



Securities Investors Association (Singapore)

7 Maxwell Road #05-03 MND Building Annexe B Singapore 069111

Tel: (65) 6227 2683 Fax: (65) 6220 6614

Email: admin@sias.org.sg www.sias.org.sg

UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: TEHO International Inc Ltd.

Security: TEHO International Inc Ltd.

Meeting details:

Date: 30 October 2018

Time: 3.00 p.m.

Venue: Hotel Jen Orchardgateway Singapore, Phoenix 1 Room, 277 Orchard Road, Singapore 238858

Company Description

TEHO International Inc Ltd., an investment holding company, supplies and trades in rigging and mooring equipment to the marine, offshore oil and gas, and real estate industries in Singapore, rest of Asia, and internationally. The company operates through Marine and Offshore, and Property Development segments. It is also involved in the design and fabrication of rope and chain products; and provision of tensile testing, rope analysis, and optimization products. In addition, the company provides fiber and wire ropes; and electrical and mechanical engineering equipment, such as HVAC, outfitting, water and automation systems. Further, it designs and engineers STS reverse osmosis water makers, and STS hydrophore and hot water calorifier systems for workboats and supply vessels; and distributes CAT pumps products, marine sewage treatment plants, and other consumable components. Additionally, the company invests in, develops, markets, manages, and sells various real estate properties; and offers real estate agency and valuation services. It also supplies offshore oil and gas equipment; and trades in related marine and engineering hardware and accessories. The company was founded in 1986 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=50Q)

1. The group successfully commercialised the newly developed Magnaro-Twaron Mooring Ropes following extensive research and development efforts by the group and its partner.

The first order for the innovative mooring ropes, worth approximately US\$1 million, was obtained from Berge Bulk, one of the world's leading independent dry bulk shipping owners with a fleet of over 70 vessels.

- (i) Would management help shareholders understand if the first order was to equip Berge's entire fleet of over 70 vessels or was it for just some of Berge's vessels? Is the group looking to secure more orders from Berge?**
- (ii) What are the efforts to acquire new customers?**
- (iii) What is the replacement cycle for these "higher durability" mooring ropes?**
- (iv) Can the board/management elaborate further on the size of the addressable market for mooring ropes? Is this a key growth driver for the group?**

2. It was also a watershed year for group's property development segment. The remaining units in Elite Terrace were sold out and, on 14 January 2018, the company announced the amicable out-of-court settlement in relation to the proceedings against the two vendors of TIEC Holdings Pte. Ltd. The group's Cambodia joint-venture project was terminated following the transfer of the group's entire shareholding interest to the joint venture partner's designated transferees.

- (i) Would the board carry out a review of the return on investment (ROI) of the group's property development activities since 2014 (when the diversification started)? Please show the ROI of the Singapore development projects and the ROI of the overseas projects.**
- (ii) What are the lessons gleaned from the experience in the past 3-4 years following the group's diversification into property development?**
- (iii) Has the group developed its niche in the market to allow it to stand out from other developers? Would management (re)state the group's core competencies and value proposition as a developer?**

It was also disclosed in the Chairman's statement (page 6) that the group had acquired a landed residential property for redevelopment in Singapore that was completed on 2 July 2018.

- (iv) Was the acquisition of new land bank for redevelopment announced to the market via SGXNet? It was mentioned in the chairman's statement and in Note 33(a) (page 103 – Subsequent events). This should be the 999 years leasehold property at 88 Farleigh Avenue Singapore 557862 (page 21). The \$4.25 million acquisition was partly funded by bank borrowings of \$3.4 million. **Would****

management elaborate further on the development plans for this property?

- (v) With regard to the Cambodian joint venture, how was the US\$1,000 as disposal consideration for the termination and share transfer determined?
- (vi) The group now has a \$21.92 million in assets held of sale following the termination of the JV, with the \$21.89 million attributed to development properties (page 32 – Note 32: Disposal group held for sale). **Would this be the mixed-use development comprising: a) 5-star hotel; b) 53-storey condominium tower with 688 residential units; c) 53-storey condominium tower with 1,200 residential units; and d) 48-storey block with 20 villas?** As noted in the disclosure on page 21, construction on the project has not commenced. **Can the audit committee help shareholders understand how the value of \$21.9 million was determined?**

3. The attendance of directors at board and board committee meetings is shown in the table below (page 26):

Frequency of formal Board and Board committee meetings held and attended by each member for FY2018 are disclosed below:

Types of Meetings	Board	Audit Committee	Nominating Committee	Remuneration Committee
Name of directors				
Total held for FY2018	3	2	1	1
Mr Lim See Hoe	3*	2*	1*	1*
Ms Lim Siew Cheng	3	2*	1*	1*
Mr Kwah Thiam Hock	3	2*	1	1
Ms Joanne Khoo Su Nee	3	2	1	1*
Mr Oo Cheong Kwan Kelvyn	3	2	1*	1

Notes:

- * Chairman
- * By invitation

(Source: Company annual report)

- (i) **Can the board help shareholders understand if it is the usual practice for non-board committee members (i.e. the executive directors) to attend the board committee meetings? Were there specific agenda items or reasons to invite the executive directors to all the board committee meetings?**
- (ii) **What is the dynamics of the board committee meetings when the board committee members may be reviewing and discussing matters that are related to or affect the executive directors?** Such board committee meetings would have included agenda items on performance assessment and

remuneration of the executive directors and on the audit/financial reporting of the group.

(iii) Do the invited directors also actively participate in the discussions during the board committee meetings?

[Additional Comment: The company has not included a Sustainability Report in its annual report. Under the SGX guidelines for sustainability reporting that was introduced in 2016, companies have up to 12 months from the end of the financial year to publish their first report, starting with any financial year ending on or after 31 December 2017.

Rule 711B states that the sustainability report must describe the issuer's sustainability practices with reference to the following primary components: (a) material environmental, social and governance factors; (b) policies, practices and performance; (c) targets; (d) sustainability reporting framework; and (e) board statement.

Could the board/management clarify if it will be publishing a full Sustainability Report, including the key material issues affecting the company, in accordance with Rule 711B?

The company should also show how the material issues affect its business model and how the business model delivers long term value for its stakeholders.]

A copy of the questions for the Annual Report for the financial year ended 30 June 2017 and 30 June 2016 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=TEHO%20International%20Inc%20Ltd>

The company's response could be found here:

2017: -----

2016

https://sias.org.sg/media/qareport/1497930431_Teho_Responses_2016.pdf