

PROPOSED ONE-OFF EX-GRATIA PAYMENT TO DIRECTORS BY WAY OF TRANSFER OF AWARD TREASURY SHARES

SINGAPORE, 9 JULY 2021

1) Introduction

The Board of Directors (the “Board” or “Directors”) of Boustead Projects Limited (the “Company” and together with its subsidiaries, the “Group”) wishes to announce that the Company proposes to make a one-off ex-gratia payment to the Directors by way of transferring an aggregate of 2,400,000 treasury shares (“Award Treasury Shares”) at the proposed transfer price of \$0.806 per Award Treasury Share (“Proposed Transfer Price”) to the Directors (“Proposed Transfers”), for the reasons set out in Section 2. The Proposed Transfers are subject to the approval of the Company’s shareholders (“Shareholders”) at an extraordinary general meeting proposed to be held on 28 July 2021 (“EGM”).

2) Rationale

On 31 December 2020, the Company announced that it had established a private business trust (“Boustead Industrial Fund”) in Singapore with an investment mandate to invest in, administer and manage certain investments in logistics, business parks and industrial properties.

At the extraordinary general meeting of the Company held on 25 February 2021, the Company sought and obtained the approval of the Company’s shareholders (“Shareholders”) for (among other things):

- a) The sale by the Company of 11 industrial properties in Singapore, and its 49% interests in three property holding entities, each holding an industrial property in Singapore (“Divestment”); and
- b) The subscription by the Company of units in Boustead Industrial Fund (“BIF”) and 7.0% notes due 2031 issued by BIF. The transactions were completed on 3 March 2021.

The Board has played an instrumental role in conceptualising, implementing and completing transactions which enabled the Company to (among other things):

- a) Unlock the value of divested properties and raise gross proceeds of S\$328.4 million, and recycle capital towards other strategic plans in the future;
- b) Position itself for future growth by transforming its real estate business from a developer-owner model to one focused on development and management, where stabilised assets in the future can be injected into BIF or other similar investment platforms sponsored and managed by the Company;
- c) Achieve a record total profit of S\$131.6 million for the financial year ended 31 March 2021 (“FY2021”), mainly supported by the unlocking of value of the divested properties pursuant to the Divestment which recorded a value unlocking transaction one-off gain of S\$134.8 million; and
- d) Reward Shareholders by proposing a final ordinary dividend of \$0.009 per share in the capital of the Company (“Share”) and a special dividend of \$0.145 per Share for FY2021, which will be subject to the approval of Shareholders at the Annual General Meeting to be held on 28 July 2021.

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In recognition of the strategic leadership, effort and time spent by the Board in bringing about the foregoing, the Company wishes to reward the Directors with a one-off ex-gratia payment by way of the Proposed Transfers.

3) Details of Proposed Transfers

3.1) Number of Award Treasury Shares

Under the Proposed Transfers, the Company proposes to transfer to the Directors the number of Award Treasury Shares set out below:

Director	Number of Award Treasury Shares	Proposed Transfer Price Payable
Mr John Lim Kok Min	100,000	S\$80,600
Mr Wong Yu Wei (Huang Youwei)	1,000,000	S\$806,000
Mr Chu Kok Hong @ Choo Kok Hong	1,000,000	S\$806,000
Mr Tam Chee Chong	100,000	S\$80,600
Mr Chong Lit Cheong	100,000	S\$80,600
Professor Yong Kwet Yew	100,000	S\$80,600
Total	2,400,000	S\$1,934,400

The proposal to transfer 1,000,000 Award Treasury Shares to the Executive Directors (being Mr Wong Yu Wei (Huang Youwei) and Mr Chu Kok Hong @ Choo Kok Hong) and 100,000 Award Treasury Shares to the Non-Executive Directors (being Mr John Lim Kok Min, Mr Tam Chee Chong, Mr Chong Lit Cheong and Professor Yong Kwet Yew) reflects the executive and non-executive roles of the Executive Directors and Non-Executive Directors respectively.

3.2) Proposed Transfer Price

The Award Treasury Shares are proposed to be transferred to the Directors at the Proposed Transfer Price of S\$0.806 per Award Treasury Share, which represents the average price at which the Company bought back the aggregate of 8,821,269 treasury shares that it holds as at the date of this announcement. The Directors will need to pay for the Proposed Transfer Price in full in cash upon transfer of the Award Treasury Shares to them.

The Proposed Transfer Price of S\$0.806 represents a discount of approximately 39.06% to the weighted average price of the Shares for trades done on the Singapore Exchange Securities Trading Limited ("SGX-ST") for the full Market Day on 9 July 2021, being the date on which the letters of award were issued to and accepted by the Directors ("Discount").

The Discount is intended to enable the Directors to potentially benefit from the upside to the market price of the Shares. However, in view of the moratorium on the Award Treasury Shares described in Section 3.3, whether or not the Directors will actually benefit from the Award Treasury Shares will depend on the market price of the Shares upon expiry of the moratorium.

3.3) Moratorium

To demonstrate their commitment to the Company, each of the Directors have agreed to a moratorium in respect of 100% of their Award Treasury Shares for a period of one (1) year from the date of transfer, and in respect of 50% of their Award Treasury Shares for a further period of one (1) year thereafter.

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3.4) Use of Proceeds

The Proposed Transfers are not being undertaken for the purpose of fundraising but nevertheless, the Company will receive gross proceeds of S\$1,934,400, and net proceeds of around S\$1,914,400 ("Net Proceeds")(after deducting the estimated expenses of approximately S\$20,000 relating thereto), comprising legal and regulatory fees payable in respect of the Proposed Transfers; and miscellaneous expenses.

Given the rationale for the Proposed Transfers and the small amount of the Net Proceeds, the Company intends to use all of the Net Proceeds for its general working capital purposes.

4) Financial Effects

4.1) Assumptions

For illustrative purposes only, the financial effects of the Proposed Transfers set out below have been prepared based on the audited financial statements of the Company for FY2021. The financial effects have been prepared on the following assumptions:

- a) For the purposes of computing the effect on the pro forma net tangible asset ("NTA") per Share, the Proposed Transfers had been completed on 31 March 2021; and
- b) For the purposes of computing the effect on the pro forma earnings per Share ("EPS"), the Proposed Transfers of the Award Treasury Shares to the Directors had been completed on 1 April 2020.

4.2) Share Capital

The effect of the Proposed Transfers on the issued share capital of the Company is as follows:

	Before Proposed Transfers	After Proposed Transfers
Share capital (S\$'000)	15,000	15,000
Shares held in treasury (S'000)	7,236	5,300
Number of issued Shares (excluding treasury shares)	311,027,740	313,427,740
Number of treasury shares	8,972,260	6,572,260

4.3) EPS

The effect of the Proposed Transfers on the EPS of the Group is as follows:

	Before Proposed Transfers	After Proposed Transfers
Profit attributable to shareholders (S\$'000)	131,688	131,688
Weighted average of number of shares	311,245,755	311,645,755
Basic EPS (Singapore cents)	42.3	42.0

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4.4) NTA

The effect of the Proposed Transfers on the NTA of the Group is as follows:

	Before Proposed Transfers	After Proposed Transfers
NTA (S\$'000)	425,856	425,856
NTA per Share (Singapore cents)	1.369	1.359

5) Shareholders' Approval, Circular and EGM

The Award Treasury Shares are proposed to be transferred to all of the Directors. In addition, Mr Wong Yu Wei is also the son of Mr Wong Fong Fui, a controlling shareholder of the Company, and is therefore an immediate family member of a substantial shareholder of the Company. Pursuant to Rule 812(1) read with Rule 812(2) of the Listing Manual, an issue of shares must not be placed to, among other persons, the issuer's directors and immediate family members of substantial shareholders, unless specific shareholders' approval has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.

Further, the Proposed Transfer Price represents a Discount of approximately 39.06% to the weighted average price of the Shares for trades done on the SGX-ST for the full Market Day on 9 July 2021, being the date on which the letters of award were issued to and accepted by the Directors. Pursuant to Rule 811(1) read with Rule 811(3) of the Listing Manual, an issue of shares must not be priced at more than 10% discount to the weighted average price for trades done on the SGX-ST for the full Market Day on which the placement or subscription agreement is signed, unless specific shareholders' approval is obtained for the issue of shares.

In view of the foregoing, the Company will be convening an EGM proposed to be held on 28 July 2021 to seek the specific approval of Shareholders for the transfer of the Award Treasury Shares to the Directors (including an immediate family member of a substantial shareholder of the Company) at the Proposed Transfer Price.

A circular setting out, among others, the details of the Proposed Transfers, together with a notice of the EGM, will be made available by the Company for download by its Shareholders in due course.

The Audit & Risk Committee is of the view that the proposed transfer of 1,000,000 Award Treasury Shares to Mr Wong Yu Wei is not on normal commercial terms but is not prejudicial to the interests of the Company or minority Shareholders as:

- a) The proposed transfer of the Award Treasury Shares to Mr Wong Yu Wei is intended to be a one-off ex-gratia payment in the form of award of Shares to reward the Directors (as explained in Section 2) and will be undertaken at the Discount to enable Mr Wong Yu Wei to potentially benefit from the upside to the market price of the Shares;
- b) Mr Wong Yu Wei would have to pay the Proposed Transfer Price for his Award Treasury Shares, which requires a much stronger commitment from him and would better enhance the alignment of Mr Wong Yu Wei's interests with the interests of the Company and the Shareholders; and
- c) Due to his Award Treasury Shares being subject to the moratorium described in Section 3.3, whether or not he will actually benefit from the Award Treasury Shares will depend on the market price of the Shares upon expiry of the moratorium, which also serves to motivate him to maximise the profits of the Group and returns to the

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Shareholders and further encourages the Directors' long-term commitment to the Company.

6) Directors' Responsibility Statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Transfers, the Company and the Group, and the Directors are not aware of any facts, the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

-- END OF COMPANY ANNOUNCEMENT --

By Order of the Board

Tay Chee Wah
Company Secretary

About Boustead Projects Limited

Established in 1996 and listed on the SGX Mainboard, Boustead Projects Limited (SGX:AVM) is a leading provider of innovative real estate solutions with a regional presence across Singapore, China, Malaysia and Vietnam. Our core businesses are uniquely integrated to support the business park and industrial real estate ecosystem, comprising:

- Turnkey engineering, full-fledged integrated digital delivery ("IDD"), and project and construction management encompassing design-and-build;
- Real estate development, asset and leasing management; and
- Real estate fund management including being the sponsor and manager of Boustead Industrial Fund, a scalable private real estate trust platform for business park, logistics and industrial properties, and joint owner of Echo Base-BP Capital Pte Ltd, an Asia-centric fund management and services platform focused on smart buildings and integrated developments.

To date, we have constructed and/or developed more than 3,000,000 square metres of real estate for clients including Fortune 500, S&P 500 and Euronext 100 corporations, across diverse sectors like aerospace, business park, food, healthcare and pharmaceutical, high-tech manufacturing, logistics, research & development, technology and waste management, among others. Under the Boustead Development Partnership with a reputable Middle East sovereign wealth fund, we have developed or redeveloped more than half a million square metres of real estate in Singapore including landmark developments like ALICE@Mediapolis and GSK Asia House.

Our in-house capabilities are backed by core engineering expertise, the progressive adoption of transformative methodologies including full-fledged IDD and Industry 4.0 technologies and augmented by strategic partnerships which enable the co-creation of smart, eco-sustainable and future-ready developments. Our wholly-owned engineering & construction subsidiary in Singapore, Boustead Projects E&C Pte Ltd ("BP E&C") is the eco-sustainability leader in pioneering Green Mark Platinum-rated new private sector industrial developments under the Building & Construction Authority ("BCA") Green Mark Programme and a national champion of best practices for quality, environmental and workplace safety and health ("WSH") management. BP E&C's related achievements include being the quality leader on the BCA CONQUAS all-time top 100 industrial projects list, one of only eight bizSAFE Mentors and also bizSAFE Star, receiving numerous awards for exemplary WSH performance.

We were also awarded the Singapore Corporate Governance Award in the Newly Listed Category at the Securities Investors Association (Singapore) Investors' Choice Awards 2017 and are one of only 92 SGX-listed corporations on the SGX Fast Track Programme - which aims to affirm listed issuers that have been publicly recognised for high corporate governance standards and for maintaining a good compliance track record - with prioritised clearance for their corporate action submissions. We are also listed on the MSCI World Micro Cap Index and FTSE ST Fledgling Index.

Boustead Projects is a 53%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and technology group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

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