



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: MS Holdings Limited

Security: MS Holdings Limited

Meeting details:

Date: 29 Aug 2018

Time: 3.00 p.m.

Venue: Raffles Marina, 10 Tuas West Drive, Singapore 638404

Company Description

MS Holdings Limited, an investment holding company, provides crane rental services in Singapore. It operates through three segments: Leasing, Trading, and Project Management. It rents mobile cranes and lorry cranes; trades in mobile cranes and related equipment, as well as spare parts; and provides value added logistics services and engineering services. The company has a fleet of approximately 31 mobile cranes and lorry cranes with lifting capacities ranging from 25 tons to 750 tons. It serves customers in the construction, marine, logistics, oil and gas, and infrastructure industries. The company was incorporated in 2014 and is based in Singapore. MS Holdings Limited is a subsidiary of Loke Investments Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=40U)

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

- (i) Operational leverage:** Revenue for FY2018 has fallen by 40% from the peak revenue of \$17.5 million in FY2016. Gross profit margin has also fallen from 46.8% in FY2013 to 15.6% in FY2018. Loss, net of tax, attributable to owners of the company has increased from \$(1.4) million in FY2017 to \$(2.5) million in FY2018. In the Letter to shareholders, it was stated that the group believes the outlook for crane rental will remain challenging and that the group will focus on cost saving and optimisation of its fleet. **Would management elaborate further on its pro-active efforts to increase revenue? What are the cost cutting efforts in the past two years as revenue decreased by 40% to \$10.5 million? Has management estimated the breakeven level for the group? What are the group's plans to return to profitability?**
- (ii) Utilisation:** The group's fleet of mobile cranes and lorry cranes has decreased from 33 as at the end of FY2016 to 24 in FY2018. **Would management disclose the average age of its fleet? What was the utilisation rate of the fleet in FY2018?**
- (iii) Project management:** Revenue from project management dropped from \$2.8 million in FY2017 to just \$161,000 in FY2018. **Can management help shareholders understand the types of value added logistics service/engineering activities it has undertaken in the past? What were the reasons for the steep decline in revenue? What are management's efforts to grow this segment?**

2. On 4 December 2017, the company announced that it was in preliminary confidential discussions with several parties to explore a potential transaction in relation to the securities of the company, certain businesses of the group and/or certain assets of the group.

On 18 April 2018, the company updated that it was *"still in confidential discussions with several parties to explore a Potential Transaction."*

The company has committed to making the appropriate announcements when there is further material development regarding the Potential Transaction in compliance with the relevant provisions of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited.

- (i) Can the board help shareholders understand the number of parties who are still actively involved in the discussions with the company/group?**
- (ii) Who is leading the confidential discussions?**
- (iii) What is the level of involvement of the board, especially the independent directors, in the discussion relating to the potential transaction?**

- (iv) Since the initial announcement in December 2017, the company has provided an update in April 2018. It has been more than 4 months since the last update. **Would the board consider it prudent to have the company update shareholders on a more regular (e.g. monthly) basis?**
- (v) **How has the operations of the group been affected during this period when there are ongoing discussions relating to the potential transaction?**

3. Since the company was listed on Catalist on 7 November 2014, Mdm Ng Chui Hwa, as the executive chairman, has attended all the 5 scheduled board meetings prior to FY2018. As shown in the Report of Corporate Governance in the 2018 annual report (page 15), Mdm Ng did not attend both scheduled board meetings. The table showing the attendance of directors at meetings of the board and board committees is reproduced below, for reference:

The attendance of the Directors at meetings of the Board and Board Committees, and the frequency of these meetings for FY2018 are disclosed as follows:

Name of Director	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mdm Ng Chui Hwa	2	–	2*	–	1*	–	1*	–
Mr Yap Chin Hock	2	2	2*	2*	1*	1*	1*	1*
Mr Tan Jia Hui Clarence	2	2	2*	2*	1	1	1*	1*
Mr Lim Kee Way Irwin	2	2	2	2	1	1	1	1
Mr Lau Yan Wai	2	2	2	2	1	1	1	1
Mr Crane Charoenratchadej	2	2	2	2	1	1	1	1

Note:

* Attended the meetings by invitation.

(Source: Company annual report)

- (i) **Would Mdm Ng help shareholders understand if there were extenuating circumstances that led her to miss both board meetings in the year?**
- (ii) As executive chairman, Mdm Ng is primarily responsible for charting and reviewing the overall strategic direction of the group and for leading the board to ensure its effectiveness on all aspects of its role. **Who took over the roles and responsibilities of Mdm Ng at the board meetings in her absence? How effective was the board as the executive chairman was absent at both meetings?**
- (iii) **How can the company, the company secretary and the directors improve the scheduling of board meetings so that all directors can be present?**



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

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

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

