

Issuer: Boardroom Limited

Security: Boardroom Limited

Meeting details:

Date: 20 April 2018

Time: 10.00 a.m.

Venue: Regus Samsung Hub, 3 Church Street, Singapore 049483 Level 8, Changi Roo

Company Description

Boardroom Limited, an investment holding company, provides professional business services in Singapore, Malaysia, Hong Kong, Australia, and China. Its Corporate Secretarial Services segment offers secretarial services, including company secretary, corporate secretarial consultancy, advisory, assistance, and support services to private limited companies and public listed corporations. The company's Share Registry Services segment provides share registry services, such as share and unit registration, share transfer agent, warrant and bond agent, employee equity plan administration, voting, meeting, shareholder analytics, investor solicitation, and transfer agency services for public listed corporations. Its Accounting, Taxation & Payroll Services segment offers book-keeping, financial statements preparation, payroll and payment processing, goods and services tax accounting, tax advisory, human resource advisory, risk management, and internal auditing services. The company also offers human resource services, such as HR consulting, and onboarding and outboarding administration and process; PayBoard, a regional payroll platform; payroll management services; XBRL filing services; tax solutions; and regional employee equity plan administration services, as well as governance, risk management, and compliance services. In addition, it provides China desk, international business, and market readiness assistance services for SMEs. The company was founded in 1968 and is headquartered in Singapore. Boardroom Limited is a subsidiary of Salacca Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=B10)

1. In the section “Year in Review” (page 7 of the annual report), it was said that the group continued to progress well in Hong Kong which was one of the world’s biggest IPO markets and is in a strong position to win more IPO clients in 2018.

The revenue from Hong Kong was \$8.4 million in FY2015, \$8.3 million in FY2016 and \$8.5 million in FY2017. Over the same period, the segment profit ranged from \$833,000 to \$988,000.

- (i) **What is the group’s share of the share registry market in Hong Kong?**
- (ii) The number of IPOs in Hong Kong was estimated to be about 160 in 2017. In this buoyant IPO year, the group’s revenue from Hong Kong increased by just \$0.2 million to \$8.5 million. **How many IPOs did the group capture in 2017?**
- (iii) The group is said to have had its most encouraging performance in 2018 and is in a strong position to win more IPO clients. **What sets the group apart from other service providers? How is the group going to capture more clients?**

In addition, should the exchanges start allowing companies with dual-class share structure to list, is the group ready to provide its share registry services to these companies? How much investment is needed in software and/or training?

2. As seen in Note 23 (page 74 – Statement of operations by segment), the Australia segment recognised revenue of \$26.8 million and a profit of \$2.9 million in FY2017. As a percentage, Australia accounted for 37.6% of the group’s revenue, 27.3% of total profits while using 48.5% of total assets.

On the other hand, the Singapore segment accounted for 38.4% of revenue, 53.6% of profits while using 18.5% of total assets.

- (i) **Can the board help shareholders understand if the nature of the Australia segment is significantly different from that of the Singapore operations?**
- (ii) **What are management’s plans to improve the efficiency of the Australia operations?**

The level of profit from Australia has fluctuated in the past years: \$5.35 million in FY2014 (18 months), \$2.57 million in FY2015, \$2.26 million in FY2016 and \$2.89 million in FY2017. In its first full year contribution as a wholly-owned subsidiary, the Australia segment reported a revenue of \$20.1 million and a segment profit of \$5.83 million for the financial year ended 30 June 2012. In FY2012, Australia contributed 74.7% of the group’s total profit before tax.

- (iii) **Can the board elaborate further on the prospects of the Australia market? What are management’s strategies to increase profitability?**

3. On 19 December 2017, the board announced that it has accepted the resignations of Mr Fu Ming Hon, Patrick, Chief Executive Officer of Boardroom Corporate Services (HK) Limited (“BR Hong Kong”) and Mr Lee Yow Fee, Chief Executive Officer of Boardroom China Limited (“BR China”).

In addition, the company has commenced a search for their replacement.

In the meantime, Mr Kim Teo, Group CEO, and Mr Chester Leong, Managing Director of Boardroom Business Solutions Pte Ltd, have assumed Mr Fu’s and Mr Lee’s responsibilities respectively.

- (i) **Can the board elaborate further on the progress of the search for the new CEO of BR Hong Kong and BR China?**
- (ii) **Does the board expect the subsidiaries and the operations in Hong Kong and China to be affected during the transition period?**
- (iii) **The group currently derives just \$1.6 million or 2.3% of its total revenue from China. What are the qualities of a CEO that the board is looking for to help the group drive its business in China?**