

## **BOUSTEAD PROJECTS PROPOSED ACQUISITION OF MEZZANINE DEBT OF PROPERTY GROUP**

**SINGAPORE, 12 AUGUST 2021**

### **1) Introduction**

The Board of Directors ("Board") of Boustead Projects Limited (the "Company") wishes to announce that its wholly-owned subsidiary, BP-Real Estate Investments Pte Ltd ("BP-RE"), Roark Capital Ltd and Lim Teck Lee Investments Pte Ltd (collectively, the "Purchasers", each a "Purchaser") have on 12 August 2021 entered into a notes purchase agreement (the "NPA") with Onward Capital Pte Ltd, Fabia Enterprises Limited, Good Crown Limited and Key Trading Limited (collectively, the "Vendors", each a "Vendor"), pursuant to which the Purchasers agree to acquire S\$110,000,000 in aggregate principal amount of notes due 2020 (the "Notes") issued by SC Aetas (Cayman) Limited (the "Issuer") to the Vendors pursuant to the respective subscription agreements dated 29 July 2019 entered into between the Issuer and each Vendor.

The Notes are to be acquired from the Vendors in the manner and proportion set out in the NPA, where each Purchaser will acquire such proportion of the Notes held by each Vendor as set out in the NPA. Upon completion of the NPA, the Company will own 50% of all the Notes through BP-RE, 25% will be held by Roark Capital Ltd and the balance 25% will be held by Lim Teck Lee Investments Pte Ltd.

### **2) About Vendors and Purchasers**

#### **2.1) Vendors**

Based on enquiries of the Company, the Vendors are private and/or institutional investors. The Vendors and their directors or shareholders are not related to the Company or its directors.

#### **2.2) Purchasers**

The Purchasers, namely BP-RE, Roark Capital Ltd and Lim Teck Lee Investments Pte Ltd, are not related to one another. Roark Capital Ltd and Lim Teck Lee Investments Pte Ltd are investment holding companies of private investors.

### **3) Information in Relation to Notes**

**3.1)** The Notes were issued subject to and have the benefit of the trust deed dated 29 July 2019 ("Trust Deed") entered into between the Issuer and Lion Trust (Singapore) Limited as trustee and security trustee for the holders of the Notes (the "Trustee" or the "Security Trustee"), as amended and supplemented by a supplemental trust deed dated 2 October 2020 (the "Supplemental Trust Deed"). The Notes are secured by *inter alia* a charge over the shares (the "Share Charge") in SC Aetas Holdings Pte Ltd (the "Singapore Subsidiary"), an assignment of accounts, an assignment of shareholder loans and a personal guarantee.

**3.2)** Pursuant to a call option deed dated 30 July 2019 entered into between the Issuer and the Security Trustee (the "Call Option Deed"), the Security Trustee was also granted an option to purchase all (but not some only) of the shares in the Singapore Subsidiary (the "Call Option"), being one (1) ordinary share as at the date of this announcement. Upon exercise and

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completion of the Call Option, the purchaser (namely, the Security Trustee) or its nominee would become the sole shareholder of the Singapore Subsidiary.

- 3.3) The Singapore Subsidiary owns the property situated at 30 Bideford Road, Singapore 229922, known as Orchard Hills/Orchard Hills Residences (the "Property"). The land is designated as Lot 730N Town Subdivision 27. The Property has been developed as an 18-storey mixed development comprising of targeted hospitality, healthcare and commercial components. The site area is 2,006.9 square metres or thereabouts and the approximate gross floor area is 14,637.89 square metres. Temporary Occupation Permit was obtained on 10 January 2020. There is an existing loan owing by the Singapore Subsidiary to the Senior Secured Creditors which is secured by a mortgage over the Property.

- 3.4) The key terms of the Notes are as follows:

<b>Principal amount</b>	S\$110,000,000 in principal amount of Notes.
<b>Issue date</b>	30 July 2019.
<b>Maturity date</b>	The Original Maturity Date was the date falling twelve (12) months from the Issue Date and was extended pursuant to the Supplemental Trust Deed (as defined below) to 30 November 2020.
<b>Redemption</b>	The Issuer may redeem the Notes in whole, but not in part, at any time (the "Call Settlement Date") at a redemption price equal to 100.0% of their principal amount together with accrued and unpaid interest to such date and all premium (if any) payable thereon, by giving not less than 15 nor more than 30 days' notice to the noteholders (which notice shall be irrevocable and shall oblige the Issuer to redeem the Notes on the Call Settlement Date at such price plus accrued interest to such date and all premium (if any) payable thereon).
<b>Interest</b>	<p>The Notes:</p> <ul style="list-style-type: none"> <li>i) Bear interest at the rate of 13% per annum for each interest period falling during the period from (and including) the Issue Date up to (and excluding) the Original Maturity Date; and</li> <li>ii) (If the maturity date of the Notes is extended pursuant to the Supplemental Trust Deed), bear interest for each interest period falling during the period from (and including) the Original Maturity Date up to (and excluding) the date on which all sums due in respect of the Notes have been repaid in accordance with the formula set out in Condition 7.1 of the Notes.</li> </ul>
<b>Default interest</b>	If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes, the Issuer shall pay interest at a rate which is (a) in the event such default occurs

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	<p>prior to the Original Maturity Date, 3% per annum higher than the rate then applicable and (b) in the event such default occurs after the Original Maturity Date, at a rate of 18% per annum. Such interest shall be payable on the principal amount of the Notes then outstanding (both before and after judgment) from such due date up to the day on which such sums due in respect of the Notes are received by Lion Trust (Singapore) Limited (as the principal paying agent) on behalf of the relevant noteholder or by the relevant noteholder.</p>
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- 3.5) The Issuer is a company established under the laws of the Cayman Islands.
- 3.6) As of the date of this announcement, the Notes are in default as to payment of principal and interest. Based on responses from the Vendors, they are not aware of the occurrence of an event of default in respect of payment obligations of the Singapore Subsidiary to its secured lenders, which borrowings are secured *inter alia* over the Property.
- 4) **Rationale for Proposed Transaction**
- 4.1) The transaction is intended to proceed by way of a purchase of all and not some only of the Notes by the Purchasers (the "Proposed Notes Purchase"). The Proposed Notes Purchase will be beneficial for the Company as it generates a good financial return and is adequately secured by various instruments as set out in paragraphs 3.1 and 3.2, including the Share Charge and Call Option for shares in the Singapore Subsidiary which in turn holds the Property.
- 4.2) The Purchasers may also potentially take legal and beneficial ownership of the Property (the "Potential Acquisition" and together with the Proposed Notes Purchase, the "Proposed Transaction"):
- i) By enforcing on the security granted in respect of the Notes through the exercise of the Call Option for the acquisition of all of the shares of the Singapore Subsidiary which owns the Property;
  - ii) Through the acquisition of the Property pursuant to any enforcement proceedings whether instituted by the Senior Secured Creditors or the Security Trustee ("Enforcement Sale"); or
  - iii) Through the acquisition of the Property pursuant to an auction or bilateral sale process ("Negotiated Sale").
- 4.3) In the event that the Purchasers successfully take legal and beneficial ownership of the Property or the shares of the Singapore Subsidiary, the Potential Acquisition will be beneficial for the Company's property investment and fund management business, enabling the Company to expand and diversify its property portfolio, as well as increase its revenue stream through the ownership and management of the Property. It is intended that the Purchasers will hold interests in the Property in proportion to their holdings of the Notes.

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### **5) Principal Terms of NPA**

#### **5.1) Purchase of Notes**

Pursuant to the NPA, the Vendors shall sell and the Purchasers shall purchase the Notes, free from all encumbrances and together with all rights, security, interests, benefits and advantages attaching thereto as at completion of the NPA ("Closing").

#### **5.2) Consideration**

The consideration for the Proposed Notes Purchase shall be S\$117,000,000 (the "Consideration"), which shall be payable in accordance with the provisions of the NPA. The Consideration to be paid by BP-RE for 50% of the Notes shall be S\$58,500,000. The Consideration comprises the principal and interest outstanding on the Notes.

The Purchasers shall also pay to the Vendors an amount equal to S\$12,287,816 (the "Additional Consideration"), upon the occurrence of any of the following events:

- i) Upon exercise of the Call Option and registration of any Purchaser or its nominee in the electronic register of members of the Singapore Subsidiary maintained by the Accounting and Corporate Regulatory Authority of Singapore as the holder of all the shares in the capital of the Singapore Subsidiary; or
- ii) The completion of the acquisition of the Property by any of the Purchasers (the "Property Completion") for a consideration amount not more than certain agreed thresholds pursuant to an Enforcement Sale or Negotiated Sale respectively,

Provided that if (i) the exercise of the Call Option, (ii) the Property Completion by way of a Negotiated Sale, or (iii) the commencement of any enforcement action in relation to the Notes does not take place within 18 months from Closing, the Additional Consideration shall be payable by the Purchasers to the Vendors. The portion of the Additional Consideration to be paid by BP-RE shall be S\$6,143,908.

The consideration for the purchase of the Notes was arrived at on a willing-buyer, willing-seller basis, after arm's length negotiations and taking into consideration the principal amount and interest (including default interest) outstanding on the Notes.

The Company intends to satisfy BP-RE's portion of the Consideration and Additional Consideration for the Proposed Notes Purchase by way of cash funded from the Company's internal resources.

#### **5.3) Closing Date**

Closing is intended to take place on 13 August 2021 or such other date as the parties may mutually agree in writing, subject to the provisions of the NPA.

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### 6) Financial Information

#### 6.1) **Book Value, Net Tangible Asset Value and Open Market Value**

Based on the latest unaudited financial statements of the Issuer as at 31 March 2021, the Notes were carried at book value of S\$110,000,000 (excluding accrued interest calculated to be approximately S\$12,359,000). The Notes are currently in default as to principal and interest. There is no open market value for the Notes as they are not listed or publicly traded.

Based on the latest unaudited financial statements of the Singapore Subsidiary as at 31 March 2021, the Property's carrying value was S\$720,188,616.

#### 6.2) **Net Profit**

The Notes are currently in default as to principal and interest. Based on the unaudited financial statements of the Issuer in respect of the financial period ended 31 December 2020, the interest (including default interest but excluding fees and expenses) on the Notes was calculated to be approximately S\$17,013,000.

### 7) Chapter 10 of Listing Manual

The relative figures of the Proposed Notes Purchase computed on the bases set out in Rule 1006 (a) to (e) of the Listing Manual, using the latest audited financial statements of the Group for the financial year ended 31 March 2021, are as follows:

Rule 1006	Bases	%
a)	The net asset value of the assets disposed of, compared with the Group's net asset value.	Not applicable
b)	The net profits attributable to the assets acquired, compared with the Group's net profits.	7.4 <sup>(1)</sup>
c)	The aggregate value of the consideration given, compared with the Company's market capitalisation based on the total number of issued ordinary shares of the Company excluding treasury shares.	19.6 <sup>(2)</sup>
d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable
e)	The aggregate volume or amount proven and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.	Not applicable

#### Notes:

- (1) The relative figure of 7.4% in Rule 1006(b) is computed by dividing the unaudited fair value gain on the Notes of approximately S\$10,366,000 (which is default interest on BP-RE's portion of the Notes), by the Group's audited net profit of S\$140,564,000 for the financial year ended 31 March 2021. There is no open market value for the Notes as they are not listed or publicly traded. "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

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- (2) The relative figure of 19.6% in Rule 1006(c) is computed by dividing the proportion of Consideration and Additional Consideration to be paid by BP-RE (which for the purposes of this computation is to be S\$64,644,000) by the market capitalisation of the Company of approximately S\$329,458,000, which is determined by multiplying the total number of shares in issue of 313,560,631 shares as at the date of this announcement by the VWAP of each share of S\$1.0507 as at 11 August 2021.

As the relative figures under Rule 1006(b) and (c) exceed 5% but do not exceed 20%, the Proposed Notes Purchase will constitute a “discloseable transaction” under Rule 1010 of the Listing Manual. Notwithstanding that there may be a Potential Acquisition and the value of the Property may result in the relative figures under Rule 1006(b) and (c) exceeding 20%, such acquisition of the Property (in the manner described above) will be considered as an acquisition entered into in the ordinary course of business of the Company and will therefore not be subject to Chapter 10 of the Listing Manual.

### 8) Nature of Proposed Transaction

- 8.1) According to paragraph 2.2 of Practice Note 10.1, an acquisition that is regarded to be, or in connection with, the ordinary course of an issuer’s business, is not subject to the requirements under Chapter 10 of the Listing Manual. According to paragraph 2.3 of Practice Note 10.1, an acquisition can be regarded to be, or in connection with, the ordinary course of an issuer’s business, if (a) the asset acquired is part of the issuer’s existing principal business; and (b) the acquisition does not change the issuer’s risk profile.
- 8.2) The Proposed Transaction is intended to proceed by way of a purchase of all and not some only of the Notes by the Purchasers, and to potentially take legal and beneficial ownership of the Property through *inter alia* the exercise of the Call Option thereafter. The Company is of the view that the Notes to be acquired is part of the Company’s existing business. Further, the potential acquisition of the Property also falls within the Company’s existing business of owning, developing and managing real estate.
- 8.3) The Company has considered, and is of the view that, the Proposed Transaction will not materially change its risk profile. Based on the latest audited financial statements of the Group for the financial year ended 31 March 2021 (“FY2021”) and assuming that the Proposed Transaction had been effected at the end of that financial year, the Proposed Transaction will not result in a reduction of the Group’s net profits or net asset value by 20% or more. The Notes are secured *inter alia* by the Share Charge and the Call Option over the share of the Singapore Subsidiary, which owns the Property. Please refer to paragraphs 3.1 and 3.2 of this announcement. As far as the Company is aware, based on the Singapore Subsidiary’s existing accounting policies (which includes revaluation gain) and unaudited financials for its financial year ended 31 December 2020, the Property is not loss-making or in a net liability position. The Company’s accounting policy is to carry investment property at cost less accumulated depreciation. Should the Property be carried at cost less accumulated depreciation, in accordance with the Company’s accounting policy, the revaluation gain would not be taken into account and the financial effects would be different. The Proposed Transaction would not have a significant adverse impact on the Group’s gearing or result in an expansion into a new jurisdiction that will expose the Group to significant new risks. Accordingly, the Company is of the view that the requirements under paragraph 2.3 of Practice Note 10.1 are met, and considers that the Proposed Transaction is an acquisition that is in the ordinary course of its business that is not subject to Chapter 10 of the Listing Manual. Hence neither the acquisition of the Notes nor the acquisition of the Property requires approval of the Company’s shareholders in a general meeting.

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### 9) Financial Effects of Proposed Transaction

The pro forma financial effects of the Proposed Notes Purchase on the Group as set out below are purely for illustrative purposes only and are neither indicative nor do they represent any projection of the financial performance or position of the Group after the completion of the Proposed Notes Purchase.

The pro forma financial effects set out below have been prepared based on the latest audited consolidated financial statements of the Group for FY2021 and the unaudited financial statements of the Issuer as at 31 March 2021.

For the purposes of the tables below, the financial effects are based on the value (being the Consideration and Additional Consideration to be paid in respect of the purchase) of the Notes and reflects the Company's 50% holding of the Notes (through its wholly-owned subsidiary), before taking into account the potential acquisition of the Property pursuant to an enforcement action as set out in paragraph 4.2 above.

#### 9.1) **NTA per Share**

Assuming that the Proposed Notes Purchase had been completed on 31 March 2021, the financial effect on the consolidated NTA per share of the Group for the financial year ended 31 March 2021 is as follows:

	<b>Before Proposed Notes Purchase</b>	<b>After Proposed Notes Purchase</b>
NTA (S\$'000)	425,856	425,856
Number of shares ('000)	311,028	311,028
NTA per share (\$)	1.369	1.369

#### 9.2) **EPS**

Assuming that the Proposed Notes Purchase had been completed on 1 April 2020, the financial effect on the consolidated net earnings per share ("EPS") of the Group for the financial year ended 31 March 2021 is as follows:

	<b>Before Proposed Notes Purchase</b>	<b>After Proposed Notes Purchase</b>
Net profit attributable to shareholders of the Company for FY2021 (S\$'000)	131,688	140,291 <sup>(1)</sup>
Weighted average number of shares ('000)	311,246	311,246
EPS (cents)	42.3	45.1



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**Notes:**

- (1) There is an interest accretion (net of tax) on the fair value of the Notes during FY2021 of S\$8,603,000 which represents the approximate fair value gain on the Notes during FY2021.

**10) Directors' and Controlling Shareholders' Interests**

None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

**11) Service Contracts**

No person is proposed to be appointed as a director of the Company in connection with the Proposed Transaction or any other transactions contemplated in connection with the Proposed Transaction.

**12) Documents Available for Inspection**

A copy of the NPA will be made available for inspection during normal business hours 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 falling three (3) months after the date of this announcement.

In view of the movement restrictions pursuant to the COVID-19 (Temporary Measures) (Control Order) Regulations 2020, access to the registered office of the Company will be subject to restrictions. Shareholders who wish to inspect the above documents should submit their request at least three days prior via email to the Company at [shirley.tay@boustead.sg](mailto:shirley.tay@boustead.sg). The Company will ensure that adequate safe distancing measures are put in place during such inspection.

**13) Caution in Trading**

Shareholders are advised to exercise caution in trading their shares. There is no certainty or assurance as at the date of this announcement that the Proposed Transaction will be completed or that no changes will be made to the terms thereof. The Company will make the necessary announcements when there are further developments on the Proposed Transaction and other matters contemplated by this announcement. Shareholders are advised to read this announcement and any further announcements by the Company carefully. Persons who are in doubt as to the action they should take should consult their legal, financial, tax or other professional advisers.

-- END OF COMPANY ANNOUNCEMENT --



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### 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](http://www.bousteadprojects.com).

### Contact Information

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