



Securities Investors Association (Singapore)

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Issuer: TSH Corporation Limited

Security: TSH Corporation Limited

Meeting details:

Date: 25 April 2019

Time: 3.00 p.m.

Venue: 1 Irving Place, #08-10 The Commerze@Irving, Singapore 369546

Company Description

TSH Corporation Limited is a Singapore-based investment holding company. The Company's principal activities are provision of consultancy services, as well as trading. The Company has four operating segments: Homeland Security Services, Consumer Electronic Products, Property and Corporate and Others. The Company's Homeland Security Services segment is engaged in the provision of homeland security related sales and services, as well as the supply and choreography of pyrotechnic and firework displays. The Company's Consumer Electronic Products segment is engaged in the design, development and manufacturing of consumer electronic products. The Company's Property segment is engaged in investment and development of properties. The Company's Corporate and Others segment is engaged in corporate services, investments and other miscellaneous businesses. The Company's subsidiary is Explomo Technical Services Pte Ltd.

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

1. On 7 February 2019, the company completed the proposed acquisition of Sloshed! Pte. Ltd. ("Sloshed!") for a purchase consideration of \$19.4 million.

Sloshed! is in the business of operating pubs and bars and import, export and distribution of spirits, wines and liquors.

The reconstituted board currently comprises four directors, namely Dr Yu Lai Boon as non-executive independent chairman, Chua Khoon Hui as chief executive officer and executive director, Tan Dah Ching as independent director and Teo Kok Woon as non-executive non-independent director. The biographies of the directors are shown on pages 12 and 13 of the annual report.

- (i) Given that Sloshed! is in a niche business, would the board help shareholders understand how it could oversee and guide management and provide entrepreneurial leadership to management?**
- (ii) What is the experience of the board in overseeing a specialty (alcoholic) consumption business?**

2. Would the board/management provide shareholders with better clarity on the following operational and financial matters? Specifically:

- (i) New outlets:** The Other Roof was opened for business in October 2018 while The Copper Plate opened in November 2018. It appeared that these two outlets were opened to scale up the operations in time for the reverse takeover. **Can management update shareholders on the performance of these 2 new outlets? What is the typical gestation period for a new café bar?**
- (ii) Market size:** **How many more specialty/whiskey bars can the local market support before the group starts to cannibalise on its own sales?**
- (iii) New regional markets:** **Is management actively looking for opportunities to expand in the region? What would be the likely first destination?**

3. In the circular dated 31 December 2018, on pages 77 to 83, the company has listed the risk factors associated with Sloshed!, including:

- New outlets which commenced operations in 2018 have no operating track record
- The Target Group will be affected by changes in government regulations and suspension or revocation of its licences and approvals
- The business of the Target Group is highly competitive
- The Target Group's business is largely service-oriented and it is dependent on good employees
- The Target Group will be affected by any change in economic and social conditions, in particular consumer spending and preferences and lifestyle trends
- The Target Group's business will be adversely affected by negative publicity
- The Target Group may not be able to secure new strategic locations to expand its business

- The Target Group may be subject to the risk of pilferage and theft
 - (i) Since the acquisition was completed on 7 February 2019, with nearly three months of ownership, has the board reviewed the material risks listed in the circular?**
 - (ii) What are the improvements and controls implemented to better monitor and manage the risks? For instance, in the risk area of risk of pilferage and theft, has the board reviewed the internal controls, risk management and compliance to manage the risks identified?**
 - (iii) Has the audit committee shortlisted and selected an internal auditor going forward?**

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=TSH%20Corporation%20Ltd&cid=6566,4478>

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