

BOUSTEAD PROJECTS FY2022 ANNUAL GENERAL MEETING ADVANCE QUESTIONS AND RESPONSES

SINGAPORE, 21 JULY 2022

The Board of Directors (“Board”) of Boustead Projects Limited (“Company”) wishes to express its appreciation to all shareholders who had submitted questions in advance of the Company’s Annual General Meeting (“AGM”) to be convened and held by way of electronic means on Thursday, 28 July 2022 at 10.30 a.m. In addition, the Securities Investors Association (Singapore), with the support of Singapore Exchange Securities Trading Limited (“SGX”), had also submitted questions for the AGM and where relevant, we have responded to them.

The Board is pleased to present both the relevant and significant questions submitted for the purpose of the AGM and the Company’s responses in advance of the AGM. Due to the high business and commercial sensitivity of some questions and/or to be in compliance with the Listing Manual of the Mainboard of SGX, the Company has not provided a response to every question that had been posed. Where there are overlaps in questions, the Company has grouped related and similar questions and provided responses.

The questions and responses have been grouped as follows:

- Engineering & Construction (“E&C”) Business (pages 1-3)
- Real Estate Business (pages 3-4)
- Governance (pages 4-5)
- Others (page 5)

It is important to note that these responses should be read in conjunction with the Boustead Projects Limited FY2022 Annual Report (“Annual Report”), Notice of AGM, Addendum to Notice of AGM and Additional Information for AGM released on 5 July 2022, all of which were earlier made available through SGXNET and the Company’s website and with contextual reference to the proceedings of the AGM including the presentation to be made and resolutions to be tabled.

	TOPIC: E&C BUSINESS
1)	E&C projects secured pre-pandemic were impacted by cost escalations. Are such cost escalations which were not catered for in the original contracts considered as a one-off event? Should we see margins stabilising going forward? Are E&C projects still facing significant cost pressures and/or labour shortages that may affect the completion of projects?
Response:	E&C projects secured pre-pandemic were impacted by unforeseen cost escalations due to project delays, work stoppages, supply chain disruptions, and reduced supply of and higher cost of labour, all of which were not anticipated before the pandemic. While the higher costs may be considered one-off for such projects, we have provided for the potential cost escalations to a reasonable degree for projects secured post-pandemic (after the beginning of the pandemic), some of which have become or are likely to become long-term features of the construction sector. This includes an array of risk mitigation strategies which include early procurement, selection of financially strong vendors, cost-sharing mechanisms with clients and an adoption of alternative construction methodologies and materials that have lower cost and supply disruption risks. Management also has better visibility on planning and deploying resources for new projects, having gained two years of experience in working within the limitations

	caused by the pandemic. Barring unforeseen circumstances, we expect to see an improvement and a stabilisation of margins for contracts secured post-pandemic.
2)	In the E&C Business, while segment revenue increased by 23% year-on-year, the segment loss was S\$6.5 million in FY2022. This mainly resulted from executing on projects secured pre-pandemic at margins that could not cover the current escalated costs. Compared to competitors, is the Group in a better position to manage the challenges arising from a constricted labour pool and supply chain cost escalation due to its adoption of ConTech and PropTech? In particular, has the Group been able to achieve a significant cost advantage?
Response:	<p>Compared to competitors, our management team believes that we are in a good position to manage the challenges posed by the current business environment and the pandemic. Details of this have been shared in our Letter to Shareholders. The adoption of ConTech and PropTech, which is the application of emerging technologies to construction and property respectively, have given us an advantage not only in addressing the short-term challenges caused by the pandemic but also placed us in a better position to address the long-term challenges of the sector. These challenges include: (1) continued long-term restrictions on labour (as publicly announced by the Singapore Government); (2) building climate resilience while mitigating climate risks through our Green Mark Platinum leadership, partnerships for digitalisation and also clean energy partnership with Sunseap; and (3) continued emphasis on quality, environmental, health and safety (“QEHS”) efforts, where digitalisation and technological transformation have been key to ensuring that standards are not compromised. This is evident in our role as a national champion of best practices for transformation and QEHS, as a SkillsFuture Queen Bee and bizSAFE Mentor – the only one among our direct competitors.</p> <p>Compared to conventional and general E&C projects, cost advantages from ConTech and PropTech are better translated for projects that are complex and/or in high value-added sectors, where such technologies are more readily embraced by clients and also play a critical role in our securing of these contracts.</p>
3)	The Group secured new contracts valued at S\$148 million, a 17% year-on-year decrease as management was cautious and remained highly selective to focus on high value-added sectors where the Group has a competitive advantage, expertise and familiarity. Can management elaborate further on the opportunities in the high value-added sectors in the next 18-24 months? With better visibility in the operating environment, how is management capitalising on this to build up its order book?
Response:	<p>There are growing opportunities in high-value added sectors where we can add significant value to clients. The enquiry pipeline in such sectors is also healthier due to the fact that there is high demand for solutions from these sectors.</p> <p>On 18 July 2022, the Company released an announcement over SGXNET on the award of a record design-and-build contract with a value of about S\$300 million. The contract represents an opportunity that has been secured in high value-added sectors, particularly the technology sector and for a Fortune 500 corporation. With better visibility on the business environment, costs, labour and supply chain issues, our management team was more confident about risk mitigation strategies to manage the potential downside risks of the new project, while capitalising on our stable foundation, balance sheet and strengths to undertake the project. This client in a high value-added sector was also able to better understand the risk-reward considerations when applying joint risk mitigation strategies, including the application of ConTech and PropTech.</p>

	As we still have some pre-pandemic order backlog to clear this year, and in view of the inflationary pressures and supply chain disruptions brought on by events like the Russia-Ukraine War, we will continue to exercise prudence in rebuilding our order backlog.
	TOPIC: REAL ESTATE BUSINESS
4)	What is the management’s view on the entry price of S\$515 million and long-term value of 28 and 30 Bideford Road? How does management intend to unlock the value of this property and what is the plan, (i.e. will it be held for sale or lease, or could it be potentially injected into Boustead Industrial Fund (“BIF”)? What are the roles and expected contributions of the other shareholders, namely Roark Capital Ltd and Lim Cher Meng Realty (Pte) Ltd?
Response:	<p>Based on comparable market transactions and a property valuation (S\$550 million) that is significantly higher than our entry price (S\$515 million), our management team believes that the asset was secured at a competitive price with good upside potential. Given the freehold nature, prime location, building quality and specifications of the asset, our management team also believes that there is long-term value that can be unlocked in the medium-term. It should be noted that as per our announcement on the enforcement of share charge dated 24 September 2021, the asset’s carrying value in SC Aetas Holdings Pte Ltd’s financial statements for 31 December 2020 was approximately S\$605 million.</p> <p>We expect this acquisition to expand our existing real estate portfolio, increase recurring income streams and broaden relationships beyond our traditional stronghold in business park and industrial real estate. To unlock the value of the asset, we intend to secure a quality operator for serviced residences of the property and lease the remaining commercial and medical suite spaces to complementary tenants. These actions are expected to help with asset stabilisation and turn the property into a prime income-generating asset.</p> <p>Through our joint venture with Roark Capital Ltd and Lim Cher Meng Realty (Pte) Ltd, who share joint decision-making with the Company, we will explore further options to unlock the value including potentially syndicating ownership to third-party institutional investors. It should also be noted that the asset will be managed by Echo Base-BP Capital Pte Ltd (“Echo Base”), our strategic joint venture – together with Razer Inc’s co-founder – focused on the development, investment and management of smart buildings and integrated developments across Asia Pacific, thereby further growing Echo Base’s track record and capabilities. Through Echo Base, we will be directly involved in asset management and fund management activities for this new asset. Apart from that, Echo Base is currently involved in asset management and fund management activities for Razer SEA HQ in Singapore and our growing real estate portfolio with KTG in Vietnam.</p> <p>On whether this asset will eventually be acquired by BIF, it is highly unlikely given BIF’s acquisition mandate, which is to invest in, administer and manage certain investments in business parks, industrial and logistics properties.</p>
5)	What is the Group’s experience and track record in managing a high-end, mixed development located just off the prime Orchard Road? Specifically, does the Group have the competitive advantage, expertise and familiarity in hospitality, healthcare and commercial real estate?
Response:	While the Group has not directly managed a Grade A mixed development in the Orchard Road Precinct, the Group has participated as part of consortiums in the past to acquire Grade A mixed developments both in Singapore and China, namely TripleOne Somerset and Perennial Beijing Tongzhou Integrated Development Phase

	<p>1 respectively. Separately, we have also designed and built Singapore’s first standalone private specialist hospital fully-dedicated to cancer treatment and are the current joint venture owner of developed assets including ALICE@Mediapolis, Razer SEA HQ and ‘351 on Braddell’ (under BIF) that contain integrated F&B, multi-use space and office components.</p> <p>With the experience as a healthcare solutions provider under Boustead Singapore Limited’s Healthcare Division, we are also not entirely new to or unfamiliar with the healthcare sector. Where our management team believes that management expertise for specific components is missing, we would bring in solutions specialists in those particular areas.</p>
6)	<p>Can the management detail efforts made to increase the real estate portfolio to be eventually injected into BIF for capital recycling? For the last two fiscal years, there has hardly been any announcement or contract secured.</p>
Response:	<p>The volatility in construction costs and continued compression of the development margins which we have witnessed since the start of the pandemic, together with interest rate hikes, have led us to adopt a cautious approach in growing our development pipeline. As such, development opportunities within the past two years were deferred in order to gain clarity on development-related risk factors and put in place the necessary risk mitigations. Our management team believes that greater clarity is emerging and that there is good potential to resume evaluating development opportunities in FY2023.</p> <p>Regarding the injection of properties into BIF, while we are not able to provide a definitive timeline for the injection of properties into BIF, assets will be progressively injected into BIF at a steady pace, once they are stabilised and provide the right tenure and yield, among other factors that meet BIF’s investment mandate and also other government regulations. With the exception of 36 Tuas Road which is due for future redevelopment, all of our development pipeline assets have reached asset stabilisation or are close to achieving asset stabilisation.</p>
	<p>TOPIC: GOVERNANCE</p>
7)	<p>It is noted that Professor Yong Kwet Yew is also currently the independent chairman of BBR Holdings (S) Ltd and Trittech Group Ltd. From the companies’ websites, BBR has four core business segments spanning across General Construction, Specialised Engineering, Property Development and Green Technology while Trittech positions itself as a unique one-stop integrated service provider for Smart Urban Development and Water & Environmental Protection. Would Professor Yong Kwet Yew be put in a position of conflict due to his concurrent chairmanship of the two listed companies that may compete in the same industry space?</p>
Response:	<p>Based on publicly available information, we understand that: (1) BBR specialises in mainly public sector projects, specialised works for civil engineering and residential projects; (2) BBR’s property development is also focused on residential developments; and (3) Trittech specialises in urban infrastructure related to water and environmental activities. On the other hand, the Company’s focus is in the area of construction projects and developments in private sector industrial developments.</p> <p>As such, BBR has not been a direct competitor for private sector industrial developments pursued by the Company. On the property development front, BBR is also not in direct competition as their projects pertain to the residential sector. There are no overlaps between the businesses of the Company and Trittech, and they are therefore also not regarded as our competitor.</p>

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	In view of the above, we believe that there is no conflict of interest for Professor Yong to sit on our Board, along with BRR and Tritech.
8)	How does the Company ensure that its interests are protected? What safeguards are put in place to ensure that sensitive commercial information and strategies are well protected?
Response:	<p>For the reason set out in our response to Question 7 above, we do not believe that there is a conflict of interest for Professor Yong to sit on our Board.</p> <p>The Company has in place policies for dealing with conflict of interest. Specifically, where a Director has a conflict of interest in a particular matter, such Director is obliged to declare their interest to the Board as soon as practicable after the relevant facts have come to their knowledge. Such Director will not be granted access to any information on the matter and is also required to recuse themselves from any deliberations and to abstain from voting on every aspect of the matter.</p>
9)	Even if a conflicted director recuses himself from certain sensitive discussions either in the Company or on the board of the other company, the act of recusing oneself would still provide competitive information. How does the Company mitigate such risks? Would the effectiveness of the director be impaired due to frequent recusing/conflict of interests?
Response:	<p>For the reason set out in our response to Question 7 above, we do not believe that there is a conflict of interest for Professor Yong to sit on our Board.</p> <p>Since his appointment as a Director on 1 May 2019, there has not been any occasion when he has had to recuse himself due to his directorships at BBR Holdings (S) Ltd and Tritech Group Ltd.</p> <p>The Nominating Committee conducts an annual evaluation of the effectiveness and performance of the Board as whole, each Board Committee, as well as each Director. The Nominating Committee will take into account, among other things, any conflict of interest, in assessing the suitability and effectiveness of a Director. Based on the evaluation for FY2022, the Nominating Committee and the Board are satisfied with the performance and effectiveness of each individual Director, including Professor Yong.</p>
	TOPIC: OTHERS
10)	When can shareholders expect a physical Annual General Meeting (“AGM”)?
Response:	<p>In the resumption of physical AGMs, our Board and management team will consider the prevailing COVID-19 situation and prioritise the wellbeing and health of shareholders, employees and the Board, apart from the guidelines set out by the Singapore Government and SGX. Regardless of the format of the AGM, shareholders can expect to be given the same rights to attend, ask questions, communicate their views, and to appoint proxies or to vote at the meetings.</p> <p>This year, we are also making available the ability for shareholders to ask live Q&A during the AGM.</p>

-- END OF COMPANY ANNOUNCEMENT --

By Order of the Board

Tay Chee Wah
Company Secretary

About Boustead Projects Limited

Established in 1996 and listed on the SGX Mainboard, Boustead Projects Limited (SGX:AVM) is a leading provider of innovative eco-sustainable real estate solutions with a regional presence across Singapore, China, Malaysia and Vietnam. Our core businesses are uniquely integrated to support the ecosystem of diversified classes of real estate, 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 Certification Scheme and a national champion of best practices for transformation, quality, environmental, and workplace safety and health (“WSH”) management. BP E&C's related achievements include being the first SkillsFuture Queen Bee for the built environment sector, quality leader on the BCA CONQUAS all-time top 100 industrial projects list and one of only eight bizSAFE Mentors, receiving numerous awards for exemplary WSH performance.

We were awarded the Corporate Excellence & Resilience Award at the Singapore Corporate Awards 2021 Special Edition, a recognition of our best practices in corporate governance and leadership, innovation and resilience during the COVID-19 pandemic. 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.

Boustead Projects is a 54%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global infrastructure-related engineering and technology group which is separately listed on the SGX Mainboard.

Visit us at www.bousteadprojects.com.

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