BOUSTEAD FY2023 ANNUAL GENERAL MEETING
ADVANCE QUESTIONS AND RESPONSES

SINGAPORE, 24 JULY 2023

The Board of Directors ("Board") of Boustead Singapore Limited ("BSL" or the "Company") wishes to express its appreciation to all shareholders who had submitted questions in advance of the Company's Annual General Meeting ("AGM") to be convened and held on Friday, 28 July 2023 at 2.30pm.

The Board is pleased to present both the substantial and relevant questions submitted for the purpose of the AGM and the Company's responses in advance of the AGM. Where there are overlaps in questions, the Company has grouped related and similar questions and provided responses.

The questions and responses have been grouped as follows:

It is important to note that these responses should be read in conjunction with the Boustead Singapore Limited FY2023 Annual Report ("Annual Report"), Notice of AGM and Addendum to Notice of AGM released on 5 July 2023, all of which were earlier made available through SGXNET and the Company's website and with contextual reference to the proceedings of the AGM including the presentation to be made and resolutions to be tabled.

	TOPIC: CASH AND CAPITAL DEPLOYMENT
1)	**Could you share about your capital allocation strategy moving forward to drive greater shareholder return? If we look at the graph of shareholder returns, it seems that BSL has lagged the STI since the spin-off of Boustead Projects Limited ("BPL") and it is concerning that there has not appeared to be shareholder capital appreciation in the past five (5) years.**
Response:	As a key part of BSL's capital allocation strategy, the Independent Non-Executive Directors of the Board (with the recommendation of the Independent Financial Adviser appointed by BSL) assessed that a consolidation of shareholding interest in BPL would be in the best interest of BSL and all of BSL's shareholders. Based on share data relating to BPL's separate listing on the SGX on 30 April 2015, and its impact on the valuations of both BSL and BPL over the past eight years since BPL's separate listing, it was found that the shareholder capital appreciation of both entities had suffered due to the split in their valuations, amid a lack of trading liquidity and challenges of attracting institutional shareholder interest. Together with broad strategic alignment and considerations, this data formed the basis of the decision to launch the voluntary unconditional general offer ("VGO") to consolidate BSL's shareholding interest in BPL, and for BSL to state a forward intention to eventually delist and privatise BPL to enhance shareholder returns. BSL believes that a single listed entity will eventually help to address the shortcomings of having two listed entities, significantly strengthen the Group with a more unified and resilient approach to tackle increasingly complex challenges globally, provide flexibility in future capital allocation and also allow for the gap

	between the share price and intrinsic value to be narrowed, apart from providing significant cost and time savings over the longer term.
2)	**What is BSL's current shareholding of BPL's shares – 75%?** **Was the privatisation successful? What's next?** **Did the company incur any penalties from SGX for this privatisation attempt as the offer price was deemed not reasonable or fair? Was there any damage to the company's reputation?**
Response:	Following the close of the VGO on 27 March 2023, BSL's shareholding interest in BPL rose to 75.5%, compared to 54.87% at the start of the VGO (excluding the shareholding interest of BSL's concert parties which stayed the same at 19.99% throughout the VGO). The VGO was meant to be a consolidation exercise for BSL and was not a delisting and privatisation offer, although BSL did state a future intention to delist and privatise BPL, should the option be available to do so. BSL is currently in discussions with the regulators and reviewing several options that may lead to a potential delisting and privatisation of BPL, although any selected option must still meet all of the requirements of the regulators to proceed. The VGO was conducted on a "willing buyer-willing seller" basis. As a sign that the VGO was well received, an overwhelming 82% of available shares was acquired through open market transactions and acceptances at the offer price of S$0.95, which translates to about S$61.5 million being spent to consolidate an additional 20.63% shareholding interest in BPL. The launch of the VGO abided by all of the rules of the SIC's Take-over Code and SGX's Rules. The Independent Financial Adviser appointed by BPL (not the same as that appointed by BSL) found the offer price to be reasonable, even though it was not deemed as fair, and in fact, advised BPL's Board to recommend that BPL's minority shareholders accept the offer. As far as BSL is aware, the VGO and its outcome have not had any impact on BSL's business dealings and global reputation.
3)	**The annual dividend of four (4) cents has been flat for last two (2) years. Can it be increased and if not, what is the reason despite the 48% higher net profit for FY2023?**
Response:	BSL has endeavoured to sustain the annual ordinary dividend at four (4) cents per share for three (3) consecutive financial years, despite the significant challenges posed by the pandemic. In FY2021, a special dividend of four (4) cents per share was also paid out in view of Boustead Industrial Fund's one-off value-unlocking gain, bringing the total dividend per share to eight (8) cents per share paid for that year. Prior to the pandemic, the annual ordinary dividend was at three (3) cents per share. For FY2023, the proposed annual ordinary dividend payout ratio – at about 42% – is within the average annual payout ratio which usually ranges between 40% to 60% of core earnings. While profit attributable to equity holders of the Company ("net profit") was 48% higher year-on-year at S$45.3 million, for a comparative review, after adjusting for other gains/losses, impairments and the Jobs Support Scheme, all net of non-controlling interests, net profit for FY2023 would have been 3% lower year-on-year. This adjusted net profit – comparable across both FY2022 and FY2023 – would be more representative of the core earnings which can be directed towards a sustainable dividend payment level.

	Future increases in the annual ordinary dividend will be dependent on growth in core earnings and also the Board's assessment of other capital allocation activities including merger and acquisition, and investment activities. For example, in FY2023, BSL spent about S$61.5 million on open market transactions and acceptances in relation to the VGO. Separately during FY2023, BSL also spent about S$2.4 million on other open market transactions for BPL shares, S$4.0 million on share buybacks of BSL shares and paid a total of S$19.3 million in cash dividends.
4)	**There is an FX loss of S$19.2 million as shown on page 109 of the Annual Report. Does the Company have any hedging strategy in view of the global operations in many countries?**
Response:	The FX loss of S$19.2 million is due to an unrealised net currency translation on revaluation of the assets of overseas subsidiaries upon consolidation. As these overseas subsidiaries have a reporting currency in foreign currencies other than Singapore dollars, any movements in the foreign exchange rates between the Singapore dollar and the respective foreign currencies would result in unrealised net currency translation movements. No real cash loss or profit and loss impact were registered. Such movements are only registered on the balance sheet under foreign currency translation reserve. To manage the Group's exposure to FX risk in our net investment in the overseas subsidiaries, the Group has as far as possible placed funds of the overseas subsidiaries in Singapore dollars. The weakened foreign currency assets will be offset by the strengthened assets held in Singapore dollars, as can be seen in the resultant currency exchange gains in Note 6 of the financial statements as shown on page 142 of the Annual Report. In addition, BSL and its subsidiaries do maintain partial hedging strategies in relation to foreign exchange for operational requirements, which are different from net currency translation movements. Where possible, natural hedging strategies are also deployed where if a client makes payments in a foreign currency, the same foreign currency is used to make payments to suppliers whenever possible.
	TOPIC: ENERGY ENGINEERING
5)	**Boustead International Heaters ("BIH") has demonstrated its ability to diversify the business from the conventional energy sector with projects secured related to chemical recycling process and hydrogen-fired process. Could the management share:** **a) How the learning curve is to deliver these projects;** **b) Whether the know-how can be adapted to further diversify into other heavy industries such as cement, steel and glass, and if it is actively considering the potential to do so?**
Response:	BIH has been able to successfully leverage its thermal process expertise to a wide range of new applications and new market sectors. All of BIH's projects are customised according to clients' requirements. With a diverse track record, BIH possesses the expertise to handle new applications and create innovative solutions. BIH has readily identified other sectors that may benefit from its heat transfer expertise and has approached key players within these sectors for potential deployment. BIH has completed several feasibility studies in the cement and glass sectors, while a project has been successfully deployed in the smelting sector, with expansion plans in the pipeline. Business development in other

	sectors is also actively ongoing but projects have yet to be secured. Building a track record in other sectors is also expected to take time.
	TOPIC: GEOSPATIAL
6)	**For the Geospatial Division, the deferred services backlog fell 19% to S$92m in FY2023 while the number of people employed increased 14% from 517 in FY2022 to 590 in FY2023. Could the management share:** **a) Its key strategies to grow this division;** **b) How the larger workforce fits into these strategies; and** **c) Whether it is confident in maintaining the division's EBIT margin above 20% as a result?**
Response:	The Geospatial Division intends to grow through greater client engagements with existing clients that create more demand and revenue per client; new clients, both in the private and public sectors; and the development of the team and talent pool in order to have the necessary people to execute on a growing pipeline of opportunities including professional service and managed service offering engagements. Greater growth of the division has been restricted in part due to the inability to grow the team size quickly enough to match incoming opportunities. Both the division and the division's clients are short on talent in the area of geospatial deployments, which is slowing the growth of the entire sector. The partnership with the University of New South Wales is intended to build a talent pool specifically for the geospatial sector that will help to further unlock the growth and value of the sector. The division has been quite successful in maintaining gross margins, despite foreign exchange fluctuations in recent years which have strengthened the US dollar, indirectly making purchases from principal, Esri Inc, more expensive.
7)	**Is the emerging Artificial Intelligence ("AI") affecting any of our technology businesses? Has the Company explored using AI in our business operations?**
Response:	The emergence of AI has far-reaching effects on today's businesses for its ability to transform various aspects of business operations. In BSL's context, AI has the potential to positively influence the demand for our geospatial technology solutions, due to its enhanced data analysis capabilities and ability to transform geospatial technology into a powerful tool for extracting intelligence from spatial data. The combination of AI and geospatial technology can lead to greater insights for urban planning, environmental monitoring and infrastructure management. AI is seen as complementary to geospatial technology and assisting geospatial technology to scale faster and further, given that there are often big data sets that require analysis. BSL is also already leveraging the use of advanced technologies in the Real Estate Division under BPL. AI and machine learning ("ML") have been incorporated as part of BPL's suite of integrated digital delivery tools, whereby construction inspections increasingly use 3D scanning to automatically check construction progress against building information models and/or digital twins, and also identify defects or safety issues. BPL uses Common Data Environment to analyse and visualise data across several projects utilising data aggregation. These data sets are used with AI and ML for descriptive analytics – to show the health and progress of each project; predictive analytics – to foresee potential outcomes at the organisational and

	project levels; and prescriptive analytics – to identify behaviours that can affect results or outcomes of each project.
	TOPIC: HEALTHCARE
8)	**In the Annual Report, it was mentioned that the Healthcare Division's BMEC supplied motion control and tracking equipment for the testing of new marine technologies as well as advancing research in marine and offshore engineering, etc. Is this a one-off business (given its departure from the core healthcare theme) or part for a broader strategy to expand use cases for the division's products and solutions into other market sectors?**
Response:	This project is largely seen as one-off, as the application of rehabilitation technology to other sectors remains limited at the moment.
9)	**It is concerning to see that the Healthcare Division continues to struggle, four (4) years after its acquisition. Can you share about what the current thoughts on it are and what are the 'quit-points' whereby the management decides that this is not within its core competency and disposes of it? My current worry is that the effort does not seem to yield the outcomes that the Company has wanted.**
Response:	The Healthcare Division's performance continues to be challenging and disappointing. Nonetheless, there should be differentiation of performance noted between the division's associate in China under Beijing Pukang and the lagging South East Asia business under BMEC. During FY2023, Beijing Pukang managed to contribute an after-tax profit to BSL of S$0.3 million, despite being under strict lockdowns for at least half of the year. With regard to addressing the issues at BMEC, during FY2023, significant senior leadership changes were enacted, the team was rightsized towards the end of the year and a number of business lines were either sold, shut down or terminated. More details will be shared during the management presentation at the upcoming AGM.
	TOPIC: GOVERNANCE
10)	**The directors' fees have been proposed to increase by 46% to S$345,000. What is the justification for this, noting that shareholders' dividends remain flat?**
Response:	The increase in directors' fees are provisional in nature and have been tabled to enable for the Board to expand the number of seats for independent non-executive directors and add to diversity to the Board's experience and expertise. The actual directors' fees to be paid are expected to only increase, should the Board be expanded beyond its current size during FY2024. It should be noted that the framework for the remuneration of each non-executive director remains the same going forward, as that paid in FY2023, as shown on page 88 of the Annual Report.

-- END OF COMPANY ANNOUNCEMENT --

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.

As Singapore's oldest continuous business organisation, we focus on the niche engineering and development of key infrastructure to support sustainable shared socio-economic growth. Our strong suite of engineering services under our Energy Engineering Division and Real Estate Division centres on energy infrastructure and smart, eco-sustainable and future-ready real estate developments.

In addition, we provide technology-driven transformative solutions to improve the 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 enterprise platform – to major markets in the Asia Pacific. The enterprise platform creates digital infrastructure solutions and digital twins that enable smart nations, smart cities and smart communities to solve the world's most complex problems. More effective planning and management of key infrastructure and resources are critical for economic sustainability, environmental protection and social responsibility. Our Healthcare Division provides 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 93 countries and territories globally.

Over the years, we have been a recipient of many reputable awards including the prestigious Forbes Asia 200 Best Under A Billion Award. In 2019, we were awarded the Most Transparent Company Award and Sustainability Award (Runner-Up) by the Securities Investors Association (Singapore). Between 2020 to 2023, we also ranked among Singapore's Best Employers, Singapore's Fastest Growing Companies and Asia-Pacific High-Growth Companies. We were also honoured with the Corporate Excellence & Resilience Award at the Singapore Corporate Awards 2021 Special Edition.

Visit us at **www.boustead.sg**.

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