



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: Boustead Singapore Limited

Stock code: F9D

Meeting details:

Date: 28 July 2022

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.

Q1. As noted in the chairman's statement, the energy engineering division weathered another challenging year, with revenue and profit before tax lower by approximately 43-44% year-on-year.

New contracts of \$45 million were secured in FY2022.

Moving forward, management has guided that the energy engineering division "*will not see improved results*" due to the low order book carried forward from the end of FY2022.

- (i) Crude oil prices have climbed from approximately US\$20/barrel in April 2020 to more than US\$100/barrel in April 2022. **Can management elaborate further on the challenges of securing new orders in the energy engineering division?**
- (ii) **Did the group maintain or increase its market share? For shareholders' information, can management show the trend of final investment decisions ("FIDs")/capital expenditure by the large energy corporations in the past 2-3 years?**
- (iii) **With a "healthier enquiry pipeline", what is management's strategy to convert such enquiries and interests into contracts?**
- (iv) **In particular, can management help shareholders better understand if Boustead International Heaters ("BIH") is a beneficiary or a victim of the transition from fossil-based to alternative energy? How much of BIH's traditional activities are in the fossil-based industries?**

Q2. In the healthcare business division, the loss before income tax widened to \$(6.3) million as revenue declined by 12%. The sleep care business was sold just after the close of FY2022.

Unlike essential medical services, demand for rehabilitative care is elective in nature. As such, the number of outpatient rehabilitative treatments has been significantly lower than pre-pandemic levels, leading to lower demand for rehabilitative care technology.

The group acquired WhiteRock Medical Company in May 2018 for \$19 million. As disclosed in Note 40 (page 215; Events occurring after reporting date), on 21 April 2022, the group disposed of its entire shareholdings in its wholly-owned subsidiaries, BMEC Sleep Care Pte. Ltd. and WhiteRock Medical (China) Ltd. for a nominal cash consideration of S\$1 and RMB1 respectively.

- (i) **Did the company announce the sale of the sleep care business on SGXNet?**
- (ii) **Would the board/management elaborate further on the refreshed business plan and strategy for the healthcare division?**

- (iii) **Does the group have the necessary competitive advantage to go into essential medical services?**
- (iv) **If not, with the healthcare division contributing just 2% of the group's total revenue and currently loss-making, how much more capital has been earmarked to grow the healthcare division?**
- (v) **The group is in a net cash position of \$387.9 million as at 31 March 2022. Has the board considered a special dividend and/or a capital reduction to right-size its balance sheet?**

Q3. As noted in the corporate governance report, the company has established an internal audit function that adopts a risk-based approach to evaluate the adequacy and effectiveness of key controls and procedures when performing audits of high-risk areas.

The company's internal audit function is performed by the Internal Audit Department, headed by the Senior Vice-President, Internal Audit.

The Internal Auditor has unrestricted access to all documents, records, properties and personnel of the group and unrestricted direct access to the Audit & Risk Committee (ARC) in carrying out his duties and responsibilities, and has appropriate standing within the company.

The ARC is satisfied that the internal audit function is adequately resourced and independent of the activities it audits, and is carried out by suitably qualified and experienced professionals with the relevant experience.

- (i) **What is the number of staff engaged by the group for its in-house internal audit (IA) function?**
- (ii) **For the benefit of shareholders, what were the scope and the key findings of the internal audit in FY2022?**
- (iii) **How long is the internal audit cycle?**
- (iv) **Can the ARC confirm that the IA covered all the major foreign operating entities, including those in Australia, Malaysia, China and the United Kingdom?**
- (v) **How was the scope and the effectiveness of the IA function affected in the past two years by the closure of national borders given that the group has a vast global network stretching across Asia, Australia, Europe, Africa and the Americas?**

(vi) **What is the level of oversight by the ARC on the actions taken by management to follow up on the IA's recommendations?**

^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. On 9 April 2021, it was announced that the alternate arrangements for meetings ("Meetings Order") would be extend beyond 30 June 2021 until it is revoked or amended by the Ministry of Law. Accordingly, until such time, issuers may continue to utilise the Checklist issued by ACRA, MAS and SGX RegCo to guide entities on the conduct of their general meetings.

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](http://www.sias.org.sg)

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^ 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>)