

Chairman's Message

WONG FONG FUI

**Chairman &
Group Chief Executive Officer**



Dear Fellow Shareholders,

I am pleased to present to you the **Boustead Singapore Limited FY2024 Annual Report** for the financial year ended 31 March 2024.

The past year has seen a world that continues to experience unresolved geopolitical tensions, inflationary pressures, sustained higher interest rates and climate disasters. Despite the challenging global landscape, we performed well, with overall revenue that was 37% higher year-on-year at S\$767.6 million, while net profit attributable to you – our fellow shareholders – was 42% higher year-on-year at S\$64.2 million. For a comparative review, after adjusting for other gains/losses and impairments, all net of non-controlling interests, net profit would have doubled year-on-year. The impressive result was supported by record achievements at the Geospatial Division and Energy Engineering Division, along with significant recognition of sizeable engineering order backlogs that had been carried forward at the end of FY2023.

Upholding our dividend tradition, your Board has proposed a final ordinary dividend of 4.0 cents per share with the option for it to be taken in cash and/or scrip, for your approval. Together with the interim dividend of 1.5 cents per share already paid, the total dividend of 5.5 cents per share is significantly higher than the 4.0 cents per share paid for FY2023.

FY2024 – Dawn of A New Chapter

FY2024 was a special year for the Boustead Group for a few reasons.

Firstly, many records were broken, with the surpassing of division revenue and operating profit milestones, which will be elaborated on later.

Secondly, our Group celebrated a remarkable 195th Anniversary in an age of declining corporate longevity. From a highly respectable trading house of the Far East to the progressive global infrastructure-related engineering and technology group that we are known as today, our recipe for enduring success has been our ability to adapt, evolve and be resilient – in essence, staying relevant to the times.

Thirdly, the theme on the front cover of this report, 'Reunified As One' signifies the completion of a year-long corporate exercise – one of Singapore's most complex corporate consolidations to navigate and made more challenging by regulations – which finally culminated in the successful consolidation and delisting of our Real Estate Solutions Division (Boustead Projects). This marks our inaugural Annual Report as one Boustead Group since the time of Boustead Projects' separate listing nine years ago. Reunified as one, we aim to become a more dynamic and nimble organisation that can effectively respond to evolving complexities on the road ahead, which is subject to heightened geoeconomic and geopolitical tensions, and multiple conflicts and wars. The simplified structure, merging of talents, streamlined decision-making and greater flexibility that the Group and Boustead Projects now have, offers leverage of strengths and better positioning.

A Resilient Business Anchored by Four Business Divisions

The cyclical nature of each division and the transition challenges posed by climate change will undeniably impact some divisions more than others and at different times. Post-pandemic, the world continues to be caught at the cross-roads of globalisation versus onshoring and divergent world views. The diversity of four divisions brings balance and resilience in an otherwise riskier world.

This year's bright spot and star performer was the Geospatial Division, which delivered several records for revenue and year-end deferred services backlog. Breaking the S\$200 million-mark for the first time, division revenue was 27% higher year-on-year at S\$212.7 million, while operating profit was 26% higher year-on-year at S\$40.5 million, all this despite continued currency headwinds caused by the strong US\$. The division's record deferred services backlog of S\$129 million at the end of FY2024 sets it in good stead for FY2025. If we manage to develop the talent pool as planned, this division's foreseeable future is great, riding on all the right megatrends.

Continuing a 17th successive year as the top revenue contributor, the Real Estate Solutions Division (Boustead Projects) saw revenue that was 30% higher year-on-year at S\$369.5 million, due to significant recognition of the sizeable order backlog carried forward at the end of FY2023. However, operating profit was 29% lower year-on-year at S\$17.5 million, affected by our share in the newly opened COMO Orchard (28 & 30 Bideford Road), where high depreciation and interest costs will likely hamper any ability to turn this into a profitable venture in the near term. As mentioned earlier, the delisting of Boustead Projects adds to the flexibility that we require to navigate the challenges ahead including rebuilding the order backlog, which had been impacted by the tough business environment. Green buildings, technology and our expansion of real estate platforms will be key to sustaining this division's future performance.

Benefitting from a global desire for energy security and the sizeable order backlog, the Energy Engineering Division's revenue and operating profit were 78% and 251% higher year-on-year at S\$174.4 million and S\$31.2 million respectively. While activities in 1H FY2024 were robust, there was a visible slowdown in 2H FY2024. The order backlog carried forward into FY2025 remains healthy and with recent contracts secured, sets us up for a decent performance in the coming year. It has become quite clear that despite the global focus on renewables, the conventional energy sector still plays an important role in the transition. In this respect, we will continue to invest in our core competencies to navigate the transition and also explore diversification of sectors and emissions reduction opportunities.

As the only loss-making division, the Healthcare Division's efforts to streamline activities and manage costs more effectively, are taking shape. The division's operating loss was 75% lower year-on-year and contained at S\$0.2 million, near breakeven. Apart from earlier measures, our pivot from a product distributor to service provider continues and will not only allow us to build recurring income but also aid direct outreach into mainstream healthcare and ageing communities, with the ultimate goal of helping people lead productive and meaningful lives through preventive medical care.

Tackling Sustainability and Climate Challenges

While we have been reporting on our longevity and sustainability efforts since FY2018, this past year saw us establish a Climate Reporting Framework. We will issue our inaugural climate-focused report using Task Force on Climate-Related Financial Disclosures. Our climate scenario analyses and emissions measurements commenced with Boustead Projects, where the bulk of our physical assets reside and the most emissions-intensive activities take place. In the coming year, we intend to expand climate reporting activities to fully cover all other divisions. We will need some time before committing to net zero targets, as we do not take our

promises lightly and also need to understand whether the route forward is realistically feasible.

195 years on, Boustead Men and Women continue to be the foundation of our success. Investments in our global talent pool and upskilling, and prioritisation of safety and well-being in our operations will continue. We will also constantly reassess our business model and evaluate available technologies to ensure that there is a strong alignment with our mission, vision and the **Boustead Way**.

A Word of Appreciation

I would like to express my deepest gratitude to our team around the world for their dedication and invaluable contributions. I would also like to express gratitude to former Independent Non-Executive Directors of the Boustead Projects Board – Messrs John Lim, Chong Lit Cheong, Professor Yong Kwet Yew and Tam Chee Cheong – for their advice and guidance to Boustead Projects during their listing. A warm welcome is also extended to Mr Chong, Professor Yong and Mr Wong Yu Wei to our newly synergised Board with five Independent Non-Executive Directors, who will be guiding the Boustead Group forward in this new chapter.

I would also like to thank our key stakeholders – clients, business partners, associates, bankers, suppliers, government agencies and you, our fellow shareholders – for your continuous support. I look forward to connecting with you in person at our upcoming Annual General Meeting.

I wish you and your loved ones, good health and peace. Thank you once again for partnering us in our pursuit of business with a greater purpose.

Wong Fong Fui

Chairman &
Group Chief Executive Officer