

**Issuer:** Enviro-Hub Holdings Ltd.  
**Security:** Enviro-Hub Holdings Ltd.

**Meeting details:**

Date: 24 April 2018

Time: 10.30 a.m.

Venue: 200 Pandan Loop, #05-01 Pantech 21 Singapore 128388

**Company Description**

Enviro-Hub Holdings Ltd., an investment holding company, engages in the property investments and management, construction, and recycling businesses in Singapore, Hong Kong, China, Europe, Malaysia, and internationally. The company operates through Property Investments and Management; Piling Contracts, Construction, Rental and Servicing of Machinery; Recycling, Refining and Trading of Metals/E-waste (electronic waste); and Plastics to Fuel Refining segments. The Property Investments and Management segment engages in the investment, development, and management of properties. The Piling Contracts, Construction, Rental and Servicing of Machinery segment provides piling and construction services; and engages in the rental and sale of cranes and heavy machinery, and equipment for the construction industry. The Recycling, Refining and Trading of Metals/E-waste segment provides e-waste management solutions; and engages in the recycling and refining, and trading of e-waste/metals. The Plastics to Fuel Refining segment engages in converting plastic waste to usable fuel oil, liquid petroleum gas, and coke. Enviro-Hub Holdings Ltd. invests in and manages commercial and industrial properties; trades in ferrous and non-ferrous metals; engages in the sale, rental, and servicing of engineering hardware; and provides building and construction related engineering and technical services. The company was formerly known as Leong Hin Holdings Ltd. and changed its name to Enviro-Hub Holdings Ltd. in August 2005. Enviro-Hub Holdings Ltd. was incorporated in 1998 and is based in Singapore.

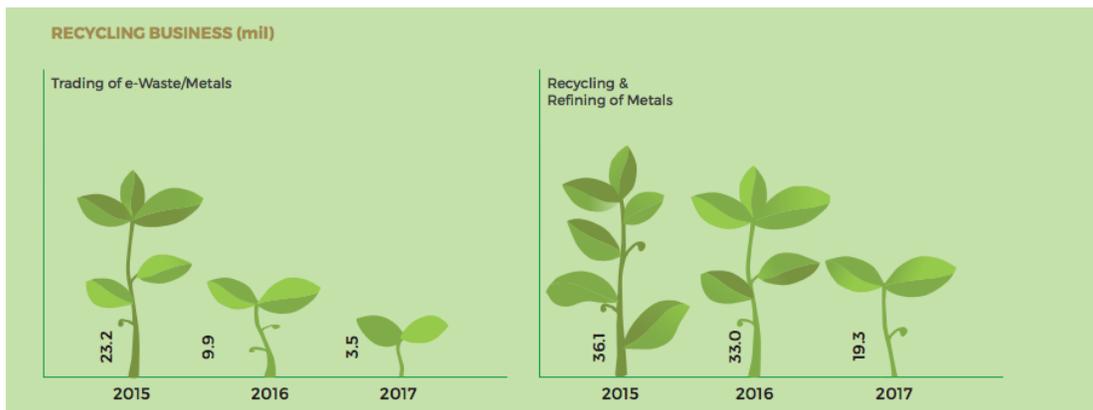
(Source: [http://www.sgx.com/wps/portal/sgxweb/home/company\\_disclosure/stockfacts?code=L23](http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=L23))

**Q1.** Prior to the diversification into property development, investment and management in September 2013, and as the name of the company suggests, the group's then core businesses comprise (i) recycling, recovery and refining of precious metals; (ii) trading of electronic waste and precious metals; (iii) plastic to fuel refining; and (iv) the provision of property construction-related services such as piling services and rental of cranes and heavy machinery for the construction industry.

In FY2017, the core business segments still contributed the bulk of the group's profits. Reportable segment profit for recycling and refining of metals was \$1.9 million, trading of e-waste and precious metal was \$1.7 million, while plastic to fuel refining contributed \$0.4 million.

In February 2018, the government has announced that regulations will be introduced to ensure that more e-waste is recycled.

- a) **As a leading industry player in e-waste solutions, what are the group's plans to further consolidate its position in the e-waste recycling?**
- b) **What is the capacity of the group's newly relocated recycling plant?**
- c) **In FY2013, the group had \$13.5 million in segmental assets for the recycling/trading business but just \$3.5 million in FY2017. Has the group kept up its investment in the recycling business in the past 5 years as the group diversified into property-related investments?**
- d) **Does the group have an estimate of its market share locally?**



(Source: Company annual report)

- e) **Can management help shareholders understand the reasons for the downward trend in the recycling business?**
- f) **Has management devoted sufficient time, energy and attention to grow the recycling business as the group ventured into property-related deals?**

**Q2.** In the Chairman's Statement, it was stated that "[t]he Group will continue to explore opportunities in property investment... (page 5)"

Further on page 10 (Corporate Review), it was disclosed that the group's attributed loss of \$10.2 million was mainly attributed to the reduction in fair value of the Group's strata investment properties at 63 Hillview Ave and the loss on disposal of the Group's subsidiary known as F2S1 Investment Pte Ltd during FY2017 while partially negated by a gain on disposal of [Carros Project Management Pte Ltd].

As disclosed in Note 24 (page 76 – Other expenses), the details of transactions are:

Property/transaction	Details/amount
Disposal of F2S1 which held the commercial property, PoMo located at 1 Selegie Road	Loss on disposal of \$(34.664) million
63 Hillview Avenue (comprising multiple strata units of the Lam Soon Industrial Building)	Fair value loss of \$(26.536) million in 2017 Fair value loss of \$(17.21) million in 2016
Disposal of Carros Project Management (CPM)	Gain on disposal of \$24.038 million

- a) **Before the group embarks on new property development/investment deals, would the board carry out a strategic review of the group’s property-related investments to understand the group’s performance in the segment?**
- b) **Specifically, what were the investment theses for PoMo and for the strata units at Lam Soon? Was the group too aggressive in its assumptions and projections?**

In addition, as announced by the company on 18 August 2017, one of the reasons for the sale of CPM was to enable the group to settle bank commitments due shortly.

- c) **Can the board explain if the group had overextended itself by investing into the three property-deals and might have issues with short term liquidity?**
- d) **Going forward, what guidance will the board provide to management to ensure that the group remains prudent in its investment activities?**

**Q3.** Of the three non-executive directors on the board, two are deemed as independent directors, namely Mr Tan Kok Hiang and Mr Samuel Poon Hon Thang. Mr Tan was first appointed to the board on 21 May 1999 while Mr Poon was first appointed on 26 September 2006.

The nominating committee (NC) comprises Mr Samuel Poon Hon Thang (as chairman), Mr Tan Kok Hiang and Mr Raymond Ng Ah Hua. As disclosed in the Corporate Governance Report, the principal function of the NC is to establish a formal and transparent process to, inter alia, review and determine annually the independence of each director (page 16).

- a) **Given that the two long tenured directors are in the NC as chairman and member, how effective was the NC in discharging its specific functions?**

Guideline 2.4 of the 2012 Code of Corporate Governance also calls for the board to “take into account the need for progressive refreshing of the Board”.

- b) **What are the board’s near-term plans to progressively refresh the board to ensure that board renewal is done progressively and smoothly and to retain its institutional knowledge?**