

MINUTES OF EXTRAORDINARY GENERAL MEETING HELD ON 25 FEBRUARY 2021 AT 10.30AM

Present:

Directors:

- John Lim Kok Min (Chairman & Independent Non-Executive Director)
- Wong Yu Wei (Deputy Chairman & Executive Director)
- Thomas Chu Kok Hong (Managing Director & Executive Director)
- Chong Lit Cheong (Independent Non-Executive Director)
- Professor Yong Kwet Yew (Independent Non-Executive Director)
- Tam Chee Chong (Independent Non-Executive Director)

Attending by live webcast or audio conference:

Shareholders as set out in the attendance records maintained by the Company.

- Tay Chee Wah (Secretary)
- Lee Keen Meng (Chief Financial Officer)
- Raymond Lum Wai Meng (Chief Operating Officer)
- Winson Teo Weng Keong (Manager, Corporate Marketing & Investor Relations)
- Teh Wee Wen (Auditor, PricewaterhouseCoopers LLP)
- Rick Ong Zhi Wei (Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd)
- Sia Chee Hui (Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd)
- Hon Chia Hui (Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd)
- Esther Au (Independent Scrutineers, DrewCorp Services Pte Ltd)
- Noordiah Bte Ahmad Junsi (Independent Scrutineers, DrewCorp Services Pte Ltd)

1) Quorum/Commencement

Mr John Lim Kok Min, the Chairman, welcomed Shareholders who joined the Extraordinary General Meeting (the “EGM”) by the electronic means of “live” audio-visual webcast and audio-only feed.

With a quorum being present, the Chairman, called the EGM to order at 10.30am.

The Chairman introduced the members of the Board and management, and representatives from the auditors, share registrar and independent scrutineers who were in attendance in person or joining the EGM via the “live” audio-visual webcast.

2) Notice of EGM

The Notice of EGM dated 5 February 2021, having been circulated to the Shareholders, was taken as read.

3) Purpose of EGM

The Chairman informed that the purpose of the EGM was to consider the following matters:

- i) The Proposed Transactions (comprising the Proposed Subscription and the Proposed Divestment); and
- ii) The assignment of the BP-SF Transferred Loan to the Company pursuant to the Relevant Loan Transaction.

4) Poll Voting

The Chairman explained that due to the current COVID-19 control measures in Singapore, the EGM was held by electronic means. As mentioned in the Company's SGX announcement and Notice of EGM dated 5 February 2021, Shareholders would not be able to ask questions or vote during the EGM. Shareholders had to submit their questions in advance of the EGM and could exercise their voting rights only by appointing the Chairman as proxy. Although Shareholders were unable to ask questions at the EGM, the Chairman thanked all Shareholders who had submitted their questions in advance of the EGM to the Company, with the significant and relevant questions being also answered in advance of the EGM.

The Chairman informed that he had been appointed as proxy by the Shareholders to vote on their behalf in accordance with their instructions.

The Chairman further informed that in accordance with the requirements of the SGX Listing Rules, all Resolutions to be tabled at the EGM would be voted by way of poll. As all instructions for the votes on the Resolutions had been given prior to the EGM, all Resolutions would be taken as read, proposed and seconded.

It was noted that the poll votes had been collected and counted, and DrewCorp Services Pte Ltd had been appointed as scrutineers in respect of the voting process.

5) Presentation by Mr Wong Yu Wei

The Chairman invited Mr Wong Yu Wei, Deputy Chairman & Executive Director, to give a short presentation on the establishment of Boustead Industrial Fund ("BIF") and the Proposed Transactions to Shareholders. The Chairman noted that relevant information pertaining to the business of the EGM had already been provided in the Circular to Shareholders and through the Company's responses to the questions from Shareholders, all of which had been published through the SGXNet and also uploaded to the Company's corporate website and that the presentation served only to highlight the key points of the Proposed Transactions.

The Chairman added that as some of the Shareholders might be aware, the Company had been exploring for some time, various options to unlock the value in its leasehold portfolio and recycle cash for its expansion and growth plans as mentioned in the Circular to Shareholders. The establishment of BIF was a highly significant milestone that provided the Company with a sustainable platform for acquiring and holding stabilised industrial property assets, as well as growing its funds management businesses. The Company hoped that the occasion would mark the beginning of more similar developments in the future.

Mr Wong Yu Wei's presentation to shareholders comprised the following:

i) Introduction

Mr Wong Yu Wei noted that the Company had three principal business divisions:

- Engineering and construction;
- Development and management of industrial sale or lease facilities; and
- Strategic partnerships which up until the establishment of BIF, consisted mainly of joint ventures and funds in relation to real estate development only.

Mr Wong Yu Wei pointed out that in view of the growing portfolio of properties from the Company's joint ventures and development funds, the Company needed to establish a platform to house the completed and stabilised assets on a long-term basis and BIF was envisaged to be this platform.

ii) Establishment of BIF

Mr Wong Yu Wei provided an overview of BIF to Shareholders.

The value of Units and Notes to be issued under BIF was:

- a) Up to S\$75.5 million in Units; and
- b) An aggregate of S\$236.0 million in 7%, 10-year Notes to BIF's investors.

The investor commitments to subscribe to the Units and Notes are in the proportion of: 25% to the Company as Sponsor, with the remaining 49% and 26% to be invested by AP SG 21 Pte Ltd ("APSG") and Metrobilt Construction Pte Ltd respectively.

Boustead Industrial Fund Management Pte Ltd, a wholly-owned subsidiary of the Company, shall be appointed as BIF's investment and asset manager, and BIF's trustee, notes trustee, paying agent and notes lead manager would be Perpetual (Asia) Ltd, Intertrust (Singapore) Ltd and United Overseas Bank Limited respectively.

Apart from the mandate of investing in certain industrial property assets with a stabilised income stream, a proportion of BIF's portfolio might also consist of development projects, meaning that BIF might in the future, co-invest in development projects with the Company and/or its partners.

The Units were also not redeemable by BIF's investors.

As BIF's Sponsor, the Company together with its subsidiaries and its private funds shall be required to furnish a Right of First Refusal ("ROFR") to BIF for its Singapore industrial properties.

In addition to the (up to) S\$75.5 million that BIF would obtain from the Units placement and S\$236 million from the Notes placement, BIF had obtained a further amount of up to S\$298 million in banking facilities, all to fund the acquisition of interests in 14 properties – the Initial Industrial Properties – at a total gross property valuation of around S\$520 million.

iii) Rationale for BIF

Mr Wong Yu Wei summarised the rationale for the establishment of BIF:

- a) Enable the Company to unlock value from 14 of its properties, generating gross proceeds of over S\$328 million to fund its growth plans;
- b) Establish a platform to hold completed assets on a long-term basis; and
- c) Allow the Company to benefit from the recurring income generated from its ownership of Units, Notes and the management of BIF.

The Proposed Transactions would result in 14 assets transferred to BIF, with 11 assets outside of BIF remaining with the Company, valued at approximately S\$700 million in aggregate. The remaining assets are under development or stabilisation and together with future development projects undertaken by the Company's existing development partnerships, would serve as a potential pipeline for BIF to acquire, further amplifying the benefits mentioned earlier.

iv) Details of Proposed Transactions

Mr Wong Yu Wei explained that the Proposed Transactions that required shareholders' approval could be broadly described in three categories:

- a) The proposed subscription of Units and Notes, together with some ancillary commercial arrangements;
- b) The proposed divestment of the Company's interest in 14 properties to BIF; and
- c) The assignment of a JV Partner's loan in one of the property special purpose vehicles ("SPVs") to the Company.

Proposed Subscription

The Company proposed to utilise its wholly-owned subsidiary, BP-Real Estate Investment Pte Ltd to subscribe for 25% of the Units in BIF amounting to up to approximately S\$23.3 million, and 25% of the aggregate principal amount of Notes amounting to S\$59.0 million. This would include a future subscription commitment of up to S\$8.7 million for purposes of co-funding BIF's acquisition of a 51% interest in Continental Building (Phase 3).

Mr Wong Yu Wei proceeded to elaborate on the ancillary commercial arrangements, comprising the QDS Deed of Payment, the Capital Top-Up Deed, the Deed of Rental Guarantee and the JTC Confirmations.

As the Notes are intended to fulfil requirements of the Qualifying Debt Securities ("QDS") scheme resulting in a concessionary tax rate of 10% on the net interest income earned for the Notes, in the event that the Notes do not qualify for the QDS Scheme, the QDS Deed of Payment obligates the Company to compensate APSG up to a maximum amount of S\$2.8 million. This compensation amount is to cover APSG's QDS tax savings for a period of 5 years. Prior to entering into the QDS Deed of Payment, the Company had obtained external tax advice and is currently in the process of applying for advanced ruling on the QDS matter from the Inland Revenue Authority of Singapore. In the event that a favourable ruling is obtained, compensation under the QDS Deed of Payment would no longer be required.

The Capital Top-Up Deed relates to BIF's acquisition of interest in three properties jointly-owned by the Company's JV Partner in the Boustead Development Partnership. Due to differences in return expectations, the Capital Top-Up Deed may result in the Company paying to the JV partner an amount of up to S\$3.6 million. Should BIF successfully acquire all three properties, however, the payment amount should be S\$2.1 million instead and the Company expected this to be the case.

The rental guarantee under the Deed of Rental Guarantee relates to an aggregate amount of S\$25.5 million, involving 10 of the 14 properties to be transacted. Due to the tenancies already in place for the 10 properties, the Company expected the payout under the Deed of Rental Guarantee to be no more than S\$2.2 million.

The JTC Confirmations relate to an undertaking by the Company to continue to hold more than 50% of BIF's manager for a period of 10 years and to hold Units and Notes amounting to at least S\$52 million until January 2024. It should be noted, however, that the Company was already subscribing to over S\$72 million of Units and Notes at BIF's inception.

Proposed Divestment

Of the 14 properties to be divested to BIF under the Proposed Divestment, BIF would directly acquire ownership title of 11 properties and acquire a 49% interest in the respective SPVs for the remaining three properties. This is mainly due JTC's assignment prohibition period for these three properties, where there are temporary title transfer restrictions in place.

It was noted that BIF's gross property valuation for all 14 properties on an aggregate basis exceeded the Company's independent valuation for these properties and when translated into figures representing the Company's share of divestment proceeds, it represented a slight premium of over S\$1.0 million. After accounting for one-off fees such as performance and acquisition fees as well as recurring BIF management fees to be gained by the Company and netting off expected Capital Top-Up and Rental Guarantee payments, the Proposed Transactions remain a net positive proposition for the Company.

Assignment of Partner's Loan in respect of BP-SF Turbo LLP

BIF's acquisition of a 49% partnership interest in BP-SF Turbo LLP is a two-step transfer that first involves a transfer of a 24.5% partnership interest from the Company's JV Partner to the Company, which would then be followed by the Company on-selling the same partnership interest to BIF. The transfer also involves the assignment of the JV Partner's loan in BP-SF Turbo LLP ("the BP-SF Transferred Loan") to the Company, which in accordance to Section 163 of the Companies Act was a matter that required shareholders' approval.

Mr Wong Yu Wei added that as he was deemed to be an interested party to Mr Wong Fong Fui's shareholding interest in the Company and in turn, its entities such as the BP-SF Turbo LLP, Mr Wong Yu Wei and his immediate family members (including Mr Wong Fong Fui) had therefore abstained from voting on the resolution to approve the assignment of the BP-SF Transferred Loan to the Company.

v) Financial Effects

Mr Wong Yu Wei next elaborated on the expected financial effects of the Proposed Transactions.

The divestment of interest in the 14 properties to be acquired by BIF would yield approximately S\$332 million in proceeds to the Company. After deducting the book value of the 14 assets, related transaction costs, applicable taxes and the subscription in 25% of Units and Notes, the Company would realise a net gain of approximately S\$136 million, assuming that the transaction was completed on 30 September 2020.

As at 30 September 2020, the Company had a cash position of approximately S\$116.0 million. Following the subscription in S\$72.7mil in Units and Notes, receipt of S\$328.4 million from the proposed property divestments, repayment of the Company's share of related property loans and expensing the related transaction and tax costs, the resultant cash position of the Company would be S\$253.2 million.

In terms of the impact on the Company's balance sheet assets as at 30 September 2020, the Proposed Transactions would result in the decrease of the Company's balance sheet properties from approximately S\$210 million to S\$80 million, and increase its cash position from S\$116 million to S\$253 million. There would also be a net increase in investments by over S\$50 million mainly due to the Company's subscription to Units and Notes.

In terms of the impact on the Company's balance sheet liabilities as at 30 September 2020, lease liabilities would drop from S\$81 million to S\$49 million as a consequence of the removal of JTC land rent obligations associated with the properties divested to BIF. The balance sheet debt would be completely cleared, but income tax payables would increase from S\$8.5 million to S\$19.2 million.

vi) Proposed Resolutions

Mr Wong Yu Wei informed that the purpose of the EGM was to table and pass the following two resolutions:

- i) The Proposed Transactions (comprising the Proposed Subscription and the Proposed Divestment) where approval was sought to:
 - a) Subscribe to the proposed Units and Notes;
 - b) Divest the Company's interest in the 14 properties; and
 - c) Pay all expenses and enter into necessary agreements to complete the Proposed Transactions; and
- ii) The assignment of the BP-SF Transferred Loan to the Company pursuant to the Relevant Loan Transaction where for purposes of Section 163 of the Companies Act, Mr Wong Yu Wei and his immediate family had abstained from voting on this resolution.

A copy of Mr Wong Yu Wei's presentation is annexed hereto, marked as [Exhibit A](#).

Following his presentation, Mr Wong Yu Wei handed over the EGM to the Chairman. The EGM then proceeded with the resolutions set out in the Notice of EGM dated 5 February 2021.

6) **Ordinary Resolutions**

Resolution 1

Ordinary Resolution - The Proposed Transactions (comprising the Proposed Subscription and the Proposed Divestment)

The Chairman proposed the following resolution:

“That:

- a) Approval be and is hereby given for the Proposed Subscription (as described in the Circular);
- b) Approval be and is hereby given for the Proposed Divestment (as described in the Circular);
- c) Approval be and is hereby given for the payment of all fees and expenses relating to the Proposed Subscription and Proposed Divestment, and all other matters incidental thereto;
- d) The entry into of all agreements and transactions by the Company (whether directly or indirectly through its subsidiaries) in connection with the Proposed Subscription and the Proposed Divestment and all ancillary agreements contemplated thereby or incidental thereto, or which are necessary to give effect to or are in connection with the Proposed Subscription and the Proposed Divestment (as described in the Circular), be and is hereby approved, confirmed and (where applicable) ratified; and
- e) The Directors and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including but not limited to executing or amending all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to or are in connection with the Proposed Subscription and the Proposed Divestment.”

The Chairman announced the result of the votes as follows:

- Total number of votes cast: 242,690,920 votes.
- Votes FOR the resolutions: 242,690,920 votes or 100%.
- Votes AGAINST the resolutions: 0 votes or 0%.

The Chairman declared the resolution carried.

Resolution 2

Ordinary Resolution – The Assignment of the BP-SF Transferred Loan to the Company pursuant to the Relevant Loan Transaction

The Chairman proposed the following resolution:

“That:

- a) Approval be and is hereby given for the assignment of the BP-SF Transferred Loan to the Company pursuant to the Relevant Loan Transaction (as described in the Circular);
- b) The entry into of all agreements and transactions by the Company (whether directly or indirectly through its subsidiaries) in connection with the Relevant Loan Transaction and all ancillary agreements contemplated thereby or incidental thereto, or which are

necessary to give effect to or are in connection with the Relevant Loan Transaction (as described in the Circular), be and is hereby approved, confirmed and (where applicable) ratified; and

- c) The Directors and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including but not limited to executing or amending all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to or are in connection with the Relevant Loan Transaction.”

The Chairman announced the result of the votes as follows:

- Total number of votes cast: 181,478,391 votes.
- Votes FOR the resolution: 181,478,391 votes or 100%.
- Votes AGAINST the resolution: 0 votes or 0%.

The Chairman declared the resolution carried.

7) **Any Other Ordinary Business**

There being no other business, the Chairman declared the meeting closed at 10.56am and thanked all Shareholders for their participation.

Confirmed by:

JOHN LIM KOK MIN
CHAIRMAN

-- END OF MINUTES --