned on 9 November 2018 and Mr Chua Kern resigned on 10 January 2019. Mr Lee was a non-executive non-independent director while Mr Chua was an independent director.

- (i) With all the changes on the board, does the board have the continuity and stability to supervise the overall management of the business and affairs of the group?**

In addition, on 4 March 2019, the company announced that it had granted share awards consisting of 328,000 shares of which 126,000 share awards were awarded to:

- Lee Dah Khang: 42,000 shares
- Chow Kek Tong: 42,000 shares
- Chua Kern: 42,000 shares

The remuneration committee, which administers the share plan, consists of Chow Kek Tong (as chairman), Lee Dah Khang, Chong Eng Wee and Liu Changsheng.

- (ii) Can the company/board confirm that no director was involved in the award of shares to himself?**
- (iii) In addition, as Mr Chua Kern has resigned as a director on 10 January 2019, can the remuneration committee clarify if Mr Chua is eligible to receive the award?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=GS%20Holdings%20Ltd&cid=6386,4570>

The company's response could be found here: -----