



**Securities Investors Association (Singapore)**

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UEN No: S99SS0111B

GST Reg No: M90367530Y

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

**Security:** Enviro-Hub Holdings Ltd

**Meeting details:**

Date: 25 April 2019

Time: 10.30 a.m.

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

**Company Description**

Enviro-Hub Holdings Ltd. is an investment holding company. The Company's principal activities consist of investing in and management of commercial and industrial properties, trading of ferrous and non-ferrous metals, trading of electronic waste (e-waste), e-waste recycling and Platinum Group Metals (PGM) refining, plastics to fuel converting, piling and construction works, sale, rental and servicing of engineering hardware, construction machinery and equipment, and investment holding. Its segments include Plastics to fuel refining, which is involved in conversion of waste plastic to usable liquid hydrocarbon fuel oil; Recycling and refining of metals, which comprises the recycling, extraction and refining of PGM and copper; Piling contracts, construction, rental and servicing of machinery; which provides piling, building and construction related engineering and technical services, Trading of e-waste/metals, which is engaged in trading of e-waste and metals, and Investment properties.

(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))

1. Revenue for the year dropped from \$61.0 million to \$26.2 million for FY2018. For the core business of “Trading, recycling and refining of e-waste/metals”, revenue dropped from \$22.7 million to \$13.2 million while segment profit slipped from \$3.6 million to \$2.7 million. The drop in segment revenue was due to “relocation of the Group’s recycling plant” (page 10).

- (i) Recycling: For the benefit of new and long standing shareholders, would the board/management update shareholders on the strategic roadmap for the recycling business?**
- (ii) Business Model: Please also elaborate on the business model and identify the key value drivers in the segment.**
- (iii) New facility in Gul Crescent: What is the total investment earmarked for the new facility? Can management provide shareholders with a better understanding of all the group’s facilities, the capability and the capacity?**

2. The group reported a profit of \$3.7 million for the financial year ended 31 December 2018. This included a \$6.3 million boost in fair value gain on investment properties. Cash flow used in operating activities was \$2.8 million. The group has cash and cash equivalents of \$4.04 million as at 31 December 2018.

The “Going concern basis of preparation” is a key audit matter (KAM) highlighted by the Independent Auditors in their Report on the Audit of the Financial Statements (page 78). Key audit matters are those matters that, in the professional judgement of the Independent Auditors, were of most significance in the audit of the financial statements of the current period.

As noted in the KAM, as at 31 December 2018, the group is in net current asset position of \$3,175,000. In addition, the group has loans and borrowings of \$4,111,000 and trade and other payables of \$10,545,000 due within 12 months from 31 December 2018.

- (i) Has the board evaluated if the company has the optimal capital structure to support the business needs?**
- (ii) What are the options available to the company to strengthen its financial position?**
- (iii) What are the capital investments needed for the other businesses, namely the piling/construction business and the property investment segment?**
- (iv) As at 31 December 2018, the group has a portfolio of investment properties valued at \$134 million, after a fair value gain of \$6.3 million. The group has sold 4 strata units for \$9.6 million in the financial year. In addition, the portfolio generated \$3.32 million in rental income for the year.**

**Is the board satisfied with the return from its investment property portfolio?**

**Has the board/management reviewed the strategic value of the investment properties (strata units at 63 Hillview Avenue, Lam Soon Industrial Building)?**

**Is management considering a liquidation of the investment properties to improve its cash flow/liquidity?**

3. On 4 December 2018, the company announced that it will be placed on the SGX Watch List due to the Financial Entry and the Minimum Trading Price (MTP) Entry Criteria with effect from 5 December 2018.

The company will have to meet the requirements of Rule 1314 of the Listing Manual within 36 months from 5 December 2018, failing which the Exchange would delist the company or suspend trading in the company's shares with a view to delisting the company.

Rule 1314 requires the company to achieve:

- (1) A consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S\$40 million or more over the last 6 months.
- (2) A volume-weighted average price of at least \$0.20 and an average daily market capitalisation of S\$40 million or more over the last 6 months.
  - (i) **Would the board update shareholders on the deliberations it has had with regard to exiting the watch-list?**
  - (ii) **With the latest result, would the company meet the requirements for Rule 1314(1) to exit the watch list due to the financial criteria?**
  - (iii) **What are the options available to the group given that it has 36 months from 5 December 2018 to meet the MTP exit criteria?**
  - (iv) **Has the board/management evaluated the cost to the group as a result of it being watch-listed by the exchange?** For instance, the risk of being delisted would negatively impact the share price and this would make fund raising more difficult and more costly. In addition, the company's shares are no longer investable under CPF funds. There might also be reputational risks as suppliers and customers may be concerned with the company's status as a listed company when it is on the watch-list.

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=Enviro-Hub%20Holdings%20Ltd&cid=6563,4550>



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

