

Issuer: Boustead Singapore Limited

Security: Boustead Singapore Limited

Meeting details:

Date: 27 July 2017

Time: 2.30 p.m

Venue: Room 300-302, Level 3, Suntec Singapore Convention and Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

Company Description

Boustead Singapore Limited, an investment holding company, provides infrastructure-related engineering and geo-spatial services. The company's Energy-Related Engineering Division is involved in the design, engineering, and supply of process heater systems, waste heat recovery units, process control systems, and steam generators to the downstream oil and gas, and petrochemical industries, as well as offers water and wastewater treatment plants. Its Real Estate Solutions Division provides design-and-build expertise for industrial facilities, as well as design-build-and-lease arrangements for industrial facilities. The company's Geo-Spatial Technology Division distributes Esri geographic information systems, as well as provides location intelligence solutions. The company operates primarily in the Asia Pacific, Australia, North and South America, the Middle East, and Africa. The company was founded in 1828 and is headquartered in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=F9D)

Q1. In the very candid and informative Chairman’s Message (pages 18 to 21 of the annual report), it was disclosed that the group has now broadened its mandate to *“opportunities outside of our three divisions and includes evaluating innovators, start-ups and start-up graduates (start-ups that have commercialised but with a short track record), especially those that possess potentially disruptive and innovative technology, a sustainable business model, solutions with a high commercialisation rate, and most importantly, a budding and energetic management team that we can trust”* (page 20).

In the group’s profile, the group is being described as “a progressive global infrastructure-related engineering services and geo-spatial technology group”.

- a) **In broadening its search to beyond the group’s three established divisions and even considering early stage innovators, where does the group draw the line to ensure that it does not buy into something beyond its core competence? How far is the group willing to stretch from the current core businesses? For example, would the company invest in technology/media start-ups (such as Uber, Snap, Netflix when they were much smaller and younger etc)?**
- b) **Are non-majority/passive investments being considered or is management looking to invest and actively nurture and grow the early stage companies?**

At the company level, there is no debt and the company has accumulated cash and cash equivalent of \$68.6 million and a further \$45.4 million of available-for-sale financial assets.

- c) **In terms of risk management, has the board deliberated on the ticket size for investment into each/any business?**

Q2. China’s One Belt, One Road (OBOR) project has caught the group’s attention. As the Chairman explained in his message, the OBOR is about global connectivity and integration (if not at least inter-continental) and Singapore “undoubtedly possesses some expertise and knowledge in this area and can play an important role in the world’s foremost transnational project of this generation”.

In addition, the Chairman added that:

“On our part, we certainly will be exploring how we can play a relevant role, whether through our strong network and current businesses or potentially through new contacts, investments and projects” (page 20).

- a) **Can management help shareholders understand what are some of the potential opportunities through the group’s businesses and current network?**
- b) **Has the group identified hotspots or themes that could be low-hanging fruits for the group?**
- c) **On a related note, what kinds of projects are envisaged under the Framework Agreement with Guangdong New Co-Op? How long can the gestation period be?**

Q3. In Note 21 (page 114 – Available-for-sale financial assets), the company increased its quoted equity shares exposure from \$1.93 million to \$21.1 million during the financial year. At the same time, the company’s exposure to debt securities was reduced from \$34.8 million to \$24.5 million as at 31 March 2017.

- a) **Is this a deliberate and considered effort by management to reduce the company’s exposure to debt securities and to increase the exposure to listed equities?**

- b) Are these strategic investments or are these pure investments made that are not related to the group's core business?
- c) How does the company manage its debt/equity securities investments? Is there an investment committee or an oversight board?