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: CSE Global Limited

Stock code: 544

Meeting details:
Date: 27 May 2020
Time: 2.30 p.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. In FY2019, the Oil & Gas segment was the largest revenue contributor with a share of 65.1% of the group's total revenue of $451.8 million. The revenue mix for the division is 48% onshore ($141.8 million) and 52% offshore ($152.3 million). This was a result of the group's focus to grow the onshore segment.

In fact, the Oil & Gas segment doubled its new orders for FY2019 to $432.1 million. The group successfully won two major offshore oil and gas greenfield project orders worth $103.7 million in October 2019. As at 31 December 2019, the group had outstanding order book of $307 million.

Unfortunately, as COVID-19 spread across the world, governments all over the world issued shelter-in-place orders and an estimated 4 billion people around the world went under lockdown. Demand for gasoline, jet fuel and other petroleum products went into freefall. Coupled with a price war between the world's major producers, Saudi Arabia and Russia, the US crude fell to negative value on 20 April 2020.

In the second week of May 2020, crude prices remain low with West Texas Intermediate (WTI) crude futures hovering around $25 per barrel and Brent crude just below $30 a barrel.

(i) **How are the on-going projects affected by the measures put in place by governments to stop the spread of the pandemic?**

(ii) **Has management had the opportunity to assess the longer term impact of the pandemic on its strategic growth objectives?**

(iii) **With oil prices hovering near multi-year lows, are there signs of significant deterioration in the credit standing of its major customers?**

(iv) **Is the group facing delays and cancellations of capital expenditure by its customers? For example, has the collapse in oil price jeopardised the greenfield project that was recently secured in October 2019?**

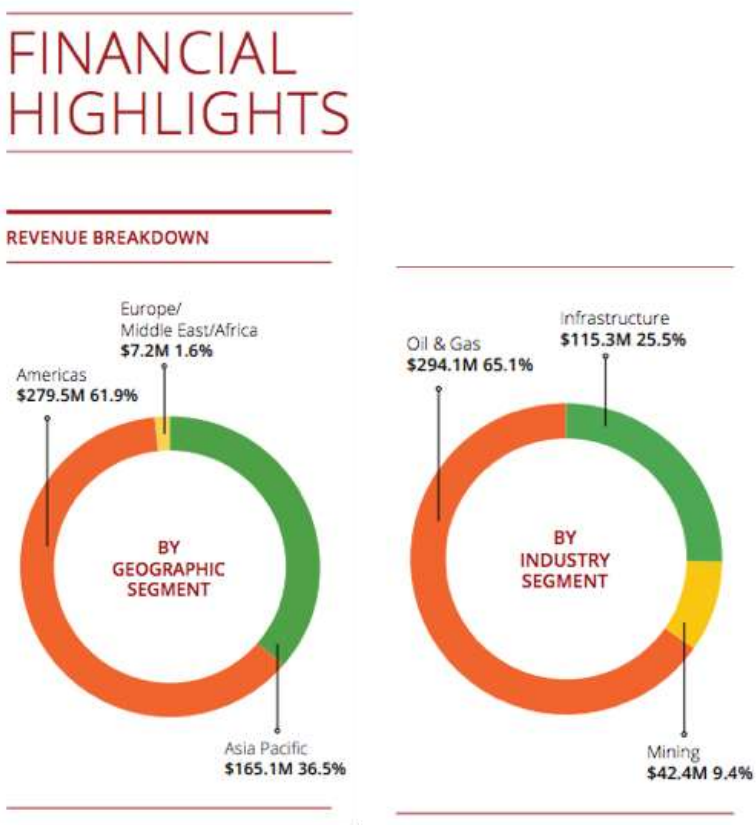
Q2. In 2019, the company continued to execute on its growth-via-acquisition strategy with the purchase of Volta, LLC, and RCS Telecommunications Pty Ltd.

As mentioned in the message to shareholders, it has been an integral part of the group's long-term business plans to expand through acquisition of companies with specialised skills and technologies that are complementary to the existing businesses and strengthen its geographical coverage (page 5).

The group has stated that it will continue to look out for value accretive and strategic acquisitions to grow the business to ensure a diversified and sustainable income stream.

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

As seen in the financial highlights (page 28), the revenue breakdown is as follows:



(Source: adapted from company annual report)

As seen from the charts above, Americas is the largest revenue contributor, amounting up to 61.9% of revenue in 2019 and the group generates almost two-thirds of its revenue from the oil & gas segment.

(i) **As the group continues to make strategic acquisitions, can the board help shareholders understand the long-term capital allocation targets by segment and by geography? Are there plans to reduce the group's exposure to the oil & gas segment and to grow the mining and infrastructure segments?**

(ii) **While the group's net gearing remains relatively low at 25%, has the board set a maximum gearing for the group as it continues with its acquisitions?**

Q3. Provision 2.4 of the Code of Corporate Governance 2018 provides for the board and board committees to be of an appropriate size, and comprise directors who as a group provide the appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

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

The provision also states that the board diversity policy and progress made towards implementing the board diversity policy, including objectives, are disclosed in the company's annual report.

(i) **Would the board disclose its board diversity policy?**

(ii) **Given that the profile of the current board is fairly homogenous, how does the board ensure that there is no groupthink and that it pro-actively achieves constructive debate?**

^Amid the global COVID-19 outbreak, issuers who choose to proceed with the AGM before 30 April 2020 must provide opportunities for shareholders to ask questions. Shareholders are encouraged to read the annual report and submit any questions they might have to the companies in advance. Issuers would then publicly address the questions at the general meeting via the issuer's website, through "live" webcast and on SGXNet.

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.

CONNECT WITH US

^ Joint Statement by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation dated 31 Mar 2020 (https://www.sgx.com/media-centre/20200331-acra-mas-and-sgx-regco-update-guidance-general-meetings)