

ADDENDUM DATED 9 JULY 2019

THIS ADDENDUM IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Addendum or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your shares in the capital of Boustead Projects Limited, you should immediately forward this Addendum to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Addendum.



BOUSTEAD PROJECTS LIMITED

(Incorporated in Singapore)

(Company Registration Number: 199603900E)

ADDENDUM TO THE NOTICE OF ANNUAL GENERAL MEETING

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

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DEFINITIONS

Except where the context otherwise requires, the following definitions apply throughout this Addendum:-

- “ACRA”** : Accounting and Corporate Regulatory Authority.
- “Addendum”** : This Addendum dated 9 July 2019.
- “AGM”** : Annual general meeting of the Company.
- “Approval Date”** : Has the meaning ascribed to it in paragraph 2.2(a) of this Addendum.
- “Associate”** : (a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.
- (b) In relation to a Substantial Shareholder or Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.
- “Average Closing Price”** : Has the meaning ascribed to it in paragraph 2.2(d)(iii) of this Addendum.
- “Board”** : The board of Directors of the Company as at the date of this Addendum.
- “CDP”** : The Central Depository (Pte) Limited.
- “Companies Act”** : Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
- “Company”** : Boustead Projects Limited.
- “Constitution”** : The memorandum and articles of association of the Company currently in force.
- “control”** : The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

DEFINITIONS

“Controlling Shareholder”	:	A person who (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the Company (unless the SGX-ST determines that such a person is not a controlling shareholder of the Company); or (b) in fact exercises control over the Company, as defined under the Listing Manual.
“Directors”	:	The directors of the Company as at the date of this Addendum.
“EGM”	:	Extraordinary general meeting of Company.
“EPS”	:	Earnings per Share.
“FY”	:	Financial year ended 31 March.
“Group”	:	The Company and its subsidiaries.
“immediate family”	:	In relation to a person, means the person’s spouse, child, adopted child, step-child, sibling and parent.
“Latest Practicable Date”	:	18 June 2019, being the latest practicable date prior to the printing of this Addendum.
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time.
“Listing Rules”	:	The listing rules of the SGX-ST as set out in the Listing Manual.
“Market Day”	:	A day on which the SGX-ST is open for trading in securities.
“Maximum Price”	:	Has the meaning ascribed to it in paragraph 2.2(d)(ii) of this Addendum.
“month”	:	A calendar month.
“NTA”	:	Net tangible assets.
“Off-Market Share Purchase”	:	Has the meaning ascribed to it in paragraph 2.2(c)(i)(2) of this Addendum.
“On-Market Share Purchase”	:	Has the meaning ascribed to it in paragraph 2.2(c)(i)(1) of this Addendum.
“Relevant Period”	:	The period commencing from the date on which the last AGM was held and expiring on the date on which the next AGM is held or is required by law to be held, or the date on which the purchases of Shares under a Share Buy-Back Mandate are carried out to the full extent mandated, whichever is earlier, unless prior to that, it is varied or revoked by resolution of the Shareholders of the Company in general meeting.
“Rule 14”	:	Has the meaning ascribed to it in paragraph 2.10(a) of this Addendum.

DEFINITIONS

“SFA”	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
“SGX-ST”	: Singapore Exchange Securities Trading Limited.
“Share Buy-Back”	: The purchase or acquisition of Shares by the Company pursuant to the Share Buy-Back Mandate.
“Share Buy-Back Mandate”	: A general mandate given by Shareholders to authorise the Directors to purchase, on behalf of the Company, Shares in accordance with the terms set out in this Addendum, the provisions of the Companies Act (including the rules and regulations promulgated thereunder), and the Listing Rules.
“Shareholders”	: Registered holders for the time being of the Shares (other than CDP), or in the case of Depositors, Depositors who have Shares entered against their name in the Depository Register.
“Shares”	: Ordinary shares in the share capital of the Company.
“subsidiary”	: A corporation which is deemed to be a subsidiary of another corporation within the meaning of Section 5 of the Companies Act.
“subsidiary holdings”	: Shares held by subsidiaries of the Company in accordance with the Companies Act.
“Substantial Shareholder”	: A person (including a corporation) who has an interest (directly or indirectly) in not less than 5% of the total votes attached to all issued voting shares of the Company (other than treasury shares).
“Take-over Code”	: The Singapore Code on Take-overs and Mergers, as amended or modified from time to time.
“S\$” and “cents”	: Singapore dollars and cents, respectively.
“%” or “per cent.”	: Percentage or per centum.

The terms “**Depositor**”, “**Depository Register**” and “**Depository Agent**” shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

The term “**treasury shares**” shall have the meaning ascribed to it in Section 4 of the Companies Act.

The term “**subsidiary**” shall have the meaning ascribed to it in Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

References to persons shall include corporations.

The headings in this Addendum are inserted for convenience only and shall be ignored in construing this Addendum.

Any reference in this Addendum to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any term defined under the SFA, the Companies Act or the Listing

DEFINITIONS

Manual, or any statutory modification thereof and used in this Addendum shall, where applicable, have the meaning ascribed to it under the SFA, the Companies Act or the Listing Manual, or such modification thereof, as the case may be, unless otherwise provided.

Any reference to a time of day in this Addendum shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in figures included in this Addendum between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Addendum may not be an arithmetic aggregation of the figures that precede them.

LETTER TO SHAREHOLDERS

BOUSTEAD PROJECTS LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 199603900E)

Directors:

Mr John Lim Kok Min (*Chairman & Independent Non-Executive Director*)
Mr Wong Yu Wei (Huang Youwei) (*Deputy Chairman & Executive Director*)
Mr Chu Kok Hong @ Choo Kok Hong (*Managing Director & Executive Director*)
Mr Chong Lit Cheong (*Independent Non-Executive Director*)
Mr James Lim Jit Teng (*Independent Non-Executive Director*)
Professor Yong Kwet Yew (*Independent Non-Executive Director*)
Mr Tam Chee Chong (*Independent Non-Executive Director*)

Registered Office:

82 Ubi Avenue 4, #07-01
Edward Boustead Centre
Singapore 408832

9 July 2019

To: The Shareholders of Boustead Projects Limited

Dear Sir/Madam,

THE PROPOSED RENEWAL OF THE SHARE BUY-BACK MANDATE

1. INTRODUCTION

- 1.1 This Addendum is circulated to the Shareholders of the Company together with the notice of AGM dated 9 July 2019 convening the AGM to be held on 26 July 2019 ("**Notice of AGM**") and a Proxy Form in respect of the AGM.
- 1.2 The proposed Ordinary Resolution 11 in the Notice of AGM seeks to obtain Shareholders' approval for the proposed renewal of the Share Buy-Back Mandate ("**Proposed Resolution**").
- 1.3 The purpose of this Addendum is to provide Shareholders with information relating to the Proposed Resolution to be tabled at the AGM. This Addendum has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders to whom this Addendum is despatched by the Company) or for any other purpose.
- 1.4 The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained in this Addendum.

2. THE PROPOSED RENEWAL OF SHARE BUY-BACK MANDATE

2.1 Rationale for the Proposed Renewal of the Share Buy-Back Mandate

It is a requirement under the Companies Act that a company which wishes to purchase or otherwise acquire its own shares should obtain the approval of its shareholders to do so at a general meeting of its shareholders. It is also a requirement under the Listing Manual that an issuer which wishes to purchase its own shares has to obtain approval from its shareholders to do so at a general meeting of its shareholders. In this regard, the approval for the renewal of the Share Buy-Back Mandate was previously granted by the Shareholders at an EGM held on 26 July 2018. It is proposed that the approval of Shareholders be sought for the renewal of Share Buy-Back Mandate at the forthcoming AGM to be held on 26 July 2019.

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The Share Buy-Back Mandate will provide the Directors with the ability to enhance Shareholders' value by providing them with the flexibility to purchase or acquire Shares as and when they are of the view that this would be in the best interests of the Company. In addition, the Share Buy-Back Mandate will allow the Directors to improve the return on equity and will, depending on the market conditions, lead to an enhancement of the EPS and the NTA per Share of the Company. The Share Buy-Back Mandate will also allow the Directors to exercise greater control over the Company's share capital structure and dividend payout.

The Share Buy-Back Mandate would give the Company a relatively expedient and cost-effective mechanism to facilitate the return of surplus cash reserves over and above its ordinary capital requirements. The Directors are also of the view that the Share Buy-Back Mandate will provide them with the means to mitigate short-term volatility in the price of the Shares, offset the effects of short-term speculation and bolster the confidence of investors and Shareholders.

The Share Buy-Back Mandate will enable the Directors to utilise the Shares which are purchased or acquired thereunder and held as treasury shares to be sold for cash, transferred as consideration for the acquisition of shares in or assets of another company or assets of a person, or issued to employees as a form of compensation, which may be less dilutive than if new Shares were issued for this purpose.

The Company will only purchase or acquire Shares as and when the circumstances permit and provided that it will be beneficial to the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate may not be carried out to the full limit as authorised. No purchase or acquisition of Shares will be made in circumstances which would have or may have a material adverse effect on the liquidity and capital adequacy position of the Company as a whole and/or affect the listing status of the Company on the SGX-ST.

It should be noted that there is no assurance that the proposed Share Buy-Back Mandate will achieve the desired effect, nor is there assurance that such effect (if achieved) can be sustained in the longer term.

2.2 Authority and Limitations

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the proposed Share Buy-Back Mandate, if approved, are set out below:

(a) **Maximum Number of Shares**

Only Shares which are issued and fully paid-up may be purchased or acquired by the Company.

Pursuant to Rule 882 of the Listing Manual, the total number of Shares that may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate is limited to that number of Shares representing not more than ten per cent. (10%) of the issued share capital of the Company, ascertained as at the date of the resolution passed to approve the Share Buy-Back Mandate (the "**Approval Date**"), unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act at any time during the Relevant Period, in which event the total number of Shares shall be taken to be the total number of Shares as altered after such capital reduction. For purposes of calculating the percentage of issued Shares above, treasury shares and subsidiary holdings will be disregarded. As at the Latest Practicable Date, the Company had 9,345,659 treasury shares and no subsidiary holdings, and the Shares, being the ordinary shares in the capital of the Company, were the only class of shares issued by the Company.

LETTER TO SHAREHOLDERS

For illustrative purposes only, based on the existing issued and paid-up share capital of the Company as at the Latest Practicable Date comprising 310,654,341 Shares (excluding treasury shares and subsidiary holdings), and assuming that no further Shares are issued on or prior to the Approval Date, not more than 31,065,434 Shares (representing ten per cent. (10%) of the Shares as at that date excluding treasury shares and subsidiary holdings) may be purchased or acquired by the Company pursuant to the Share Buy-Back Mandate.

(b) Duration of Authority

The purchase or acquisition of Shares may be made, at any time and from time to time, on and from the Approval Date up to the earlier of:

- (i) the conclusion of the next AGM;
- (ii) the date by which such AGM is required by law to be held;
- (iii) the date on which the Share Buy-Backs are carried out to the full extent mandated pursuant to the Share Buy-Back Mandate; or
- (iv) the date on which the authority conferred by the Share Buy-Back Mandate is revoked or varied by the Shareholders in a general meeting.

The Share Buy-Back Mandate may be renewed at each AGM or such other general meeting of the Company. When seeking the approval of Shareholders for such renewal, the Company is required to disclose details pertaining to purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate made during the previous 12 months, including the total number of Shares purchased or acquired, the purchase price per Share or the highest and lowest prices paid for such purchases or acquisitions of Shares, where relevant, and the total consideration paid for such purchases or acquisitions.

(c) Manner of Share Buy-Backs

- (i) Pursuant to Rule 882 of the Listing Manual, Share Buy-Backs may be made by way of:
 - (1) on-market share purchases (“**On-Market Share Purchase**”), transacted on the SGX-ST through the SGX-ST trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or
 - (2) off-market share purchases (“**Off-Market Share Purchase**”) effected in accordance with an equal access scheme pursuant to Section 76C of the Companies Act. The Directors may impose such terms and conditions which are not inconsistent with the Share Buy-Back Mandate, the Companies Act and the Listing Rules as they consider fit in the interests of the Company in connection with or in relation to an equal access scheme.
- (ii) An Off-Market Share Purchase scheme must, however, satisfy all of the following conditions:
 - (1) offers for the purchase or acquisition of Shares shall be made to every person who holds Shares to purchase or acquire the same percentage of their Shares;

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- (2) all of the abovementioned persons shall be given a reasonable opportunity to accept the offers made; and
 - (3) the terms of all the offers shall be the same, except that there shall be disregarded:
 - (A) differences in consideration attributable to the fact that offers may relate to Shares with different accrued dividend entitlements;
 - (B) differences in consideration attributable to the fact that offers relate to Shares with different amounts remaining unpaid (if applicable); and
 - (C) differences in the offers introduced solely to ensure that each person is left with a whole number of Shares.
- (iii) In addition, the Listing Manual provides that, in making an Off-Market Share Purchase in accordance with an equal access scheme, the Company must issue an offer document to all Shareholders which must contain at least the following information:
- (1) the terms and conditions of the offer;
 - (2) the period and procedures for acceptance;
 - (3) the reasons for the proposed share buy-back;
 - (4) the consequences, if any, of the share buy-back by the Company that will arise under the Take-over Code or other applicable take-over rules;
 - (5) whether the share buy-back, if made, would have any effect on the listing of the Shares on the SGX-ST;
 - (6) details of any share buy-back made by the Company in the previous 12 months (whether On-Market Share Purchases or Off-Market Share Purchases), giving the total number of Shares purchased, the purchase price per Share or the highest and lowest prices paid for the purchases, where relevant, and the total consideration paid for the purchases; and
 - (7) whether the Shares purchased by the Company will be cancelled or kept as treasury shares.
- (d) **Maximum Purchase Price**
- (i) The purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related expenses) to be paid for the Shares will be determined by the Directors.
 - (ii) However, the purchase price to be paid for the Shares as determined by the Directors must not exceed:
 - (1) in the case of an On-Market Share Purchase, 105% of the Average Closing Price (as defined below); and

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(2) in the case of an Off-Market Share Purchase pursuant to an equal access scheme, 120% of the Average Closing Price (as defined below),

(“**Maximum Price**”) in either case, excluding related expenses of the On-Market Share Purchase or Off-Market Share Purchase (as the case may be).

(iii) For the above purposes:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in the Shares were recorded, immediately preceding the date of making the On-Market Share Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Day period.

“**day of the making of the offer**” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Purchase.

2.3 Status of Purchased or Acquired Shares

(a) **Cancellation**

Shares that are purchased or acquired by the Company shall, unless held as treasury shares to the extent permitted under the Companies Act (as set out below), be deemed cancelled immediately upon purchase or acquisition, and all rights and privileges attached to those Shares will expire on cancellation. The total number of Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares.

All Shares purchased or acquired by the Company (other than treasury shares held by the Company to the extent permitted under the Companies Act) will be automatically de-listed by the SGX-ST, and (where applicable) certificates in respect thereof will be cancelled and destroyed by the Company as soon as reasonably practicable following settlement of any such purchase or acquisition.

The Company may decide to cancel Shares which have been purchased or acquired by the Company or hold such Shares as treasury shares, depending on whether it is in the interests of the Company to do so. It is presently intended by the Company that Shares which are purchased or acquired by the Company will be held as treasury shares, up to the maximum number of treasury shares permitted by law to be held by the Company.

(b) **Treasury Shares**

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the provisions on treasury shares under the Companies Act are summarised below:

(i) Maximum Holdings

The number of Shares held as treasury shares cannot at any time exceed ten per cent. (10%) of the total number of issued Shares. In the event that

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the Company holds more than ten per cent. (10%) of the total number of its Shares as treasury shares, the Company shall cancel or dispose of the excess treasury shares in the manner set out under paragraph 2.3(b)(iii) below within six (6) months beginning with the day on which that contravention occurs, or such further period as the Registrar of Companies may allow.

(ii) Voting and Other Rights

The Company cannot exercise any right in respect of treasury shares. In particular, the Company cannot exercise any right to attend or vote at meetings and for the purposes of the Companies Act, the Company shall be treated as having no right to vote and the treasury shares shall be treated as having no voting rights.

In addition, no dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets may be made, to the Company in respect of treasury shares. However, the allotment of shares as fully paid bonus shares in respect of treasury shares is allowed.

A subdivision or consolidation of any treasury share into treasury shares of a larger or smaller amount (as the case may be) is also allowed so long as the total value of the treasury shares after the subdivision or consolidation is the same as before.

(iii) Disposal and Cancellation

Where Shares are held as treasury shares, the Company may at any time:

- (1) sell the treasury shares (or any of them) for cash;
- (2) transfer the treasury shares (or any of them) for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;
- (3) transfer the treasury shares (or any of them) as consideration for the acquisition of shares in or assets of another company or assets of a person;
- (4) cancel the treasury shares (or any of them); or
- (5) sell, transfer or otherwise use the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

Under Rule 704(28) of the Listing Manual, an immediate announcement must be made of any sale, transfer, cancellation and/or use of treasury shares (in each case, the "**usage**"). Such announcement must include details such as the date of the usage, the purpose of the usage, the number of treasury shares comprised in the usage, the number of treasury shares before and after the usage, the percentage of the number of treasury shares comprised in the usage against the total number of issued shares (of the same class as the treasury shares) which are listed on the SGX-ST before and after the usage and the value of the treasury shares comprised in the usage.

The Board shall lodge with ACRA within 30 days of the cancellation or disposal of treasury shares the notice of the cancellation or disposal of treasury shares in the prescribed form with such particulars as may be required in the form, together with payment of the prescribed fee.

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2.4 Source of Funds

The Company may only apply funds for Share Buy-Backs as provided in the Constitution and in accordance with the applicable laws in Singapore. Only funds legally available for purchasing Shares in accordance with the Companies Act shall be utilised. Under the Companies Act, any purchase or acquisition of the Shares may be made out of the Company's distributable profits which are available for payment as dividends or using capital if the Company is solvent.

Pursuant to Section 76F(4) of the Companies Act, a company is solvent if at the date of the payment the following conditions are satisfied:

- (a) there is no ground on which the company could be found to be unable to pay its debts;
- (b) if:-
 - (i) it is intended to commence winding up of the company within the period of 12 months immediately after the date of the payment, the company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or
 - (ii) it is not intended so to commence winding up, the company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and
- (c) the value of its assets is not less than the value of its liabilities (including contingent liabilities) and will not, after any purchase or acquisition of shares, become less than the value of its liabilities (including contingent liabilities).

In determining that the Company is solvent, the Directors must have regard to the most recently audited financial statements, other relevant circumstances, and may rely on valuations or estimates of liabilities that are reasonable in the circumstances. In determining the value of contingent liabilities, the Directors may take into account the likelihood of the contingency occurring, as well as any claims the Company is entitled to make and can reasonably expect to be met to reduce or extinguish the contingent liability.

The Company may use internal resources and/or external borrowings to finance the Company's purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate. However, in considering the option of external financing, the Board will particularly consider the prevailing gearing level of the Company. The Board will only make purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate in circumstances which they believe will not result in any material adverse effect on the financial condition of the Company. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Company and the prevailing market conditions.

The Directors do not propose to exercise the Share Buy-Back Mandate in a manner and to such extent that the liquidity, gearing levels and capital adequacy position of the Group would be materially adversely affected.

2.5 Financial Effects

(a) General

Under the Companies Act, purchases or acquisitions of Shares by the Company may be made out of the Company's capital or profits so long as the Company is solvent. Where the total amount of the purchase price (excluding brokerage, commission, stamp duties, applicable goods and services tax, clearance fees and other related

LETTER TO SHAREHOLDERS

expenses) (“**Purchase Price**”) paid by the Company for the purchase or acquisition of Shares is made out of profits, such Purchase Price will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the Purchase Price paid by the Company for the purchase or acquisition of Shares is made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced.

Where the Company chooses not to hold the purchased Shares in treasury, such Shares shall be cancelled. The Company shall:

- (i) reduce the amount of its share capital where the Shares were purchased or acquired out of the capital of the Company;
- (ii) reduce the amount of its profits where the Shares were purchased or acquired out of the profits of the Company; or
- (iii) reduce the amount of its share capital and profits proportionately where the Shares were purchased or acquired out of both the capital and the profits of the Company,

by the total amount of the Purchase Price paid by the Company for the Shares cancelled. Where the purchased Shares are held as treasury shares, the total number of issued Shares will remain unchanged.

Shareholders should note that the financial effects illustrated below are for illustration purposes only. In particular, it is important to note that the financial analysis set out below are based on the audited consolidated financial statements for FY2019 and are not necessarily representative of future financial performance of the Group. Although the proposed Share Buy-Back Mandate would authorise the Company to buy-back up to ten per cent. (10%) of the Company’s issued Shares, the Company may not necessarily buy back, or be able to buy back, ten per cent. (10%) of the issued Shares in full.

(b) Financial Effects of the Share Buy-Back Mandate

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Buy-Back Mandate on the NTA and EPS as the resultant effect would depend on factors such as the aggregate number of Shares purchased or acquired, the purchase prices paid at the relevant time, the amount (if any) borrowed by the Company to fund the purchases or acquisitions, whether the purchase or acquisition is made out of profits or capital, and whether the Shares purchased or acquired are held as treasury shares or cancelled.

The Directors do not propose to exercise the Share Buy-Back Mandate to such an extent that it would have a material adverse effect on the working capital requirements of the Group. The purchase or acquisition of Shares will only be effected after considering relevant factors such as the working capital requirement, availability of financial resources, the expansion and investment plans of the Group, and the prevailing market conditions.

Purely for illustrative purposes, on the basis of 310,654,341 Shares in issue (excluding 9,345,659 shares held as treasury shares and subsidiary holdings) as at the Latest Practicable Date and assuming no further Shares are issued and no reduction of the share capital of the Company is effected on or prior to the Approval Date, the purchase by the Company of ten per cent. (10%) of its issued Shares will result in the purchase of 31,065,434 Shares.

LETTER TO SHAREHOLDERS

In the case of an On-Market Share Purchase by the Company and assuming that the Company purchases or acquires 31,065,434 Shares at the Maximum Price of S\$0.97 for each Share (being the price equivalent to 105% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition is approximately S\$30,172,303.

In the case of an Off-Market Share Purchase by the Company and assuming that the Company purchases or acquires 31,065,434 Shares at the Maximum Price of S\$1.11 for each Share (being the price equivalent to 120% of the Average Closing Price of the Shares for the five (5) consecutive Market Days on which the Shares were traded on the SGX-ST immediately preceding the Latest Practicable Date), the maximum amount of funds required for the purchase or acquisition is approximately S\$34,482,632.

For illustrative purposes only and on the basis of the assumptions set out above as well as the following:

- (i) the Share Buy-Back Mandate had been effective on 31 March 2019; and
- (ii) such Share purchases are funded solely by internal resources and/or borrowings,

the financial effects on the audited consolidated financial results of the Group for FY2019, are set out below:

Group			
As at 31 March 2019	Before Share Buy-back S\$'000	After Share Buy-back by way of On-Market Share Purchase S\$'000	After Share Buy-back by Off- Market Share Purchase S\$'000
Share capital and Reserves	281,030	250,858	246,547
Shares held in treasury	(8,244)	(38,416)	(42,727)
NTA ⁽¹⁾	280,909	250,737	246,426
Current assets	294,473	264,301	259,990
Current liabilities	196,613	196,613	196,613
Working capital	97,860	67,688	63,377
Total borrowings ⁽²⁾	146,276	146,276	146,276
Profit attributable to owners of the Company	30,578	30,578	30,578
Number of Shares, excluding treasury shares ('000)	309,707	278,642	278,642
Financial Ratios			
NTA per share (cents)	90.7	90.0	88.4
Gearing (times) ⁽³⁾	0.5	0.6	0.6
Current Ratio (times) ⁽⁴⁾	1.5	1.3	1.3
EPS (cents) ⁽⁵⁾	9.9	11.0	11.0

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Notes:

- (1) NTA refers to share capital and reserves less intangible assets.
- (2) Total borrowings refer to borrowings from financial institutions.
- (3) Gearing ratio equals total borrowings divided by share capital and reserves.
- (4) Current ratio means current assets divided by current liabilities.
- (5) EPS equals profit attributable to owners of the Company divided by the total number of Shares, excluding treasury shares as at 31 March 2019.

The financial effects set out above are for illustrative purposes only. It should also be noted that the purchase or acquisition of Shares by the Company pursuant to the Share Buy-back Mandate would only be made in circumstances where it is considered to be in the best interests of the Company. Although the Share Buy-Back Mandate would authorise the Company to purchase up to ten per cent. (10%) of the issued Shares, the Company may not necessarily purchase or be able to purchase the entire ten per cent. (10%) of the issued Shares. In addition, the Company may cancel all or part of the Shares purchased or acquired, or hold all or part of the Shares purchased or acquired in treasury.

The Directors emphasise that they do not propose to exercise the Share Buy-Back Mandate to the extent that it will have a material adverse impact on the financial position of the Group. The Directors will be prudent in exercising the Share Buy-Back Mandate only to such extent which the Directors believe will achieve benefits to the Group and its Shareholders from time to time, giving consideration to the prevailing market conditions, the financial position of the Group and other relevant factors.

(c) Tax Implications

Shareholders who are in doubt as to their respective tax positions or tax implications of a Share Buy-Back by the Company, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.6 Reporting Requirements

The Companies Act and the Listing Rules require the Company to make reports in relation to the Share Buy-Back Mandate as follows:

- (a) within 30 days of the passing of a Shareholders' resolution to approve purchases or acquisitions of Shares by the Company, the Company must lodge a copy of such resolution with ACRA;
- (b) the Company must notify ACRA within 30 days of a purchase or acquisition of Shares on the SGX-ST or otherwise. Such notification in the form as may be prescribed by ACRA shall include details of the date of the purchase or acquisition, the total number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before the purchase or acquisition of Shares, the Company's issued share capital after the purchase or acquisition of Shares, the amount of consideration paid by the Company for the purchase or acquisition of Shares, whether the Shares were purchased or acquired out of profits or the capital of the Company and such other particulars as may be required; and

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- (c) purchases of Shares must be reported to the SGX-ST in the forms prescribed by the Listing Rules and announced to the public in the case of On-Market Share Purchases, not later than 9.00 a.m. on the Market Day following the day of purchase or acquisition of any of its Shares and in the case of Off-Market Share Purchases, not later than 9.00 a.m. on the second Market Day after the close of acceptances of the offer made by the Company.

2.7 Suspension of Buy-Back of Shares

The Listing Rules do not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s). However, as the Company would be considered an “insider” in relation to any proposed purchase or acquisition of its Shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate after a price sensitive development has occurred or has been the subject of a consideration and/or a decision of the Board until such time as the price sensitive information has been publicly announced. In particular, the Company will not purchase any Shares during the period commencing two (2) weeks before the announcement of the Company’s results for each of the first three (3) quarters of the financial year, and one (1) month before the announcement of the Company’s annual (full-year) results, as the case may be, and ending on the date of announcement of the relevant results.

2.8 Listing Status

The Listing Rules require a listed company to ensure that at least ten per cent. (10%) of equity securities of any class that is listed is at all times held by the public. The “public”, as defined in the Listing Rules, are persons other than the Directors, chief executive officer, Substantial Shareholders or Controlling Shareholders of the Company and its subsidiaries, as well as the Associates of such persons.

As at the Latest Practicable Date, there is a public float of 91,019,427 Shares representing approximately 29.30% of the issued Shares (excluding treasury shares). Assuming the Company exercises the Share Buy-Back Mandate in full and purchases the maximum of ten per cent. (10%) of its Shares through On-Market Share Purchases from the public, the public float would be reduced to approximately 21.44% of the issued Shares (excluding treasury shares). Accordingly, the Company is of the view that there is a sufficient number of the Shares in issue held by public Shareholders which would permit the Company to undertake Share Buy-Backs up to the full ten per cent. (10%) limit pursuant to the Share Buy-Back Mandate without affecting the listing status of the Shares on the SGX-ST, and that the number of Shares remaining in the hands of the public will not fall to such a level as to cause market illiquidity or adversely affect the orderly trading of the Shares.

In undertaking any Share Buy-Back, the Directors will use their best efforts to ensure that a sufficient number of Shares remain in public hands so that the Share Buy-Backs will not:

- (a) adversely affect the listing status of the Shares on the SGX-ST;
- (b) cause market illiquidity; or
- (c) adversely affect the orderly trading of Shares.

2.9 Share Buy-Backs during the last 12 months

In the last 12 months preceding the Latest Practicable Date, the Company had not purchased any Shares by way of On-Market Share Purchases pursuant to the Share Buy-Back Mandate granted at the EGM held on 26 July 2018.

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2.10 Take-over Code Implications

(a) Obligation to Make a Take-over Offer

Pursuant to Appendix 2 of the Take-over Code, an increase of the proportionate interest in the voting rights of the Company of a Shareholder and persons acting in concert with him as a result of any purchase or acquisition of Shares by the Company will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code (“**Rule 14**”).

Under Rule 14, a person will incur an obligation to make a mandatory take-over offer for the Company if, *inter alia*, he and the persons acting in concert with him increase their voting rights in the Company to thirty per cent. (30%) or more or, if they, together holding between thirty per cent. (30%) and fifty per cent. (50%) of the Company’s voting rights, increase their voting rights in the Company by more than one per cent. (1%) in any period of six (6) months.

If, as a result of any purchase or acquisition by the Company of Shares, the proportionate interest in the voting capital of the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14. Consequently, a Shareholder or a group of Shareholders acting in concert with a Director could obtain or consolidate effective control of the Company and become obliged to make an offer under Rule 14.

(b) Persons acting in concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company to obtain or consolidate effective control of that company.

Unless the contrary is established, the Take-over Code presumes, *inter alia*, the following persons to be acting in concert, namely:

- (i) a company with any of its directors (together with their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts); and
- (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies and companies of which such companies are associated companies, all with each other. For this purpose, ownership or control of 20% but not more than 50% of the voting rights of a company will be regarded as the test of associated company status.

The circumstances under which Shareholders, including Directors and persons acting in concert with them, respectively, will incur an obligation to make a take-over offer after a purchase or acquisition of Shares by the Company are set out in Rule 14 and Appendix 2 of the Take-over Code.

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2.11 Effect of Rule 14 and Appendix 2 of the Take-over Code

The effect of Rule 14 and Appendix 2 of the Take-over Code is that:

- (a) unless exempted, Directors and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Directors and persons acting in concert with them would increase to 30% or more, or if the voting rights of such Directors and persons acting in concert with them fall between 30% and 50% of the Company's voting rights, the voting rights of such Directors and persons acting in concert with them would increase by one per cent. (1%) in any period of six (6) months. In calculating the percentages of voting rights of such Directors and their concert parties, treasury shares shall be excluded; and
- (b) a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 if, as a result of the Company purchasing or acquiring its Shares, the voting rights of such Shareholder would increase to 30% or more, or if such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than one per cent. (1%) in any period of six (6) months. Such Shareholder need not abstain from voting in respect of the resolution authorising the Share Buy-Back Mandate.

2.12 Application of the Take-over Code

The interests of the Directors and Substantial Shareholders of the Company in the Shares are disclosed below in paragraph 3 of this Addendum.

To the best of the Directors' knowledge, as at the Latest Practicable Date, none of the Directors or Substantial Shareholders of the Company would become obliged to make a take-over offer for the Company under Rule 14 of the Take-over Code as a result of the Share Buy-backs by the Company of the maximum limit of 10% of the total number of issued Shares as at the Latest Practicable Date.

- 2.13 **The statements in this Addendum do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Takeover Code. Shareholders are advised to consult their professional advisers and/or the Securities Industry Council and/or the relevant authorities at the earliest opportunity as to whether an obligation to make a take-over offer would arise by reason of any share buy-backs or acquisitions by the Company pursuant to the Share Buy-back Mandate.**

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3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

Based on the Company's register of interest of Directors and register of Substantial Shareholders respectively, as at the Latest Practicable Date, the interests of Directors and Substantial Shareholders of the Company in the Shares before and after the purchase or acquisition of Shares pursuant to the Share Buy-Back Mandate, assuming (a) the Company purchases or acquires the maximum amount of ten per cent. (10%) of the total number of issued Shares, and (b) there is no change in the number of Shares held by the Directors and the Substantial Shareholders or in which they are deemed interested, are as follows:

	Before Share Buy-Back (No. of Shares)			Before Share Buy-Back (%) ⁽¹⁾	After Share Buy-Back (%) ⁽²⁾
	Direct Interest	Deemed Interest	Total Interest		
<u>Directors</u>					
John Lim Kok Min	169,296	-	169,296	0.05	0.06
Wong Yu Wei (Huang Youwei)	723,863	17,800	741,663	0.24	0.27
Chu Kok Hong @ Choo Kok Hong	791,323	1,578	792,901	0.26	0.28
James Lim Jit Teng	-	1,113,624	1,113,624	0.36	0.40
Chong Lit Cheong	-	-	-	-	-
Professor Yong Kwet Yew	-	-	-	-	-
Tam Chee Chong	-	-	-	-	-
<u>Substantial Shareholders (other than Directors)</u>					
Boustead Singapore Limited	163,861,009	-	163,861,009	52.75	58.61
Mr Wong Fong Fui ⁽³⁾	-	224,242,603	224,242,603	72.18	80.20

Notes:-

- (1) Based on 310,654,341 Shares in issue (excluding treasury shares and subsidiary holdings) as of the Latest Practicable Date.
- (2) Based on 279,588,907 Shares in issue (excluding treasury shares and subsidiary holdings), assuming that the Company purchases the maximum number of 31,065,434 Shares under the Share Buy-Back Mandate.
- (3) Mr Wong Fong Fui is deemed interested in 52,690,334 Shares, representing 16.96% of the total issued share capital of the Company, held through nominees. In addition, Mr Wong Fong Fui, through his interest in not less than 20% of the issued share capital of the following entities, is also deemed interested in:-
 - (i) 163,861,009 shares (representing approximately 52.75%) held by Boustead Singapore Limited; and
 - (ii) 7,691,260 shares (representing approximately 2.48%) held by Bright Assets Enterprises Limited.

4. DIRECTORS' RECOMMENDATION

The Directors are of the opinion that the proposed renewal of the Share Buy-Back Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of the Proposed Resolution, relating to the proposed renewal of the Share Buy-Back Mandate as set out in the Notice of AGM.

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5. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the AGM and wish to appoint a proxy or proxies to attend and vote at the AGM on their behalf must complete, sign and return the Proxy Form attached to the Notice of AGM in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832 not later than 48 hours before the time fixed for the AGM. The completion and return of a Proxy Form by a Shareholder will not preclude him from attending and voting in person at the AGM should he subsequently decide to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the AGM and to speak and vote thereat unless his name appears on the Depository Register as at 72 hours before the AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Addendum and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Addendum constitutes full and true disclosure of all material facts about the proposed renewal of the Share Buy-Back Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Addendum misleading. Where information in this Addendum 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 Addendum in its proper form and context.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 82 Ubi Avenue 4, #07-01 Edward Boustead Centre, Singapore 408832 during normal business hours on any weekday (public holidays excepted) up to and including the date of the AGM:

- (a) the Constitution of the Company; and
- (b) the Annual Report of the Company for the financial year ended 31 March 2019.

Yours faithfully
BOUSTEAD PROJECTS LIMITED

Mr John Lim Kok Min
Chairman & Independent Non-Executive Director

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