



**Boustead Singapore Limited**  
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## **BOUSTEAD FY2020 ANNUAL GENERAL MEETING ADVANCE QUESTIONS AND RESPONSES**

**Singapore, 24 August 2020**

The Board of Directors (“Board”) of Boustead Singapore Limited (the “Company”) wishes to express its appreciation to all shareholders who have submitted questions in advance of the Boustead FY2020 Annual General Meeting (“AGM”) to be convened and held by way of electronic means on Tuesday, 25 August 2020 at 2.30pm. In addition, the Securities Investors Association (Singapore), with the support of SGX, had also submitted questions for the AGM and where relevant, we have responded to them.

The Board is pleased to present both the relevant and significant questions and the Company’s responses in advance of the AGM. Due to the overlapping nature and/or high commercial sensitivity of some questions, the Company has not provided a response to every question that has been submitted. Where there are overlaps in questions, the Company has grouped related and similar questions and provided responses.

In total, 47 questions were submitted, with the Company withholding a response to only a single question on the basis of high commercial sensitivity. The questions and responses have been grouped as follows:

- Overall Strategy (pages 1-3)
- Cash and Capital Deployment (pages 3-4)
- Board Matters (pages 5-6)
- Energy Engineering (pages 6-8)
- Real Estate (page 8)
- Geospatial (pages 8-10)
- Healthcare (pages 10-14)

It is important to note that these questions and responses should be read in conjunction with the Boustead FY2020 Annual Report and with contextual reference to the proceedings of the AGM including the presentation to be made and resolutions tabled at the AGM, along with the Company’s previous announcements.

	<b>TOPIC: OVERALL STRATEGY</b>
<b>1)</b>	<b>Can you envision what Boustead will be like in 10 years’ time?</b>
	<b>Company response:</b> To envision what Boustead Singapore will be like in 10 years’ time, we first need to address the short-term and potentially medium-term challenges, particularly the complexities presented by the COVID-19 pandemic and what the world may look like in a ‘new normal’ situation which is still evolving. Prior to the pandemic, the transformation in the global economy and the business landscape was already in progress, driven by digitalisation and Industry 4.0. The business landscape was further transitioning through geo-

economic and geo-political events, the ongoing trade war and the increasing extent of de-globalisation. The pandemic greatly accelerated the transformation process, essentially shifting the need to transform from a more gradual process into a tectonic shift requiring immediate attention. Organisations that have been unable to adapt immediately are on the brink of extinction, while those that have are well positioned to emerge stronger post-COVID-19. Most industries will not be spared from this monumental shift.

Mr Wong's Chairman's Message laid out the makings of a resilient future based on creating shared value, which goes back to the fundamentals of our distinct brand of entrepreneurialism and the meeting of societal needs, not just economic needs. The '*Boustead Way*' prioritises the pursuit of business with a greater purpose. It is about creating shared value instead of maximising short-term profit; promoting adaptability and resilience; and favouring longevity over sentimentality. It's also a position, a value, a commercial sensibility that runs through every layer of our organisation.

A key part of creating shared value has been our embrace of technology, digitalisation and Industry 4.0 transformation standards – many of which we have deployed across our divisions and the solutions we offer – and this has helped us to live through and address the short-to-medium-term complexities presented by this pandemic. In the longer term, our technological transformation needs to continue in all areas – with technology-driven solutions that meet stakeholders' evolving requirements and technology platforms that drive efficiencies and effectiveness across our operations. It means that our divisions continue to deploy technology to simultaneously be leading drivers of technological transformation in their respective industries, both externally and internally. Our technology-driven solutions also need to address the world's most complex and pressing issues including climate change and socio-economic wellbeing of the world's population.

Beyond the pandemic, it is highly probable that the 'new normal' is vastly different from what we have seen in the past. This should not prevent us from continuing to build businesses with a greater purpose. As long as we maintain our healthy cashflow and balance sheet, we will be in an advantageous position to seize upon clear-cut investment opportunities in potential 'new normal sunrise' industries that create shared value and ride on megatrends. 10 years on, the Boustead Group should look vastly different from what we see today, a much larger conglomerate with stronger divisions (having survived the pandemic and subsequent rounds of industry consolidation) and new business lines that help to solve the complex challenges that the world faces, all integrated with technology. Perhaps, what will be most apparent by then is our change in leadership, with succession in place across all divisions and Chairman & Group CEO, Mr Wong handing over the leadership and management to a group of astute leaders that Mr Wong has personally groomed and mentored over the past two decades. These Boustead Men and Women represent our future and have been prepared to lead our organisation forward, even in the most challenging of times.

When we look back in 10 years' time, we want stakeholders to recognise an organisation that is worthy of our 200 years of history and has enriched the lives of all key stakeholders, demonstrating purposeful sustainability in everything we put our hearts and minds to. What will remain ever-present is the '*Boustead Way*'.

2)	<p><b>Overall, the global economy looks really challenging ahead. Could you provide an outlook for all of the divisions for FY2021 and beyond?</b></p>
	<p><b>Company response:</b> We have shared the outlook for our divisions in FY2021 in the FY2020 Annual Report based on our current business development activities and order backlog. Beyond FY2021, the short-to-medium-term outlook depends largely on how the COVID-19 pandemic evolves, whether it is under control globally and successful vaccines are developed, what types of safe management, travel and lockdown restrictions are in place at that point in time and geo-political developments over the next few years, as these factors would determine global economic conditions and demand across all industries. As such, given the uncertainties present, we are unable to state the exact outlook beyond FY2021, at least for the short-to-medium-term.</p> <p>What we are able to share is that industry consolidations are expected to take place across the industries that we operate in. Our main goals during this period will be to maintain or increase our market leadership in the various niche areas that we compete in and strengthen our positions, while ensuring that we continue to generate steady cash flow, manage costs well and build up our reserves to address any prolonged downturn and pursue potential acquisition opportunities without having to call on shareholders for additional equity.</p> <p>In our favour, our Geospatial Division and Healthcare Division continue to ride on megatrends which provide positive long-term outlooks that are unlikely to change because of COVID-19.</p>
	<p><b>TOPIC: CASH AND CAPITAL ALLOCATION</b></p>
3)	<p><b>During these tumultuous times and with the challenges ahead in FY2021, why isn't Boustead offering a scrip dividend, particularly when the Company has bought back over four million shares this year which can be used for scrip dividend? (Note: As a shareholder, I'm happy to subscribe for shares instead of cash, as a demonstration of my support for the business to tide through this period.)</b></p>
	<p><b>Company response:</b> As our share price has been trading at historically low levels even though our business fundamentals remain firm and we have been able to deliver steady profitability, applying a scrip dividend for the FY2020 final dividend (which has to be typically offered at a discount to the prevailing share price in order to entice shareholders to take up the scrip dividend) conflicts with the deep intrinsic share value present in our share price at current levels.</p>
4)	<p><b>From June 2019 to early April 2020, we have seen very active share buyback activities by Boustead. Could the Board help us to understand the rationale behind it (e.g. to mitigate short term volatility during the period)?</b></p>
	<p><b>Company response:</b> Share buybacks conducted within the past year serve dual purposes. We were able to conduct share buybacks to acquire shares at price levels representing deep intrinsic share value, while mitigating short-term volatility, particularly with the quick exits of substantial shareholders during the period, along with buffering against the recent COVID-19 pandemic market sell-down. It should be noted that we will only conduct share buybacks if deep intrinsic share value is present.</p>

5)	<p><b>In view that Boustead has a large pile of cash, are there any plans to acquire other companies during this COVID-19 period, especially companies with good businesses but facing financial distress at cheap valuations to further diversify the Boustead Group's business? If yes, could you share the list of potential material acquisitions (or joint ventures) and the reasons behind the selections?</b></p>
	<p><b>Company response:</b> We will be reviewing potential acquisition opportunities that come along, particularly bolt-on acquisitions that can be made to strengthen the offerings of our various divisions. Potential acquisitions also have to align with creating shared value and other attributes that have been shared in Mr Wong's Chairman's Message in the FY2020 Annual Report.</p> <p>While we regularly come across potential acquisition opportunities, we are not at liberty to share the list of opportunities that we have reviewed or are reviewing. Almost all opportunities have accompanying non-disclosure agreements as well.</p>
6)	<p><b>If there are no plans to acquire other companies as part of diversification and expansion, are there any plans to distribute significantly higher dividends to the shareholders? If yes, we would appreciate if you could share the timeline that we would be expecting the increased dividend payout.</b></p>
	<p><b>Company response:</b> We believe that there will be opportunities to create more shareholder value in the future through either reinvestment in our various divisions and/or potential acquisition opportunities.</p>
7)	<p><b>What is the plan for the increasing cash? Did we miss the opportunity for the deployment of cash during the COVID-19 crisis?</b></p>
	<p><b>Company response:</b> Deployment of cash into any opportunities will make more sense when there is more clarity on how the COVID-19 pandemic evolves and what the 'new normal' is like. We believe that there are likely to be many more corporate failures before the end of the COVID-19 crisis and that this crisis still has a long way to play out. More opportunities will present themselves as the crisis deepens.</p>
8)	<p><b>Hi Chairman, thank you for many years of strong stewardship and I wish you the best of health.</b></p> <p><b>With all the government support measures to help businesses deal with COVID-19, what is the amount that the Boustead Group including Boustead Projects Limited will be receiving?</b></p>
	<p><b>Company response:</b> In this respect, we will only comment on the amount that we have already received under the Singapore Government's Jobs Support Scheme. In total, up until the end of July 2020, the Boustead Group has received S\$4.3 million in payments from the Jobs Support Scheme. There have been other business support measures received by the Boustead Group but they are insignificant in comparison with the Jobs Support Scheme.</p>

	<b>TOPIC: BOARD MATTERS</b>
9)	<p><b>At the annual general meeting scheduled to be held on 25 August 2020, Dr Tan Khee Giap, Mr Godfrey Ernest Scotchbrook and Mr Liak Teng Lit will retire and will be seeking their re-election.</b></p> <p><b>The additional information on directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST can be found on pages 96-100 of the FY2020 Annual Report.</b></p> <p><b>Mr Godfrey Ernest Scotchbrook was first appointed to the Board on 21 September 2000 and has served on the Board for over 19 years. In addition, Mr Chong Ngien Cheong was appointed as an independent director in 1996. Mr Chong has been an independent director on the Board for approximately 24 years.</b></p> <p><b>In August 2018, the Monetary Authority of Singapore issued a revised Code of Corporate Governance (“2018 CG Code”) and the Singapore Exchange has made amendments to its Listing Rules which came into effect on 1 January 2019, except for the rules on the 9-year tenure for independent directors and the requirement for independent directors to comprise one-third of the Board which come into effect on 1 January 2022.</b></p>
i)	<p><b>Has the company evaluated the impact of the 2018 CG Code and the amendments to the Listing Rules on the Board, especially the independence of the long-tenured directors? Under the revised Listing Rules, the term of an independent director will be limited to nine years after which the long tenured directors will be subject to a two-tier vote by shareholders, with effect from 1 January 2022.</b></p>
	<p><b>Company response:</b> The Board and particularly the Nomination Committee reviews the independence of long-tenured directors annually. Our Board has been going through a gradual process of renewal, with two new independent non-executive directors appointed in the past two years: Dr Tan Khee Giap and Mr Liak Teng Lit. This process of renewal is likely to continue as we seek to strengthen our Board with independent non-executive directors who possess deep and relevant experience, and are able to contribute diversity in strategic thinking to our Board. At the same time, as one-third of our Board has been replaced in the past two years, some stability is required so that we do not have too many new directors who are unfamiliar with the business being appointed at the same time and hence, unable to significantly contribute because they are still in the early stages of the learning process with the Company. At the moment, our Board comprises two-thirds of independent non-executive directors.</p> <p>Regarding Mr Scotchbrook’s re-election, our Board and the Nominating Committee – which does not include Mr Scotchbrook – have valued his contributions to our Board over the years. His background as the founder of a well-known corporate communications, investor relations and crisis communications firm, have helped the Company to improve our communications with stakeholders. He is also a strong advocate of corporate governance. Based out of Hong Kong, he brings diversity of thought to our Board as the only non-Singaporean (British by nationality) and is extremely attuned to the global geo-political undercurrent (living in Hong Kong) and is a progressive thinker on many ESG issues, openly sharing his thoughts in all areas – economic, environmental, social and governance – which he is well acquainted</p>

	<p>with. Our Board has benefitted from his meaningful insights. Despite his long tenure, his deliberation on Board matters is fiercely independent and he remains progressive and constructive in his critiques.</p>
<p>ii)</p>	<p><b>In addition, the relatively short biography of Mr Chong Ngien Cheong can be found on page 59. It states that:</b></p> <p><i>Mr Chong was appointed as our Independent Non-Executive Director in 1996. He is currently Director of Sang Chun Holdings Pte Ltd, an investment and holding company.</i></p> <p><b>Would the Board/director elaborate further on Mr Chong’s working experience, achievements and employment history to help shareholders better understand Mr Chong and thus the overall diversity of the board?</b></p>
	<p><b>Company response:</b> Historically, Mr Chong through his shareholding in Sang Chun Holdings Pte Ltd and also in his own name, held about 5% of the shareholding in Boustead Singapore from 1996 to 2019.</p> <p>Mr Chong’s experience includes his heavy management involvement in Soon Teck Ventures Pte Ltd (formerly known as Soon Teck Finance (S) Ltd) which was a licenced finance corporation until 1991. He has also been a key investor in several corporations that have developed properties in Singapore and Malaysia over the past few decades.</p>
	<p><b>TOPIC: ENERGY ENGINEERING</b></p>
<p>10)</p>	<p><b>Boustead International Heaters (“BIH”): As noted in the strategic report on the Energy Engineering Division (pages 30-33), the downstream O&amp;G business under BIH recovered strongly in FY2020 before the pandemic and the collapse in global crude oil prices affected the market confidence towards the end of the financial year (March 2020). Does management see any silver lining for BIH? Are there opportunities for synergistic acquisitions that would allow BIH to acquire new technology or a strong foothold in a new geography?</b></p>
	<p><b>Company response:</b> Fortunately, BIH contributed to the securing of the majority of the S\$304 million in contracts secured by the Energy Engineering Division in FY2020, which coincidentally equals the total contracts secured by the division over the previous four financial years from FY2016 to FY2019. In light of the collapse in global crude oil prices, this has placed the division in a much healthier position with about 18 months to run on the order backlog of S\$279 million announced in our FY2020 financial results announcement. BIH is also in a financially healthy position on the basis of its own balance sheet and this is further strengthened by our financially healthy position at Boustead. At the same time, BIH was able to win market share, especially in relation to competitors who are either less responsive, technically inferior and/or in financially weak positions. As capital expenditures are cut in the global O&amp;G industries and the COVID-19 pandemic continues to affect crude oil demand which drives crude oil prices, clients will be more cautious in placing orders and would likely select contractors with good track records and with the financial capabilities to ensure that projects will be completed. The silver lining is that BIH expects to continue gaining market share, albeit in a consolidated and tighter market.</p>

	<p>There are opportunities for BIH to make synergistic acquisitions of technology to be marketed through its already global network, with projects implemented in 58 countries globally. However, given the muted prospects for the global O&amp;G industries, acquisitions of technology will only be made if they strengthen BIH's existing niche and are able to generate sustainable demand through a significantly prolonged global O&amp;G downturn, which is now running into its sixth year and could potentially last for a much longer period.</p>
11)	<p><b>The Company has revealed that there were impairment losses for the mini-power plants business. Would the company be able to share with us some insights into the background and circumstances of these mini-power plant projects and what are the total accumulated losses of these projects?</b></p>
	<p><b>Company response:</b> These were two legacy mini-power plant projects secured under PT Boustead Maxitherm Industries about one decade ago. Due to the complexity of these projects and also the need to actually construct these projects in far-flung remote locations in Indonesia with very little access to local resources, the requirements for these projects were underestimated by the previous management of PT Boustead Maxitherm Industries. We have provided for all of the significant costs of these two projects in FY2020 and do not expect further significant downside risk to impact our future performance.</p>
12)	<p><b>The water and wastewater engineering business seems to be the weakest segment in the Energy Engineering Division. Could you please share with us the outlook of this segment and the plans for it going forward?</b></p>
	<p><b>Company response:</b> The market remains extremely competitive and highly saturated, especially in general industrial and municipal water treatment applications. Certain technology partnerships are being reviewed to strengthen the expertise of the water and wastewater engineering business. In addition, we are awaiting a consolidation of the industry to weed out weaker competitors, thereby strengthening the position of the remaining competitors in the industry.</p>
13)	<p><b>First of all, congratulations on the steady result in FY2020. Thank you for the consistent and steady dividend, even during this tumultuous time.</b></p> <p><b>With COVID-19 and the oil price crashing back in April 2020, we have seen various reports on oil companies announcing that they will cut back on capital spending.</b></p> <p><b>With the high order backlog of S\$279 million, have we seen any order cancellations/delays and/or margin pressure relating to these orders/projects?</b></p>
	<p><b>Company response:</b> In our existing order backlog for the Energy Engineering Division, there have been cancellations and delays but only for small orders and such cancellations and delays have already been accounted for in the S\$279 million. However, within the enquiry pipeline, we have seen outright cancellations and delays in a number of enquiries, especially those where final investment decisions were not reached prior to the outbreak of the COVID-19 pandemic.</p>

14)	<b>As Boustead traditionally outsources low-value added activities to a global network of fabricators, subcontractors and suppliers for its projects, has the Energy Engineering Division been affected by supply chain disruptions during this period? If yes, what are the steps taken to ensure the viability of Boustead’s business model?</b>
	<b>Company response:</b> We are fortunate not to have seen major disruptions to our key suppliers in the Energy Engineering Division during this period. Prior to the outbreak of the COVID-19 pandemic, we had already begun to diversify our supply chain and prequalify a range of new suppliers as part of our ongoing cost management process. In total, we reviewed more than 150 new suppliers for prequalification in the past three financial years, further diversifying our supply chain.
	<b>TOPIC: REAL ESTATE</b>
15)	<b>Boustead Projects (“BP”): Given that BP has been spun off as a listed entity with its own Board of Directors and management, how much control and influence does Boustead’s management have over the day-to-day matters and strategic direction of BP?</b>
	<b>Company response:</b> The Board of Directors and management team at Boustead Projects Limited are firmly in charge of setting the strategic direction and managing the operations of Boustead Projects Limited, with minimum guidance from Boustead. However, Boustead Projects Limited reaches out to us for advice and consultation periodically, which we are glad to extend based on our lengthy experience.
16)	<b>How is the progress of setting up the property fund business?</b>
	<b>Company response:</b> This question has been answered directly by Boustead Projects Limited in its responses to questions submitted in advance for its annual general meeting.
17)	<b>Under your Real Estate Division, the aerospace sector has been badly affected by the COVID-19 pandemic and is not expected to recover fully soon. In this connection how do you mitigate any potential risk of early lease termination or default by your clients from this sector?</b>
	<b>Company response:</b> Partial risk mitigation of early lease termination or default is performed through the placement of rental deposits and corporate guarantees by clients. Further risk mitigation comes from the diversification of exposure to specific sectors including the aerospace sector and due diligence on clients before the signing of development and lease agreements. Many clients are Fortune 500 corporations and large global corporations.
	<b>TOPIC: GEOSPATIAL</b>
18)	<b>Geospatial: Revenue from the division has grown by 33% since FY2016 (compounded growth rate of 7.5% per year) to S\$137.3 million, which is a division record. Profit before tax has also increased to S\$29.7 million in FY2020. Can management help shareholders understand the</b>



	<b>share of revenue from government and private-sector clients? Is the sector highly dependent on government spending?</b>
	<b>Company response:</b> The majority of clients at our Geospatial Division are government agencies and hence, the division's revenue is highly dependent on government spending, especially in Australia, Singapore, Malaysia and Indonesia. Prior to COVID-19, noticeable shifts in government spending usually occurred during national election years in our respective markets.
19)	<b>As the Geospatial Division is a significant contributor to the Group's profitability (45% of the Group's PBT), will the Board be able to help us understand what are the steps taken to 'protect' its exclusive distributorship status over the years?</b>
	<b>Company response:</b> Our Geospatial Division has been an exclusive distributor for almost 40 years and remains entrenched as part of Esri Inc's global network. A large part of our business is dependent on professional services and other services, outside of software sales, without which the value proposition to the client is significantly reduced. As this is a people-intensive business, the division employs 40% of the Boustead Group's total team members, which is not easily built up or replicated should another party attempt to take over. The division is also the primary owner of engagements and relationships with clients and numerous government agencies across the region.
20)	<b>The Boustead Group owns 88.2% of the Geospatial Division's various subsidiaries (Esri Australia, Esri Singapore, Esri Indonesia, MapData to name a few). Would the Board consider taking over the remaining 11.8% of the equity holding? Is this 11.8% equity holding being held by Esri Inc (Principal)?</b>
	<b>Company response:</b> Most of the non-controlling interest is held directly by Mr Jack Dangermond, founder of Esri Inc. His shareholding in our Geospatial Division's subsidiaries allow us to use the Esri name in the naming of subsidiaries, strengthening our credibility, position and reputation with clients.
21)	<b>Esri Singapore has demonstrated various use cases in the fight against COVID-19. Are these projects/initiatives done on a pro-bono basis? Would the management be able to share some insights into the level of adoption of these use cases, and how do we measure the success of it?</b>
	<ul style="list-style-type: none"> <li>i) Safe distancing for NParks <a href="https://safedistparks.nparks.gov.sg/">https://safedistparks.nparks.gov.sg/</a></li> <li>ii) Website to the public to space out at retail malls <a href="https://www.spaceout.gov.sg/">https://www.spaceout.gov.sg/</a></li> <li>iii) Smart mapping to present insights and analysis <a href="https://esrisingapore.com.sg/news/ge2020-using-smart-map-present-insights-and-analysis">https://esrisingapore.com.sg/news/ge2020-using-smart-map-present-insights-and-analysis</a></li> </ul>
	<b>Company response:</b> To date, 156 organisations have signed up to the Disaster Response Program for COVID-19, aimed at providing organisations with quick deployment of free software and services to respond to the COVID-19 pandemic, safeguard lives and execute their business continuity plans. Most of these organisations are in Australia and Indonesia, and are not currently paid clients.

	<p>Our main priority under this programme has been to deliver enhanced wellbeing, health and safety in the midst of the pandemic. The programme has also created a great deal of brand awareness for Esri given that the 'Powered by Esri' mark has appeared on the COVID-19 dashboards of the World Health Organization, John Hopkins University and numerous government and healthcare agencies' dashboards around the world and in our respective markets. Smart mapping capabilities enable COVID-19-related healthcare planning, disease surveillance and contact tracing, aid safe distancing efforts, deep cleaning operations, and support the protection and reopening of economies. Smart mapping has played a key role in helping to contain the pandemic, safeguard the wellbeing of citizens and partially restore livelihoods across the region. This builds the business case for the use of geospatial technology in many other areas outside of healthcare as well.</p>
22)	<p><b>Would the Board be able to give us some updates on the Esri Singapore Jumpstart Programme and whether or not the company has identified any interesting projects/start-ups to invest in?</b></p>
	<p><b>Company response:</b> While Esri Singapore has supported a number of start-ups through the Esri Singapore Jumpstart Programme by providing free software, services and mentoring, Esri Singapore has not invested directly in any of these start-ups to date. There is always ongoing evaluation of start-ups to review whether direct investments represent attractive propositions.</p>
23)	<p><b>Esri Australia acquired MapData in 2010. Is the company looking into any similar synergistic acquisition in the geospatial technology area to ride on the rising demand/megatrend?</b></p>
	<p><b>Company response:</b> While no acquisition has been made by our Geospatial Division in recent years, the division is developing our own intellectual property and solutions. The SmarterWX product suite was launched two years' ago and is increasingly being taken up by government agencies, utilities and infrastructure corporations on an annual subscription model. Revenue is insignificant at this point of time but is expected to continue growing as more clients sign on and with the potential for redistribution across Esri Inc's global network, if proven successful within our respective markets. Development of our product suite and investment into direct application of geospatial technology that is complementary to Esri technology is part of our current strategy.</p>
24)	<p><b>What is the average churn rate for Esri Australia, Esri Singapore, Esri Malaysia and Esri Indonesia? Would the Board be able to share with us the trend of the churn rate over the past 3 or 5 years?</b></p>
	<p><b>Company response:</b> Given the commercial sensitivity of this question, we will not be able to provide average churn rates. We are able to state that our retention rates are extremely high, especially among clients who have been using Esri technology on an enterprise-wide scale and those clients with extensive geospatial requirements.</p>
	<p><b>TOPIC: HEALTHCARE</b></p>
25)	<p><b>The Boustead Group expanded to a fourth division with the acquisition of an Asian healthcare platform under WhiteRock Incorporation Pte Ltd. WhiteRock is an equipment and services provider for rehabilitative care, sleep care and sports science. At the point of acquisition in June</b></p>

	<p><b>2018, the target companies consisted of 16 healthcare corporations operating in Singapore, China, Hong Kong, Malaysia and Thailand.</b></p> <p><b>Relative to the other three divisions, namely Energy Engineering, Real Estate and Geospatial, the Healthcare Division is the smallest division and contributes 2% of revenue and 1% of profit before income tax.</b></p>
i)	<p><b>With over two years of ownership, has WhiteRock performed up to management's expectations?</b></p>
	<p><b>Company response:</b> Although our Healthcare Division has been profitable over the past two financial years, management is actively reviewing operational improvements to grow the division and make it more scalable. Invested programmes and operational programmes for growth are expected to only deliver significant progress and profit in the medium-term (i.e. 2-5 years).</p>
ii)	<p><b>With the current pandemic, and given the strong financial position of the Boustead Group, has the Board further finetuned and updated the long-term plans (including the rate of growth and capital allocation) for the Healthcare Division? In particular, as WhiteRock grows organically and makes bolt-on acquisitions, are there plans by the Boustead Group to make other acquisitions in the Healthcare Division to other areas of healthcare beyond rehabilitative and aged care?</b></p>
	<p><b>Company response:</b> Our current focus is to strengthen the Healthcare Division's existing businesses in rehabilitation and sports science, allowing these businesses to scale to healthy levels before management considers other areas of healthcare. The ageing populations in our respective markets, especially China, already represent large potential just in terms of rehabilitation and aged care services, without having to explore other areas of healthcare.</p>
26)	<p><b>What are the plans for the corporate websites for WhiteRock and United BMEC as I have noticed it's still WIP for the past one year?</b></p>
	<p><b>Company response:</b> Thanking you for raising this issue. We are disappointed that the websites for our Healthcare Division have not been operational as it conveys the wrong message to our clients, technology partners and stakeholders. We apologise for this lapse. We are urgently implementing a digital presence that effectively raises the profile of our Healthcare Division and promotes business opportunities. The improvement of our Healthcare Division's online and offline customer engagement touchpoints will be a priority for us.</p>
27)	<p><b>What's the plan for the website listed as <a href="http://www.healingfromhome.com">www.healingfromhome.com</a>? Who does it serve and are there any plans for a website refresh?</b></p>
	<p><b>Company response:</b> This website is targeted towards individual clients who wish to purchase our rehabilitation products and services for home use and allow for long-term care and recovery to take place at home, beyond hospitals and rehabilitation clinics. There is an intention to refresh this website.</p>
28)	<p><b>Based on United BMEC's <a href="http://www.healingfromhome.com">www.healingfromhome.com</a> website, there's a face mask branded under 'Guardboss'. Are the surgical face masks designed and produced by the Healthcare Division? Would the company be able to share more details on this initiative?</b></p>

	<p><b>Company response:</b> Guardboss is not produced by our Healthcare Division. Our Healthcare Division is distributing Guardboss to meet the high demand for surgical face masks globally, in aid of combatting the spread of COVID-19.</p>
29)	<p><b>Can I check if the website <a href="http://www.sleepimage.asia">www.sleepimage.asia</a> is owned and operated by our Healthcare Division as I noticed that it has mentioned WhiteRock Medical Asia Pte Ltd in the contact us page? If it is, can I find out:</b></p> <ul style="list-style-type: none"> <li><b>i) Has this initiative been officially launched yet?</b></li> <li><b>ii) How's the response thus far?</b></li> <li><b>iii) What's the marketing plan for this initiative?</b></li> <li><b>iv) What are the plans moving forward?</b></li> </ul>
	<p><b>Company response:</b> Yes, this website is owned and operated by our Healthcare Division. The sleep care programme is not contributing significantly to our Healthcare Division and as the programme is reliant not only on SleepImage but also Transcend's portable CPAP – which has been slow in rollout by the principal – the programme has been delayed. We do not intend to commit substantial resources to this programme at this point in time, unless we find that the market holds greater potential.</p>
30)	<p><b>It was mentioned in 2018 that Boustead has fully acquired WhiteRock Incorporation Pte Ltd (WRI), a group of 16 healthcare corporations operating in Singapore, China, Hong Kong, Malaysia and Thailand. Apart from United BMEC and Beijing Pukang, what are the other healthcare corporations that Boustead acquired in this transaction?</b></p>
	<p><b>Company response:</b> Most of the other healthcare corporations are direct subsidiaries of United BMEC and specialise in various areas of rehabilitation across the geographical markets. There are also subsidiaries that specialise in sleep care although this represents a small business for our Healthcare Division at the moment.</p>
31)	<p><b>Boustead currently owns 50% of Beijing Pukang. Are there plans to increase the equity stake?</b></p>
	<p><b>Company response:</b> When we first acquired WhiteRock Incorporation, our joint venture partner decided to retain his 50% shareholding. As he is also part of the management of Beijing Pukang, his interests as manager and shareholder are aligned. Should there be an opportunity to increase our shareholding, we would be open to reviewing it.</p>
32)	<p><b>Based on financial results reported on 7 July, the share of the associated company in China (which I believe to be Beijing Pukang) is S\$2 million dollars and the profit is equity-accounted. Does the associated company pay a dividend to the Boustead Group such that it allows the Boustead Group to enjoy the 'cash flow' that comes with the profit?</b></p>
	<p><b>Company response:</b> Given the strong potential of the Chinese market, all earnings from our joint venture have been retained to reinvest in growing the business.</p>

33)	<b>How has the pandemic affected the business plan for the Healthcare Division? Particularly, with safe distancing measures and travel restrictions, will this impact the rollout plan of the service-led business model? As an example, Eco-Health serves as a company that also provides training and education to healthcare facilities. With the travel restrictions, will these restrictions affect its ability to provide training and education services?</b>
	<b>Company response:</b> Yes, safe distancing affected our Healthcare Division's ability to provide certain non-essential services such as education and training during lockdown periods. The willingness of clients to immediately commit to capital expenditures on products and services or to embark on projects was also affected as clients reassess or are preoccupied with managing their businesses through the COVID-19 pandemic. On the other hand, some products such as remote monitoring technology which can address safe distancing for healthcare professionals in dealing with COVID-19 patients are being reviewed with more interest by some clients.
34)	<b>Where exactly is the factory located in China?</b>
	<b>Company response:</b> Our manufacturing and assembly plant is located in Chongqing.
35)	<b>What kind of rehabilitation products does the factory in China manufacture and assemble?</b>
	<b>Company response:</b> The types of rehabilitation products manufactured and assembled at our plant have been shared in our FY2020 Annual Report under the Strategic Review for the Healthcare Division (page 55).
36)	<b>Does the factory manufacture other healthcare products? If yes, please specify.</b>
	<b>Company response:</b> There is an intention to expand the healthcare products that are manufactured and assembled, primarily to potentially OEM for some of our technology principals in the US or Europe. No details have been finalised as yet.
37)	<b>According to the FY2020 Annual Report, the service revenue for the Healthcare Division makes up about 40% of the total revenue. What are some examples of services rendered by the Healthcare Division?</b>
	<b>Company response:</b> Our Healthcare Division provides wound care mattress installation, servicing and disinfection services directly to hospitals. Wound care mattresses are used to reduce incidences of bed sores for those who have movement difficulties, especially after major operations or suffering from strokes. Other examples of services include physiotherapy, and education and training programmes to develop the community of healthcare professionals.
38)	<b>It was mentioned that 'WRI's investment is expected to be a medium-term endeavour, aligned with the norms of the healthcare industry's thorough evaluation and adoption process.'</b>

	<b>What gestation period are we looking at, when we say medium-term endeavour? Is it 3 to 5 years?</b>
	<b>Company response:</b> We expect newly invested programmes to begin delivering significant progress and profitability within two to five years of implementation.
<b>39)</b>	<b>What sort of evaluation and adoption process are we looking at? Would you be able to provide a little more elaboration?</b>
	<b>Company response:</b> Some programmes require hospitals to shift from a currently capital expenditure-driven model (ownership by hospitals) to an operational expenditure-driven model (outsourced to a service provider). Hospitals require significant time to evaluate and finetune the case to shift to the new model of operating including evaluation and validation by several hospital departments on whether a proposed approach and the technology involved are adequate to meet their varying needs. In addition, technology distributed by us may need to undergo validation in pilot trials before being deployed on a wider scale at different hospitals. Given that different hospitals have different evaluation and validation methodologies, significant time is required in the evaluation and adoption process.
<b>40)</b>	<b>Under your Healthcare Division, Chairman has mentioned that this division has distributed personal protective equipment (PPE). What percentage of annual revenue is expected to be generated from these products and would there be sufficient demand for these products in the post pandemic era?</b>
	<b>Company response:</b> The distribution of PPE is considered non-core, with the focus of our Healthcare Division still on rehabilitation and sports science, as stated in our answer to question 25 (ii). Our distribution of PPE is to meet the high demand for PPE globally, in aid of combatting the spread of COVID-19. These products do not significantly contribute to annual revenue and can be removed from distribution should demand fall off.

By Order of the Board

Alvin Kok  
*Company Secretary*

## **About Boustead Singapore Limited**

Established in 1828, Boustead Singapore Limited (SGX:F9D) is a progressive global Infrastructure-Related Engineering and Technology Group listed on the SGX Mainboard.

Focusing on the niche engineering and development of key infrastructure to support sustainable socio-economic growth in global markets, our strong suite of engineering services under our Energy Engineering Division and Real Estate Division centres on energy infrastructure and smart eco-sustainable business park and industrial developments.

In addition, we provide technology-driven transformative solutions to improve quality of life for all walks of life. Our Geospatial Division provides professional services and exclusively distributes Esri ArcGIS technology – the world's leading geographic information system, smart mapping and location analytics platform – to major markets in the Asia Pacific including Australia, Singapore, Malaysia and Indonesia. The software creates digital infrastructure solutions that enable smart nations, smart cities and smart communities to solve the world's most complex problems through effective and sustainable improvement of human wellbeing and ecosystems, and planning and management of key infrastructure and resources. Our Healthcare Division provides niche innovative medical solutions that address age-related chronic diseases and mobility issues, with a focus on rehabilitative care and sports science in the Asia Pacific.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, we are ready to serve the world. To date, we have undertaken projects in 89 countries and territories globally.

In 2008 and 2009, we were recognised in the prestigious Forbes Asia 200 Best Under A Billion as one of the Asia Pacific's 200 best public-listed corporations under US\$1 billion in revenue. In 2017, we were ranked by FinanceAsia as Singapore's Best Small-Cap in the annual Asia's Best Companies Poll. In 2019, we were awarded the Most Transparent Company in the Industrials Category and Sustainability Award (Runner-Up) in the Mid Cap Category by the Securities Investors Association (Singapore). In 2020, we were ranked among Singapore's Best Employers, at 38th overall and 2nd under our respective category of Business Services & Supplies (including Real Estate) in an evaluation encompassing 1,800 large corporations. We are also listed on the MSCI World Micro Cap Index, FTSE Global Small Cap Index, FTSE Developed Small Cap Index and FTSE ST Industrial Index.

Visit us at [www.boustead.sg](http://www.boustead.sg).

## **Contact Information**

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