

Company Announcement



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

67 Ubi Avenue 1, #02-01
StarHub Green
Singapore 408942

PROPOSED ACQUISITION OF 36 TUAS ROAD

Singapore, 11 July 2013

1. Introduction

The Board of Directors of Boustead Singapore Limited (the "Company", together with its subsidiaries, the "Group") is pleased to announce that its wholly-owned subsidiary, Boustead Trustees Pte Ltd as trustee of Boustead Real Estate Fund (a trust established under the laws of Singapore) (the "Purchaser"), has on 10 July 2013, entered into a conditional put and call option agreement (the "Put and Call Option Agreement") with Ausgroup Singapore Pte Ltd (the "Vendor"), for the proposed acquisition of the property at 36 Tuas Road, Singapore 638505 (the "Property") together with the i) building(s) and structure(s) constructed on the Property; and ii) the mechanical and electrical equipment located in the Property (the "Acquisition"). On completion of the Acquisition ("Completion"), the Purchaser will lease the Property back to the Vendor for a term commencing on the date of Completion up to 14 May 2025 (the "Lease-back").

2. Information on Property

The Property, an industrial workshop with ancillary office, is located at Lot 2772C of Mukim 7, 36 Tuas Road, Singapore 638505 and has an area of approximately 29,893.1 square metres. The Property is held under a lease issued by Jurong Town Corporation ("JTC") for a term of 30 years commencing on 16 May 1995 with a covenant by JTC to grant a further term of 30 years subject to the terms and conditions of the lease.

3. Principal Terms of Acquisition

3.1 Put and Call Option Agreement

Under the terms of the Put and Call Option Agreement, the Purchaser has been granted a call option to require the Vendor to sell the Property (the "Call Option") and the Vendor has been granted a put option to require the Purchaser to purchase the Property (the "Put Option"). Under the terms of the Put and Call Option Agreement, the Purchaser and the Vendor will be deemed to have entered into a sale and purchase agreement for the Property upon the exercise of the Call Option, or the Put Option, as the case may be.

The purchase price of the Property is S\$39,360,000 (the "Purchase Price"), which was arrived at on a willing-buyer and willing-seller basis and after taking into account the open market valuation of the Property. The open market valuation of the Property is S\$44,600,000 based on a valuation dated 28 June 2013 commissioned by the Purchaser and conducted by Colliers International

Consultancy & Valuation (Singapore) Pte Ltd (the "Valuer"). The valuation was based on the Income Capitalisation Approach and the Discounted Cash Flow Analysis.

3.2 Conditions

The Acquisition and Lease-back is subject to the fulfilment of among others, the following key conditions which include (but are not limited to) the following:

- a) the Purchaser obtaining financing for the purchase of the Property;
- b) the Purchaser obtaining the approval of its investment committee;
- c) if required under the listing rules of SGX-ST, the Vendor obtaining the approval of the shareholders of its holding company, Ausgroup Limited; and
- d) the Vendor having obtained the approval from JTC for the Acquisition and the Lease-back.

4. **Financial Effects**

The pro forma financial effects of the Acquisition presented below are strictly for illustrative purposes only, and do not reflect the actual financial position and/or results of the Group's operations following the completion of the Acquisition and are not indicative of the future financial position and performance of the Group.

For illustration purposes only, assuming (as per Rule 1010(9) of the listing manual of the SGX-ST (the "Listing Manual")) that the Acquisition had been effected on 31 March 2013 and based on the audited financial statements of the Group for the latest financial year ended 31 March 2013 ("FY2013"), the Acquisition would have increased the net tangible assets per share of the Group from 60.0 cents to 60.4 cents.

For illustration purposes only, assuming (as per Rule 1010(9) of the Listing Manual) that the Acquisition had been effected on 1 April 2012 and based on the audited financial statements of the Group for FY2013, the Acquisition would have increased the earnings per share of the Group from 16.16 cents to 16.53 cents.

5. **Rationale for Acquisition**

The Company is of the view that the Acquisition will be in the interests of the Company for the following reasons:

- a) The Property is located in Tuas, a key industrial zone for Singapore, and enjoys access to the Tuas basin, Ayer Rajah Expressway (AYE) as well as the 2nd Causeway Link to Malaysia. The Tuas area has become and will continue to be an important focus area for engineering, pharmaceutical and logistics industries in Singapore which already enjoys a strong multinational presence;

- b) The Property will generate a predictable stream of income for the Company as upon Completion, the Property will be leased back to the Vendor for a long tenure up to 14 May 2025; and
- c) There is significant redevelopment potential in the Property's current underutilised plot ratio of 0.38. The allowable plot ratio is 1.0 and represents an additional 198,300 square feet of untapped plot ratio. This additional plot ratio capacity allows for the Company to support Ausgroup should Ausgroup elect to expand the plot ratio usage of the Property in future expansion endeavours on site as well as to potentially redevelop the whole Property upon Ausgroup's lease expiry.

6. Method of Financing

The Purchase Price will be funded through internal resources of the Group, external investors and bank borrowings.

7. Relative Figures under Chapter 10 of Listing Manual

Based on the latest announced unaudited financial statements of the Group for FY2013, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

a) Net Asset Value Test (Rule 1006(a))

Not applicable.

b) Net Profit Test (Rule 1006(b))

The pro forma annual net profit attributable to the Property of approximately S\$1.86 million represents approximately 2.0% of the Group's audited net profit before tax and minority interest of S\$94.3 million for FY2013.

c) Market Capitalisation Test (Rule 1006(c))

The total acquisition costs of S\$45.68 million, comprising the Purchase Price, estimated upfront land premium, stamp duty and other associated costs, represents approximately 6.5% of the Company's market capitalisation of approximately S\$704.7 million as at 10 July 2013.

d) Equity Securities Test (Rule 1006(d))

Not applicable.

As one of the relative figures set out above exceeds 5% but is less than 20%, the Acquisition constitutes a "Discloseable Transaction" under the Listing Manual, and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

8. Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

9. Interests of Directors and Controlling Shareholders

Save for their respective interests in the Company, if any, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

10. Documents for Inspection

Copies of the Put and Call Option Agreement and the valuation report by the Valuer are available for inspection during normal business hours at the registered office of the Company at 67 Ubi Avenue 1, #02-01, StarHub Green, Singapore 408492 for a period of three months, commencing from the date of this announcement.

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, Water & Wastewater 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.

Contact Information

For media and investor enquiries related to Boustead Singapore Limited, please contact:

Mr Keith Chu
Vice President –
Corporate Marketing & Investor Relations

Tel: +65 6747 0016 ext 112
DID: +65 6242 9362
Fax: +65 6741 8689
E-mail: keith.chu@boustead.sg

Ms Athena Kang
Senior Executive –
Corporate Marketing

Tel: +65 6747 0016 ext 109
Fax: +65 6741 8689
E-mail: athena.kang@boustead.sg