**Securities Investors Association (Singapore)**
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Email: admin@sias.org.sg www.sias.org.sg
UEN No: S99SS0111B
GST Reg No: M90367530Y

**Issuer:** MS Holdings Limited

**Stock code:** 40U

**Meeting details:**
Date: 27 August 2021
Time: 3.00 p.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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**Q1**. The theme of the 2021 annual report is "Building our capabilities". It builds on past themes in the annual reports such as:
2020 annual report – Building your future together
2019 annual report – Ascending to a brighter future
2018 annual report – Providing solutions, delivering value
2017 annual report – Creating sustainable growth and value

As noted in the letter to shareholders, the group has a lifting fleet of 30 mobile cranes and lorry cranes that have with lifting capabilities ranging from 25 tonnes to 750 tonnes. The group typically rents cranes to customers on a daily or short-term basis which increases the deployment flexibility and thus enabling the group to optimise the utilisation of its fleet. The group has established a wide customer base operating within the construction, marine, logistics, oil and gas as well as infrastructure industries in Singapore.

As reported in the first annual report after the group's successful IPO in November 2014, the group then had a fleet of 32 mobile cranes and lorry cranes.

(i) **Does management have an estimate of the group's market share in Singapore?**

(ii) **Can management help shareholders understand the competitive landscape in the crane rental business in Singapore?**

In FY2021, revenue decreased by $4.2 million or 29.7% to $9.8 million due to challenges brought about by the COVID-19 pandemic, leading to lowered utilisation rates of cranes (page 3).

(iii) **What were the utilisation rates of the group's fleet of mobile and lorry cranes? How does that compare to the average utilisation rates before the pandemic, i.e. FY2019?**

(iv) **How has management finetuned the group's operations to adapt to the new operating environment due to COVID-19? Is the group affected by manpower constraints?**

(v) **Has the board/management reviewed its business model given the challenges brought about by the pandemic? In particular, did the board/management consider longer-term rental of its fleet to provide greater stability to the group's revenue?**

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At its IPO, the group achieved revenue of approximately $17 million in FY2015. Revenue increased to $17.5 million in FY2016 and has been mixed:
FY2017 - $15.1 million
FY2018 – $10.5 million
FY2019 - $14.5 million
FY2020 - $14.0 million
FY2021 - $9.8 million

(vi) **Please help shareholders better understand the growth prospects of the group in the next 5-10 years.** It is observed that revenue has decreased to $14.0-$14.5 million prior to the pandemic and that the group's fleet has plateaued at 30-32 in the past 6-7 years since IPO.

(vii) **Can management update shareholders on the progress made by Vanda Logistics Pte. Ltd.?**

**Q2.** With the disposal of the property at 11 Gul Drive, the group's gearing ratio improved from 1.09 times to 0.76 times as at 30 April 2021. Gearing ratio is measured by total bank borrowings divided by tangible net worth (page 117 – Note 25: Capital management).

In the letter to shareholders, it was mentioned that the group remains on the lookout for new business opportunities to grow its profitability. In 2018, the group entered into a non-binding memorandum of understanding ("MOU") with a third party to develop a casino amenity, residential, commercial and tourism complex in Incheon Free Economic Zone of Korea. Negotiations were subsequently terminated in December 2018.

(i) **Can the board/management elaborate further on the group's efforts and approach to acquiring new businesses?** It would appear that the prior MOU had no synergy with the group's existing business.

(ii) **Has the board provided guidance to management on the sector, geography and size of any potential acquisitions or joint ventures?**

(iii) **How is the group carrying out its deal sourcing?**

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**Q3.** The board comprises the following members:

Mdm Ng Chui Hwa (executive chairman)
Mr Yap Chin Hock (executive director and CEO)
Mr Tan Jia Hui Clarence (executive director and investment director)
Mr Lim Kee Way Irwin (lead independent director)
Mr Lau Yan Wai (independent director)
Mr Kho Kewee (independent director)

In the report on corporate governance (page 13), the board of directors has stated that it is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the company's shareholders. While the board is cognisant of the provisions in the Code of Corporate Governance 2018, it has deviated from the following:

| | |
|---|---|
| Provision 2.2 | Independent directors make up a majority of the board where the chairman is not independent. |
| Provision 2.3 | Non-executive directors make up a majority of the board. |

The justifications for the deviation can be found on pages 19 and 20 of the annual report.

Listing Rule 710 of the SGX Rulebook also requires issuers to explicitly state, when deviating from the provisions prescribed in the Code of Corporate Governance 2018, the provision from which it has varied, **the reason(s) for the variation**, and the explanation(s) on how the practices it had adopted are consistent with the intent of the relevant principle [emphasis added].

(i) **Can the board elaborate further on the underlying reasons for the deviations from Provisions 2.2 and 2.3? What were the deliberations by the board in trying to meet Provisions 2.2 and 2.3 of the Code of Corporate Governance 2018?**

(ii) The board has stated that it will keep these matters "under regular review". **Has the board considered appointing an independent chairman?** Doing so would help the company meet Provision 2.2 of the CG Code 2018 while keeping the same board composition.

Separately, it is observed that the independent directors have audit, finance and legal experience.

(iii) **Can the board help shareholders understand if the independent directors have the appropriate balance and mix of skills, knowledge, experience, especially in the construction industry, to engage in effective and constructive debate with the executive directors?**

(iv) **How effective are the independent directors at providing guidance and leadership on operational matters?**

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^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

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

**Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website**

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^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)