



Boustead Singapore Limited
(Co. Reg. No. 197501036K)

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PROPOSED DEMERGER OF THE REAL ESTATE SOLUTIONS BUSINESS THROUGH THE DISTRIBUTION *IN SPECIE* OF UP TO 49.0% OF THE ISSUED SHARES IN BOUSTEAD PROJECTS PTE. LTD. (TO BE RENAMED BOUSTEAD PROJECTS LIMITED) TO SHAREHOLDERS AND THE PROPOSED LISTING OF BOUSTEAD PROJECTS LIMITED ON THE MAIN BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED BY WAY OF AN INTRODUCTION

Singapore, 23 December 2014

1. Introduction

The Board of Directors (the "**Board**") of Boustead Singapore Limited (the "**Company**") refers to the Company's previous announcement made on 2 December 2014 regarding the proposed demerger of its real estate solutions business ("**Proposed Demerger**"), which is currently undertaken primarily by its wholly-owned subsidiary, Boustead Projects Pte. Ltd. ("**Boustead Projects**") and the subsidiaries of Boustead Projects, along with certain other subsidiaries and investments of the Company, and wishes to announce that the Company proposes to undertake the Proposed Demerger by:

- (i) effecting a distribution *in specie* (the "**Proposed Distribution**") to the shareholders of the Company ("**Shareholders**") of up to 49.0% of the issued share capital of Boustead Projects ("**BP Shares**") held by the Company to the entitled Shareholders as at a books closure date ("**Entitled Shareholders**") to be determined by the Board (the "**Books Closure Date**"); and
- (ii) listing of the BP Shares on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") by way of an introduction (the "**Proposed Listing**"),

(collectively, the "**Proposed Transaction**").

The Proposed Distribution will be subject to, *inter alia*, the approval of Shareholders at an extraordinary general meeting ("**EGM**") of the Company to be convened and such other approvals as set out in paragraph 4 of this announcement.

In connection with the Proposed Transaction and subject to Shareholders' approval and other approvals being obtained for the Proposed Distribution, the Company will undertake a restructuring exercise (the "**Restructuring Exercise**") to consolidate the Company's real estate solutions business under Boustead Projects (including the payment of a pre-transaction dividend from Boustead Projects to the Company), details of which are set out in paragraph 5 of this announcement.

Please see Appendix A to this announcement illustrating the simplified structure of the Company and its subsidiaries (the "**Group**") (including Boustead Projects and the subsidiaries of Boustead Projects (the "**BP Group**")) before and after the Proposed Transaction.

Following the completion of the Proposed Distribution, the Company will have a direct interest of at least 51.0% of the total issued share capital of Boustead Projects.

No payment will be required from Entitled Shareholders for the BP Shares to be received from the Proposed Distribution. The BP Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is effected.

An application to the SGX-ST will be made for the BP Shares to be listed on the Main Board of the SGX-ST, which will enable the BP Shares to be traded on the SGX-ST after the completion of the Proposed Distribution.

CIMB Bank Berhad, Singapore Branch ("**CIMB**") has been appointed as the financial adviser to the Company in respect of the Proposed Transaction and is also appointed as the issue manager for the Proposed Listing.

2. Information on the BP Group

The BP Group is a leading industrial real estate solutions provider with core engineering expertise in the design-and-build and development of build-to-suit projects comprising industrial facilities, industrial parks and business parks for multinational corporations and local enterprises.

The principal business of the BP Group can be categorised into three (3) main segments, namely:

- (a) the design-and-build or turnkey development of industrial and commercial properties comprising build-to-suit projects developed and customised based on customers' needs and property management ("**Design-and-Build**");
- (b) the development of industrial properties for lease or sale ("**Built for Sale or Lease**"); and
- (c) joint ventures and partnerships to develop and invest in industrial, commercial and other real estate projects ("**Property Investment**").

Design-and-Build

The BP Group has in-depth experience in designing and constructing custom-built facilities and has constructed and developed more than 3,000,000 square metres of industrial real estate in Singapore, Malaysia, Vietnam and the People's Republic of China ("PRC") for, among others, aviation, commercial, food processing, logistics, petrochemical, pharmaceutical and technology industries. The BP Group also carries out project management services in Singapore in which it acts as the project manager.

The BP Group possesses the A1 grading by the Building and Construction Authority under the registration category CW01 for General Building enabling it to tender for public sector projects in Singapore of an unlimited contract value.

Built for Sale or Lease

Over the past decade, the BP Group has developed for sale or lease a sizable industrial leasehold portfolio consisting of primarily single-tenanted high quality built-to-suit industrial facilities leased to a group of reputable end-user clients. Following completion of the Restructuring Exercise, the BP Group will hold 14 wholly-owned industrial properties in Singapore and Wuxi, PRC and a 50% equity interest in an industrial property located at 82 Ubi Avenue 4, Singapore (including the current projects under construction which will be completed on or before the end of the financial year ending 31 March 2015) in its portfolio amounting to approximately 180,000 square metres in aggregate, which provides recurring rental income.

Property Investment

The BP Group has also entered into several joint ventures and partnerships. In particular, the BP Group entered into a joint venture with AME Land Sdn Bhd, Tat Hong International Pte Ltd and L&M Ground Engineering Sdn Bhd to develop about approximately 120,000 square metres of prime industrial land in Nusajaya, Iskandar, Malaysia. Boustead Projects has also joined a consortium led by Perennial Real Estate Holdings Pte Ltd to invest for the purchase of TripleOne Somerset in Singapore which is due to undergo asset enhancement and following completion of the Restructuring Exercise, the BP Group will be part of another consortium also led by Perennial Real Estate Holdings Pte Ltd to invest in a development property in Beijing's Tongzhou District. In addition, as announced by the Company on 28 August 2014, Boustead Projects has entered into a co-investment partnership with a Middle East sovereign fund whereby the strategy of partnership is to develop and redevelop modern logistics and high quality industrial facilities in Singapore.

Moving forward, the BP Group intends to:

- identify opportunities in Singapore to undertake the design-and-build and/or build-to-suit of single-user industrial properties, which requires high level of technical specifications, for multinational corporations (particularly for the aerospace, high-tech manufacturing, research and development, media, information technology, bio-medical and pharmaceutical sectors) in Singapore;
- expand its portfolio of industrial properties held for sale or lease through undertaking the development of build-to-suit single-user industrial properties to further increase its stream of recurring rental income;

- consider, at the appropriate time, the formation of an industrial real estate investment trust to unlock value of its industrial property portfolio and free up capital for future growth and investments; and
- undertake joint ventures, partnerships or strategic investments in regional markets such as Malaysia, Vietnam, Indonesia and the PRC.

Valuation and book value of property interests held or to be held by the BP Group

The following properties set out in the table below comprising properties which are currently wholly-owned by the BP Group and properties which will be wholly-owned by the BP Group following completion of the Restructuring Exercise have an estimated aggregate market valuation of approximately S\$367.5 million (based on the latest independent valuation available to the Group) while their corresponding aggregate book value as recorded in the financial statements of the Group as at 30 September 2014 was approximately S\$162.5 million.

No. Address of property

1. 80 Boon Keng Road, Singapore
2. 80 Boon Keng Road, Singapore (extension building)
3. 25 Changi North Rise, Singapore
4. 26 Changi North Rise, Singapore
5. 10 Changi North Way, Singapore
6. 12 Changi North Way, Singapore
7. 16 Changi North Way, Singapore
8. 10 Seletar Aerospace Heights, Singapore
9. 16 Tampines Industrial Crescent, Singapore
10. 36 Tuas Road, Singapore
11. 31 Tuas South Avenue 10, Singapore
12. 85 Tuas South Avenue 1, Singapore
13. 10 Tukang Innovation Drive, Singapore
14. Plot 117, Wuxi New District, Wuxi, Jiangsu, PRC

In addition, the BP Group currently owns / will own equity interests in the following part-owned property investments following completion of the Restructuring Exercise ("**Joint Investments**"):

- (i) a 50% equity interest in BP-Ubi Development Pte. Ltd., which through a wholly-owned subsidiary, owns the industrial property located at 82 Ubi Avenue 4, Singapore;
- (ii) a 35% equity interest in THAB Development Sdn Bhd, which holds 6 plots of vacant industrial land located in Iskandar, Johor, Malaysia;
- (iii) an approximately 5.27% equity interest in Perennial Tongzhou Development Pte. Ltd ("**Perennial Tongzhou**") representing approximately 4.0% effective interest in Beijing Tongzhou Integrated Development Phase 1, a mixed-use project located in Beijing's Tongzhou District; and
- (iv) an approximately 5.5% equity interest in Perennial Somerset Investors Pte Ltd, which holds a commercial property, TripleOne Somerset, in Singapore.

The Group's cost of investment in the equity interest of the Joint Investments as at 30 September 2014 was approximately S\$21.6 million. After adjusting for the latest independent valuation available for the properties held by the Joint Investments, the adjusted value of such investments (after taking into account any surplus arising from the said independent valuation)¹ is approximately S\$53.0 million.

Summary Financial Information of the BP Group

The summary proforma financial performance of the BP Group, after adjusting for the Restructuring Exercise, for the financial years ended 31 March ("FY") 2012, 2013 and 2014 and the six-month financial period ended 30 September 2014 ("HY2015"), are set out below:

Financial performance

	FY2012 (S\$'000)	FY2013 (S\$'000)	FY2014 (S\$'000)	HY2015 (S\$'000)
Revenue	147,038	256,107	209,165	107,290
Profit before income tax	25,214	63,584	39,394	18,697
Profit for the year / period attributable to equity holders	21,890	61,925	35,813	14,195

Financial position

	As at 30 September 2014 (S\$'000)
Non-current assets	184,204
Current assets	234,420
Non-current liabilities	126,049
Current liabilities	127,651
Total shareholders' equity	164,924

Further information in relation to the BP Group, including its portfolio of assets and business and financial statements will also be set out in the introductory document to be issued by Boustead Projects in connection with the Proposed Listing (the "**Introductory Document**"), which will be despatched to Shareholders in due course.

3. Rationale for the Proposed Transaction

- (a) **Unlocking Shareholders' value through separate valuation.** The Proposed Transaction will enable Boustead Projects to be listed and valued separately from the other businesses of the Group. The Proposed Transaction will assist analysts, shareholders and the investing public to better appraise the value of the underlying businesses and assets of the respective groups and consequently allow for the value of such businesses

¹ The adjusted value of the Joint Investments are computed based on their respective adjusted unaudited net asset value ("**NAV**") in the management accounts as at 30 September 2014, with the exception of Perennial Tongzhou, which was based on its adjusted unaudited NAV as at 30 November 2014.

and assets to be better reflected, thereby reducing any possible conglomerate discount.

- (b) **Enable management's focus on core businesses.** The Proposed Transaction will provide the management of the Group and the BP Group with greater autonomy to better focus on their respective core business and oversee the strategies and operations of each group more effectively without the constraints of a conglomerate structure. This will also enable both groups to react to market demands faster and more effectively.
- (c) **Financial independence and direct access to capital markets for Boustead Projects.** Following the Proposed Transaction, Boustead Projects will be able to independently and directly access capital markets based on its own merits. This will enhance its ability to fund its future expansion without imposing financial burden on the Group.
- (d) **Create investment flexibility for the Shareholders.** After the Proposed Transaction, Entitled Shareholders will become direct shareholders of Boustead Projects. The Proposed Transaction therefore enables Entitled Shareholders to individually and directly participate in the ownership of, and enjoy returns from, shares held in two separately listed companies without any additional cash outlay. Entitled Shareholders would have the discretion and flexibility to separately decide on their holdings of the Company and Boustead Projects in accordance with their individual investment objectives.

4. **Conditions to the Proposed Transaction**

The Proposed Transaction (including the Restructuring Exercise) will be subject to, *inter alia*, the following:

- (a) the passing of an ordinary resolution by Shareholders to approve the Proposed Distribution at the EGM;
- (b) the receipt by Boustead Projects of an eligibility to list letter from the SGX-ST in connection with the admission of Boustead Projects to the Official List of the SGX-ST and the listing and quotation of the BP Shares on the Main Board of the SGX-ST; and
- (c) such other approvals, authorisations, consents and confirmations from the regulatory authorities as may be required or advisable and the same remaining in force, including without limitation, such approvals from the SGX-ST and other third parties being obtained for or in connection with the Proposed Distribution and Proposed Listing.

An application to the SGX-ST will be made for the BP Shares to be listed on the Main Board of the SGX-ST. An appropriate announcement on the outcome of the application will be made in due course.

5. **Details of the Proposed Distribution**

Restructuring Exercise

In connection with the Proposed Transaction, the Company intends to undertake the Restructuring Exercise, the key details of which are set out below:

- (a) The BP Group will acquire from the Company, certain subsidiaries in the Group that undertake the real estate solutions business and other related investments (collectively, the "**Relevant Entities**"). In connection with the acquisition of the Relevant Entities, the shareholders' loans that are owing by the Relevant Entities to the Group (the "**Shareholders' Loans**") will be assigned to the BP Group.
- (b) The amounts owing by the Group to the BP Group (the "**Interco Loans**") will be fully settled by the Group immediately prior to the BP Listing using a combination of the following:
 - (i) payment of the consideration by the BP Group to the Group for the acquisition of the Relevant Entities and for the assignment of the Shareholders' Loans;
 - (ii) a pre-transaction dividend of S\$80.0 million to be declared and paid by Boustead Projects to the Company; and
 - (iii) the balance to be repaid in cash.
- (c) The sub-division of the BP Shares prior to the Proposed Distribution.

Proposed Distribution

The Proposed Distribution will be effected by way of a dividend *in specie* of the BP Shares by the Company to Entitled Shareholders on the basis of the Shares held by Entitled Shareholders as at the Books Closure Date, fractional entitlements to be disregarded. Fractional entitlements, if any, will be aggregated and sold for the benefit of the Company, or otherwise dealt with in such manner and on such terms and conditions as the Directors may in their discretion deem fit.

Entitled Shareholders will not be required to pay for any BP Shares received pursuant to the Proposed Distribution. The BP Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Proposed Distribution is effected.

The number of Distribution Shares to be distributed to Entitled Shareholders (fractional entitlements, if any, having been disregarded) is dependent on, *inter alia*, the number of Shares in issue as at the Books Closure Date, the number of BP Shares in issue and any requirements which may be imposed by the SGX-ST in connection with the Proposed Listing. Accordingly, it is not possible at present to determine the final number of BP Shares to which Entitled Shareholders would receive under the Proposed Distribution.

Further information in relation to, *inter alia*, the Proposed Distribution will be set out in a circular (the "**Circular**") to be despatched to Shareholders in due course.

Overseas Shareholders

Where the Directors are of the view that the distribution of the BP Shares to any Entitled Shareholders whose registered addresses (as recorded in the Register of Members of the Company or in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**")) are outside Singapore (the "**Overseas Shareholders**") may infringe any relevant foreign law or may necessitate compliance with conditions or requirements which they, in their sole discretion,

regard as onerous or impracticable by reason of costs, delay or otherwise, such Overseas Shareholders' BP Shares will not be distributed to such Overseas Shareholders.

Instead, the Overseas Shareholders' BP Shares shall be transferred to such person(s) as the Company may appoint who shall sell the Overseas Shareholders' BP Shares and thereafter distribute the aggregate amount of the net proceeds, after deducting for all dealings and other expenses in connection therewith, proportionately among such Overseas Shareholders according to their respective entitlements to the BP Shares as at the Books Closure Date in full satisfaction of their rights to the BP Shares which they would otherwise have become entitled to under the Proposed Distribution and no Overseas Shareholder shall have any claim whatsoever (including in respect of any such sale) against the Company; its financial adviser, CIMB; the Company's share registrar; and/or CDP in connection therewith.

Where the net proceeds to which any particular Overseas Shareholder is entitled is less than S\$10, such net proceeds shall be retained for the benefit of the Company, and no Overseas Shareholder shall have any claim whatsoever against the Company or any other person in connection therewith.

Further information on the entitlements of the Overseas Shareholders will be set out in the Circular.

6. Financial Effects of the Proposed Transaction

The proforma financial effects of the Proposed Transaction on the Group as set out below are purely for illustrative purposes only and do not represent any projection of the actual future financial position or financial performance of the Group after completion of the Proposed Transaction.

The proforma financial effects of the Proposed Transaction on the Group as set out below have been prepared based on the audited consolidated financial statements of the Group and the BP Group for FY2014 and the following bases and assumptions:

- (a) the transaction costs incurred for the Restructuring Exercise and the Proposed Transaction are insignificant and ignored for computational purposes;
- (b) in relation to balance sheet items, the Restructuring Exercise and the Proposed Transaction had been completed on 31 March 2014;
- (c) in relation to profit and loss items, the Restructuring Exercise and the Proposed Transaction had been completed on 1 April 2013; and
- (d) the BP Shares amount to 49.0% of the total issued share capital of Boustead Projects, representing a dividend distribution of approximately S\$73.9 million, based on the proforma NAV of the BP Group as at 31 March 2014.

6.1 Share capital

There will be no change in the number of issued Shares as a result of the Proposed Transaction.

6.2 NAV per Share as at 31 March 2014

	Before the Proposed Transaction	After the Proposed Transaction
NAV as at 31 March 2014 (S\$'000)	352,348	278,486
Number of issued Shares as at 31 March 2014 ('000)	515,001	515,001
NAV per Share (Singapore cents)	68.42	54.07

6.3 Earnings per Share ("EPS") for FY2014

	Before the Proposed Transaction	After the Proposed Transaction
Profit after tax attributable to Shareholders for FY2014 (S\$'000)	70,685	53,137
Weighted average number of issued Shares	509,443	509,443
EPS (Singapore cents)	13.87	10.43

7. Further Information

The Circular containing, *inter alia*, details on the Proposed Transaction and the notice of the EGM to be convened, and the Introductory Document, will be despatched in due course to Shareholders.

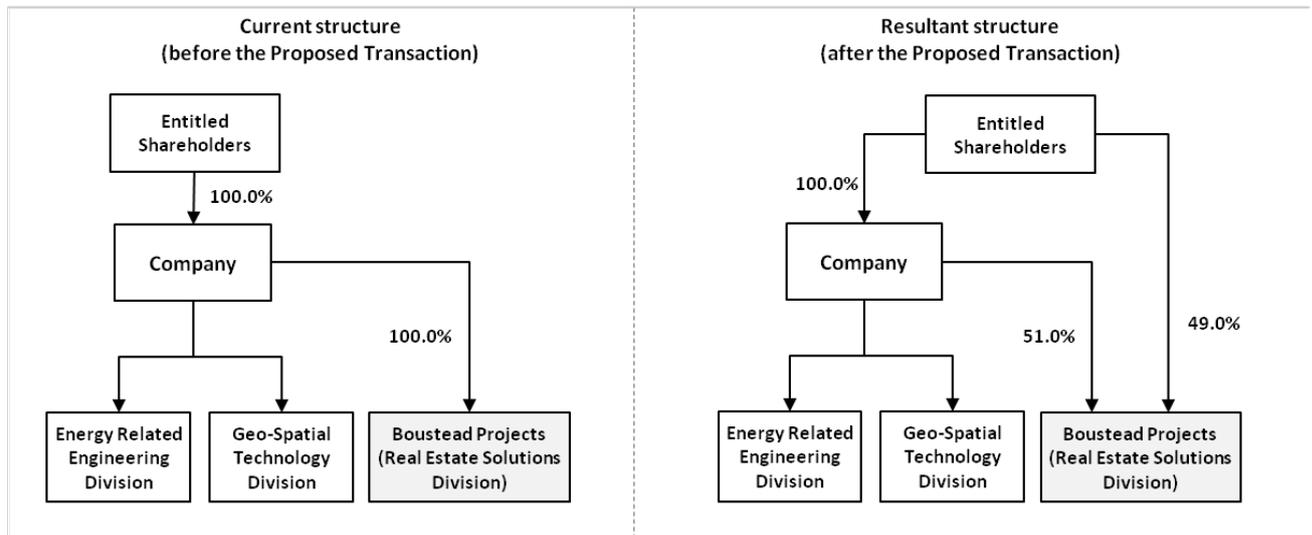
The Board of Directors wishes to highlight to Shareholders that there is no assurance that the requisite approvals/consents from, *inter alia*, the SGX-ST, to be obtained in respect of and in connection with the Proposed Transaction will be granted, or that the Proposed Transaction will proceed to completion.

As such, Shareholders are advised to exercise caution when dealing in the Shares and to refrain from taking any action in respect of their Shares which may be prejudicial to their interests until they or their advisers have considered the information in the Circular and the Introductory Document, as well as the recommendations to be set out in the Circular.

By Order of the Board

Alvin Kok
Company Secretary

APPENDIX A



About Boustead Singapore Limited

Established in 1828, Boustead Singapore Limited is a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group listed on the Singapore Exchange. Focusing on the engineering and development of key infrastructure supporting economic growth in the public and private sectors of emerging markets, our strong suite of Engineering Services comprises: Energy-Related Engineering and Real Estate Solutions.

Under our Geo-Spatial Technology arm, we provide professional services and exclusively distribute Esri geo-spatial technology – the world's leading geographic information systems – to major markets across Australia and South East Asia. Our location intelligence solutions are essential to effectively plan, deploy and manage key infrastructure and resources in countries.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, Boustead is ready to serve the world. To date, Boustead has undertaken infrastructure-related projects in 84 countries globally.

In 2008 and 2009, Boustead was recognised in the prestigious Forbes Asia 200 Best Under A Billion as one of the Asia Pacific's 200 best public-listed corporations under US\$1 billion in revenue. Boustead is also listed on the MSCI Global Small Cap Index for Singapore and the FTSE ST Small Cap Index.

Visit us at www.boustead.sg.

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