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: CPH Ltd.

Stock code: 539

Meeting details:
Date: 9 July 2021
Time: 10.00 a.m.

Due to the current COVID-19 pandemic, SIAS encourage shareholders to participate at AGMs via other means and not to attend any AGM physically. Where the AGM is webcast, they can stay on top of their investments by watching the webcast and submitting their question to the company in advance. Senior citizens should avoid attending AGMs altogether and stay home.

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

Q1. As noted in the chairman's message to shareholders, the company is in the process of completing the disposal of its printed circuit board (PCB) assets as it had ceased its PCB operations since November 2019. The company had tried to sell its PCB operations but there were no successful offers. The company was deemed a cash company with effect from 2 April 2020 by SGX.

(i) **Can the board help shareholders understand how it is aiming to generate value for all shareholders, especially minority shareholders with the corporate actions (i.e. cessation of PCB business, sale of assets and the proposed RTO (See Q2))?**

(ii) **What is the track record of the board in the past 5, 10 and 15 years at generating value for shareholders? Please show the long-term value creation as measured by an appropriate metric, such as total shareholder return, return on equity/capital employed/invested capital.** As noted in the consolidated statement of changes in equity (page 46), the accumulated losses amounted to $(19.0) million and total equity has been reduced to $5.6 million as at 31 March 2021.

(iii) **In particular, with the sale of the assets, what were the deliberations by the board to propose a dividend to reward shareholders?** Based on the company's corporate action history on SGX's website, the company has carried out two rights issues and had not paid any dividends to shareholders since listing.

(iv) **Can the independent directors help shareholders understand their role and level of involvement in the proposed RTO? How have they ensured that the proposed RTO will safeguard the interest of shareholders, especially minority shareholders, and will lead to long-term, sustainable, value creation?**

(v) **What is the board's track record and experience in M&A, due diligence, valuation and deal structuring?**

In addition, the sponsor, PrimePartners Corporate Finance Pte. Ltd. ("PPCF"), has been appointed the financial adviser in respect of the proposed acquisition. For the financial advisory services rendered by PPCF, the company will pay PPCF $400,000.

(vi) **How was the fee of $400,000 determined? What is the amount of sponsor fees paid to the sponsor annually?**

(vii) **Would the board, especially the independent directors, help shareholders understand if the provision of financial advisory services by the sponsor may, or may be perceived to, impair the sponsor's independence?**

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

Q2. On 29 September 2020, the company announced the proposed acquisition of a 100% stake in Shanaya Environmental Services Pte. Ltd. ("Shanaya") which will result in a reverse takeover of the company. The Target Company is principally engaged in the provision of waste management, recycling and disposal services to industrial and commercial clients and specialises in providing collection, transfer, disposal, recycling and resource recovery services to the cruise and ship industry in Singapore.

The company has duly submitted the pre-admission notification for the RTO on 26 April 2021 for SGX-ST's approval. Barring any unforeseen circumstances, the group expects to venture into the new business of waste management and recycling once the relevant approvals have been obtained.

(i) **Can the board elaborate further on the business performance of the Target Company in 2020 & 2021 given that it serves the cruise and ship industry which has been badly affected by the pandemic?**

(ii) **Given the proposed structure of the RTO, what are the safeguards to protect shareholders in the event of a slower-than-expected recovery from COVID-19?**

(iii) **Please also provide shareholders an up-to-date overview of the Target Company's financial information, including the latest financial and operational performance in FY2020.**

(iv) **How does the board/management intend to add value to the target given that the previous business segment in PCB is different to that of Shanaya?**

As noted in the announcement, shareholders' equity of the Target Company amounted to $2.5 million as at 31 December 2019. With the pandemic severely affecting the cruise industry, the Target Company may be loss-making in FY2020 and in FY2021. The purchase consideration is $22.0 million, subject to the appraised value being at least 90% of the purchase consideration.

(v) **Can the board, especially the independent directors, elaborate further on how the purchase consideration of $22 million (versus $2.5 million in shareholders' equity) was arrived at?**

(vi) **How did the board select the independent professional valuer? Has the independent valuation report been completed?**

(vii) **Can the independent directors help shareholders understand how this RTO (with a purchase consideration of $22 million, with $3 million in cash) is in the interest of shareholders and will lead to long term value creation for all shareholders?**

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

Q3. At the annual general meeting scheduled to be held on 9 July 2021, Mr Lee Teong Sang, who is retiring pursuant to Article 89 of the company's constitution, will be seeking his re-election, as well as a two-tier vote on his continued appointment as an independent director. Mr Lee was first appointed to the board on 16 September 2004.

(i) **As the independent chairman, would Mr Lee be holding himself to higher governance standards and lead by example, especially in setting the tone with regard to the tenure of independent directors?**

(ii) **Can Mr Lee help shareholders understand his effectiveness as the chairman and as an independent director in providing entrepreneurial leadership and setting strategic goals? What were his contributions that resulted in value creation for shareholders?**

(iii) **What deliberations did the nominating committee have on the progressive renewal of the board? (Principle 4 of the Code of Corporate Governance 2018)**

^On 1 October 2020, the Accounting and Corporate Regulatory Authority ("ACRA"), the Monetary Authority of Singapore ("MAS") and Singapore Exchange Regulation ("SGX RegCo") published an updated checklist to guide listed entities on the conduct of general meetings arising from the latest updates from the Multi-Ministry Taskforce.

Issuers may continue to conduct their general meetings held on or before 30 June 2021 via electronic means, and are encouraged to do so.

Issuers who, after due consideration of public health and other risks, wish to provide for physical attendance at their general meetings must ensure that they implement all relevant measures to comply with the safe management measures imposed by the Singapore Government.

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

Can't attend the AGM or view the webcast? Check out the latest questions on the annual reports of listed companies on SIAS website

Join our mailing list here to receive latest news and upcoming events.

^ Guidance on the Conduct of General Meetings Amid Evolving COVID-19 Situation (https://www.sgx.com/media-centre/20201001-guidance-conduct-general-meetings-amid-evolving-covid-19-situation)

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

CONNECT WITH US