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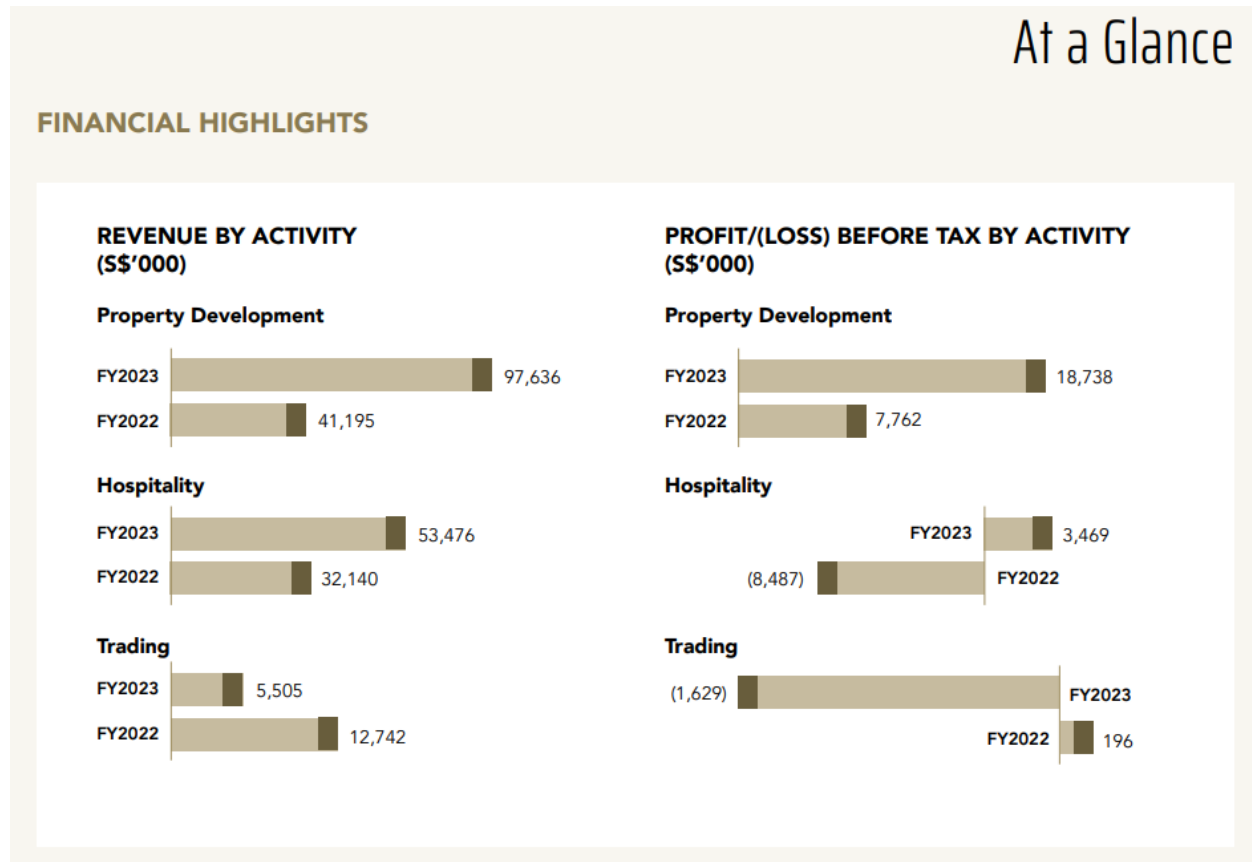
Meeting details:

Date: 26 Apr 2024

Time: 10.30 a.m.

Venue: 20 Cecil Street, #28-01 PLUS, Singapore 049705

Q1. The financial highlights, available on page 3 of the annual report, are as follows:



(Source: company annual report)

In the property development segment, revenue was boosted by recognition of sales from the Yuhu Singapore International Gardens in Chongqing, China and Coral Bay in Kota Kinabalu, Malaysia. The strong recovery in tourism also boosted the hospitality's segment.

- (i) **New World: When is the anticipated opening date for the 200-room New World Chongqing Hotel? How was the manager for the hotel selected?**
- (ii) **Yuhu Singapore: With the first phase of the residences completed, what criteria will management use to determine the timing of the second and third phases, which account for nearly 1,000 units? How strong are buyers' sentiments in Chongqing?**
- (iii) **Coral Bay: Is the 460-unit seafront development in Kota Kinabalu fully sold?**
- (iv) **Trading: Despite reversing \$0.52 million in inventories written down, the trading segment reported a segment loss of \$(1.63) million. Revenue has also declined by 57% year-on-year to just \$5.5 million. In fact, in 2021, segment revenue was as high as \$31.45 million. Has there been a decision to wind down the trading business?**

Q2. Despite a significant increase in revenue and gross profit in the consolidated statement of comprehensive income, loss attributable to owners of the company for FY2023 remained high at \$(11.2) million (2022: \$(18.6) million).

Consolidated Statement of Comprehensive Income

Year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue	21	156,617	86,077
Cost of sales		(102,009)	(63,358)
Gross profit		54,608	22,719
Other net income	22	6,845	13,762
Selling and marketing expenses		(5,868)	(3,021)
Administrative expenses		(28,514)	(20,633)
Net impairment losses on financial assets		(350)	(444)
Other expenses		–	(10,860)
Results from operating activities		26,721	1,523
Finance income		959	643
Finance expenses		(30,766)	(24,916)
Net finance costs	23	(29,807)	(24,273)
Loss before tax		(3,086)	(22,750)
Tax (expenses)/credit	24	(5,196)	1,082
Loss for the year	25	(8,282)	(21,668)
(Loss)/profit attributable to:			
Owners of the Company		(11,186)	(18,637)
Non-controlling interests		2,904	(3,031)
Loss for the year		(8,282)	(21,668)

(Source: company annual report)

As seen in the consolidated statement of comprehensive income above, the group was dragged down by high finance expenses of \$30.77 million. From Note 15, it can be seen that total loans and borrowings attributable to owners of the company increased to \$482.9 million, from \$445.5 million. Net debt-to-equity ratio was 0.96 as at 31 December 2023.

- (i) **Has the board calculated the cost of capital?**
- (ii) **Is the group consistently achieving returns that exceed the cost of capital after adjusting for risk?**
- (iii) **What are management's priorities and strategies for achieving profitability in FY2024?**

In Note 19 (Loans and borrowings; page 104), details of group’s loans and borrowings are shown.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate per annum %	Year of maturity	Carrying amount \$'000
At 31 December 2023				
Bank loan (unsecured)	SGD	2.25	2025	2,348
Bank loans (secured) ^{1, 2}	SGD	0.80 – 6.94	2024 – 2045	191,574
Bank loans (secured) ¹	MYR	5.60 – 5.90	2028 – 2032	97,071
Bank loans (secured) ¹	CNY	5.80 – 6.00	2024	19,101
Lease liabilities	MYR	4.98 – 6.82	2025 – 2037	1,599
Convertible notes (unsecured)	SGD	5.20	2024	76,233
Commercial papers (unsecured)	SGD	5.38	2024	25,418
Shareholder loans (unsecured)	SGD	6.75	2024	100,240
Redeemable preference shares	MYR	NIL	2091	374
Total loans and borrowings				<u>513,958</u>

(Source: company annual report)

- (iv) **Can the board, especially the independent directors, clarify how the interest rates were determined, especially for shareholder loans? What are the justifications for the higher interest rates on shareholder loans?**
- (v) **Are these transactions considered “interested person transactions” and is the loan solely from the controlling shareholder?** In the corporate governance report, the footnote to Dr Sam Goi Seng Hui’s declaration in the “Interested person transaction” table states that *“Interest of S\$6,766,200 arising from the provision of shareholder’s loans to the Company during 2023”*.
- (vi) **In addition, what are the reasons behind the company issuing short-term commercial papers?**
- (vii) **Have the independent directors examined the group’s working capital management? Can the group enhance its working capital management and use cash on hand to repay its high-interest loans?**

Q3. As disclosed in the corporate governance report, the internal audit function of the group is outsourced to BDO Advisory Pte. Ltd. (page 52).

- (i) **What input did the audit & risk committee (ARC) give to the internal auditors regarding the scope of the internal audit?**
- (ii) **What is the typical length of an internal audit cycle?**
- (iii) **What were the scope, key findings and recommendations by the internal auditor for FY2023?**
- (iv) **Can the ARC confirm that all the foreign operating subsidiaries in China and Malaysia were included in the internal audit? How was the internal audit carried out for these foreign subsidiaries?**
- (v) **In particular, what were the agreed upon procedures carried out by the internal auditor with regard to their review of the IPTs?**
- (vi) **What is the level of oversight by the ARC on the actions taken by management to follow up on the recommendations?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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