



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: Boldtek Holdings Limited (fka Logistics Holdings Limited)

Security: Boldtek Holdings Limited (fka Logistics Holdings Limited)

Meeting details:

Date: 29 October 2018

Time: 3.00 p.m.

Venue: 24 Kranji Road, Singapore 739465

Company Description

Boldtek Holdings Limited, through its subsidiaries, provides building construction and interior decoration/fitting-out services in Singapore and Malaysia. The company operates through General Building, Precast Manufacturing, Properties Investment, and Soil Investigation and Treatment segments. The General Building segment is involved in the construction and building, and maintenance works, such as excavation, piling, sub-structures, and superstructures works; architectural works; aluminum cladding and curtain walling; mechanical and engineering works; supply and installation of furniture or interior fitting-out works; external works; and landscaping activities. The Precast Manufacturing segment manufactures and trades in concrete precast products. The Properties Investment segment invests and trades in, and develops residential and industrial properties. The Soil Investigation and Treatment segment provides consultation services. Boldtek Holdings Limited also engages in the stabilization, and research and experimental development on engineering; land and property development; and manufacturing of articles of cement and plaster products. The company was formerly known as Logistics Holdings Limited and changed its name to Boldtek Holdings Limited in August 2017. Boldtek Holdings Limited was founded in 1985 and is based in Singapore.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=5VI)

1. FY2018 was a watershed year for the group as it completed and sold out its freehold cluster houses located at 21 Paya Lebar Crescent. The group's order book for general building also increased to \$140.9 million (as at 28 September 2018). This is considerably higher than the order book of \$78.2 million as at 30 September 2017.

The general building segment remains the group's largest contributor of revenue and segment profit.

Would the board/management provide shareholders with better clarity on its core business segment of general building? Specifically:

- (i) What was the asset utilisation in FY2018?**
- (ii) What were the key factors that allowed the group to secure a larger order book?**
- (iii) Can management help shareholders understand the market dynamics and trends of the general building segment?**
- (iv) How does management balance the need to be competitive in its bids and the need to ensure adequate return to shareholders?**
- (v) What are some of the major opportunities in the general building segment in the next 6-18 months?**

In addition, can the board also update shareholders on the prospect of the Precast manufacturing operations? **With no projects won in the financial year, what are management's plans for the new year? What is its value proposition to its customers and how will it secure new projects/acquire new customers? How strategic is the precast segment in the group's long term plans?**

2. Would the board/management provide shareholders with better clarity on the property development and investment segment? Specifically:

- (i) Development pipeline: With Paya Lebar Crescent project completed and the phase 2 & 3 of the Le Premier Industrial Park in Senai put on hold, does the group have any plans to continue its development activities?**
- (ii) Financial performance: Would it be opportune for the board to review the performance in property development? What is the total return on investment (ROI) from Place-8, the freehold cluster houses project in Paya Lebar Crescent? What ROI did the group achieve in Malaysia?**
- (iii) Le Premier Industrial Park, Malaysia: In Phase 1, the group developed 20 units of 3 storey terraced service industries. Can management update shareholders on the number of units sold? In Note 30 (page 101 – Operating segments: Geographical segments), all of the \$94.93 million in revenue was**

attributed to Singapore and none to Malaysia. **Can management also elaborate further on the market trends in Senai Industrial Park?**

- (iv) **Investment property: What is the current stage of development for this parcel of land? Is the parcel of land currently undeveloped? If so, what is the rental potential of this piece of land?**
- (v) **Reclassification:** The change in use also resulted in a fair value gain on investment properties of \$3.36 million, as shown below (reproduced from page 82).

5 Investment properties

	The Group	
	2018 \$'000	2017 \$'000
<u>At fair value</u>		Restated
At beginning of financial year	580	580
Reclassified from development properties (Note 9)	15,235	–
Changes in fair value included in profit or loss (Note 21)	3,355	–
At end of financial year	<u>19,170</u>	<u>580</u>

(Source: Company annual report)

Boosted by the \$3.36 million gain that was recognised as other income in the consolidated statement of profit or loss, the group reported a total profit of \$447,000 for the financial year ended 30 June 2018.

Can management provide a breakdown of the reclassification amount of \$15.235 million that was transferred from “development properties”? Please describe in detail the underlying assets and the individual carrying value.

- (vi) **What was the valuation methodology used by the independent valuer which led to a fair value gain? What were the key assumptions used in arriving at a valuation of \$18.6 million for the Malaysian investment properties?**

3. On 18 December 2017, the company announced that it was proposing to place out 15.625 million new ordinary shares of the company to 11 placees at a discount of 9.553% to the volume weighted average price of \$0.1769.

The placement price of \$0.16 per share raised \$2.48 million for the company. The placement was to strengthen the company’s financial and working capital position.

- (i) **Has the board evaluated the optimal capital structure? Is the current balance sheet sufficient to support the group’s growth plans?**

Despite the discount, there was no moratorium for the placement of shares. As noted in the announcement, the placees are business associates of Mr Phua Lam Soon and they were

approached by Mr Phua Lam Soon to participate in the proposed placement for investment purposes. For example, two of the placees who took the most number of placement shares have reduced their stake. The details as are follows:

- Boh Geok Ling took 3,312,500 placement shares but holds just 1,594,600 share as at 27 September 2018
- Tan Eng Seng took up 2,500,000 placement shares but holds just 993,800 shares as at 27 September 2018

(ii) Should the company carry out another placement, would the board consider having a moratorium on the placement shares to prevent any undue short term speculation?

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

2017

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

2016

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

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