



Securities Investors Association (Singapore)

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Issuer: Huan Hsin Holdings Ltd

Security: Huan Hsin Holdings Ltd

Meeting details:

Date: 24 April 2019

Time: 10.00 a.m.

Venue: Re!joyce 2, Hotel Re! @ Pearl's Hill, 175A Chin Swee Road, Singapore 169879

Company Description

Huan Hsin Holdings Ltd, an investment holding company, operates as an integrated contract manufacturer of telecommunications and electronic products. The company operates through Wire, Cable, and Related Components; and Mould, Moulded Plastics Products, and Finished Product Assembly segments. Its operations include plastic injection, as well as wire and cable, and finished product assembly. The company manufactures and sells telephone and power cords, telephone jacks and accessories, telephone handsets, molded plastic products and notebook casings, pressed metal products, and electronic products. The company also manufactures and exports wires, AC/DC cords, and various types of cables. In addition, it manufactures and sells laptop accessories. The company supplies its products to original equipment manufacturers and original design manufacturers in Malaysia, the People's Republic of China, Taiwan, and Singapore. Huan Hsin Holdings Ltd was founded in 1980 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=H16)

1. The company has been placed on the SGX-ST watch-list since 5 March 2014 and was required to meet the financial exit criteria for removal from the watch-list by 4 March 2016.

While the Exchange had granted 3 extensions, it informed the company that the third extension of the exit deadline to 4 March 2019 would be the final extension.

Following the termination of the RTO, the company received a notification of delisting dated 19 December 2018 from the SGX-ST. The company's appeal against the delisting has been rejected by SGX-ST.

The company or its controlling shareholder is to make an exit offer to the shareholders.

- (i) Given the delisting notification by SGX-ST, what are the individual and collective efforts by the independent directors to obtain an exit offer for the minority shareholders? Who is leading the discussion?**
- (ii) Can the independent directors help shareholders understand who is in a better position to make an exit offer, the company or the controlling shareholder?**
- (iii) Has any progress been made with the company/controlling shareholder?**

2. One bright spark for the company is the proposed disposal of land use rights ("LURs") in relation to the land and buildings located on top of the land in Weihai City, Shandong Province, the PRC to the local government for RMB92,423,777.00 (or approximately S\$18,484,755) in cash.

The transaction constitutes a major transaction and would require the approval of shareholders. The company has applied for a waiver to convene the extraordinary general meeting for the proposed disposal.

- (i) What are the conditions precedent, if any, other than the approval by shareholders?**
- (ii) Is there a long stop date to the agreement with the village government?**
- (iii) Can the board, especially the audit committee, help shareholders understand how it had selected the valuer, Cushman & Wakefield International Property Advisers (Shanghai) Co., Ltd. ("Valuer B")? What was the scope agreed with the valuer? Does the valuer have the expertise and local knowledge to carry out a valuation of the group's land use right in Weihai city, Shandong Province?**
- (iv) Can the independent directors help shareholders understand the impact of the sale of the LURs on the group's cash flow and liquidation value? How does that improve the chances and the quantum of a fair and reasonable exit offer by the company or by the controlling shareholder?**

3. All three non-executive directors are long tenured independent directors who have served on the board since 1997/2004.

Mr Lim Hock Beng, being the lead independent director, was appointed to the board on 16 May 1997 and serves as the chairman of the audit committee and a member of the nominating and remuneration committees.

Mr Lau Ping Sum, Pearce, was appointed to the board on 28 May 1997. He is an independent non-executive director and serves as the chairman of the remuneration committee and a member of the audit and nominating committees.

Mr Chew Heng Ching was appointed to the board on 25 August 2004. He is an independent non-executive director and serves as the chairman of the nominating committee and a member of the audit and remuneration committees. In addition, Mr Chew is the Founding President of the Singapore Institute of Directors and was the Past Chairman of its Governing Council (page 5).

In assessing the performance of the board, the nominating committee has stated the following:

The Board has implemented a process carried out by the NC for assessing the effectiveness of the Board as a whole. For the year under review, the NC has evaluated and discussed the results of the Board's performance and effectiveness as a whole and that of each of its board committees and individual directors.

- (i) Would the nominating committee (NC) share the key findings of the effectiveness assessment that was carried out? How effective was the board as a whole, and of each of its board committee?**
- (ii) As two independent directors are been on the board for over 21 years and one director for over 14 years and, can the independent directors individually help shareholders how they have contributed to the board and to the effectiveness of the board?**

What critical roles did they play in shaping the corporate strategy and direction of the group?

How did the directors review management's plan in light of emerging trends, the competitive environment, the opportunities and risks of the business and business practices in the industry?

How did the directors oversee the business and affairs of the group, establish with management the strategies and financial objectives and provided guidance and monitored the performance of management?

These are the principal functions of the board as listed in the company's Corporate Governance report.