

Company Announcement



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

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BOUSTEAD SUBSIDIARY ENTERS JOINT VENTURE FOR DEVELOPMENTS IN ISKANDAR MALAYSIA

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1. Introduction

Boustead Singapore Limited ("Boustead") is pleased to announce that BP Lands Sdn Bhd ("BP Lands"), a wholly-owned subsidiary of Boustead Projects Pte Ltd ("Boustead Projects"), a wholly-owned subsidiary of Boustead, has entered into a Shareholders Agreement ("Shareholders Agreement") with Tat Hong International Pte Ltd ("THI"), AME Land Sdn Bhd ("AME") and L&M Ground Engineering Sdn Bhd ("L&M") (collectively, the "JV Partners") to jointly undertake mixed property development in Iskandar Malaysia, through Tat Hong Industrial Properties Sdn Bhd (the "JV Company").

The JV Company intends to develop six parcels of vacant industrial land in Nusajaya, Iskandar Malaysia's Flagship Zone B, which is home to several signature developments including Kota Iskandar (Johor State New Administrative Centre), the Southern Industrial and Logistics Clusters (SiLC), Puteri Harbour Waterfront Development, EduCity and Afiat Healthpark, among others.

2. Joint Venture

Pursuant to the terms of the Shareholders Agreement, the details of the joint venture are as follows.

2.1 Joint Venture Structure

The JV Partners will subscribe for new shares of RM1.00 per share fully-paid in the capital of the JV Company, a breakdown as follows:

Shareholder	Pre-JV Paid-Up Capital of JV Company	Number of New Shares	Increase in Paid-Up Capital of JV Company	Total Paid-Up Capital of JV Company	Final Shareholding % in JV Company
BP Lands	Nil	3,500,000	RM3,500,000	RM3,500,000	35%
THI	RM1,000,000	1,500,000	RM1,500,000	RM2,500,000	25%
AME	Nil	3,500,000	RM3,500,000	RM3,500,000	35%
L&M	Nil	500,000	RM500,000	RM500,000	5%
Total	RM1,000,000	9,000,000	RM9,000,000	RM10,000,000	100%

BP Lands and AME will each pay a cash consideration of RM3.5 million (~ S\$1.37 million), while L&M will pay RM0.5 million (~ S\$0.2 million) for their respective shareholdings of 35%, 35% and 5% in the JV Company. Prior to the signing of the Shareholders Agreement, THI was the sole registered and beneficial owner of the issued and paid-up share capital of RM1 million (~ S\$0.39 million) in the JV Company. THI will subscribe for an additional 1.5 million new ordinary shares for a cash consideration of RM1.5 million (~ S\$0.59 million) for a resultant shareholding of 25% in the JV Company. The JV Company will have a paid-up share capital of RM10 million (~ S\$3.9 million).

2.2 Board of Directors

The Board of Directors of the JV Company will comprise six directors, with BP Lands, THI and AME each appointing two directors.

2.3 Responsibilities

The Board of Directors of the JV Company shall be responsible for the supervision of the various functions as follows:

- a) Administration: BP Lands and THI-appointed directors;
- b) Finance: BP Lands and THI-appointed directors;
- c) Project management and construction: BP Lands and AME-appointed directors; and
- d) Sales and marketing: BP Lands, THI and AME-appointed directors.

2.4 Pre-Emptive & Tag Along Rights

The JV Partners have each been granted pre-emptive and tag along rights in respect to the sale or transfer of shares in the JV Company.

2.5 JV Partners

A brief description of the other JV Partners is provided below.

- a) THI – THI is a wholly-owned subsidiary of Tat Hong Holdings Limited (“Tat Hong”). Tat Hong, a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX”), is the seventh largest crane company in the world in terms of aggregate tonnage owned and owns the largest fleet of crawler and mobile cranes in the world (*source: International Cranes, IC50 Ranking, June 2013*). Tat Hong has four key businesses: the rental of crawler and mobile cranes, the rental of tower cranes, the distribution of cranes and heavy equipment, and the rental of general equipment. Its operations span South East Asia, Hong Kong, China and Australia.
- b) AME – AME is a wholly-owned subsidiary of AME Construction Sdn Bhd (the “AME Group”). The AME Group is well known for five key businesses: real estate development, construction of industrial and commercial premises, steel structure fabrication, M&E services, and IT and security services. Among the AME Group’s flagship real estate developments is the award-winning industrial park project known as i-Park @ Indahpura at Kulaijaya, Johor within Iskandar Malaysia’s Flagship Zone E, which won

the coveted "Highly Commended Industrial Development Malaysia" Award at the Asia Pacific Property Awards 2013-2014.

- c) L&M – L&M is a wholly-owned subsidiary of CSC Holdings Limited ("CSC"). CSC, a company listed on the Mainboard of the SGX in 1998, is Singapore's largest foundation and geotechnical engineering specialist, and one of the region's leading ground engineering solutions providers for private and public sector works, which include residential, commercial, industrial and infrastructure projects.

3. Assignment & Nomination of Purchase Rights Agreement in Relation to Purchase of Land in Iskandar Malaysia

3.1 The JV Company will enter into an Assignment cum Nomination of Purchase Rights Agreement with:

- a) Tat Hong HeavyEquipment (Pte) Ltd ("THHE"), a wholly-owned subsidiary of Tat Hong, to take over the completion of the purchase of five parcels of vacant industrial land totalling 24.667 acres or approximately 1,074,500 square feet ("Iskandar Land A") under the Sale and Purchase Agreement dated 22 April 2011 that THHE had entered into with UEM Land Bhd ("UEM") as vendor of Iskandar Land A; and
- b) L&M, to take over the completion of the purchase of one parcel of vacant industrial land adjoining Iskandar Land A of 4.835 acres or approximately 210,600 square feet ("Iskandar Land B") under the Sale and Purchase Agreement dated 29 April 2011 that L&M had entered into with UEM as vendor of Iskandar Land B.

4. Shareholders' Funds, Advances & Fund Raising

For the purposes of making the payments for the land acquisition and other costs in relation to the operation of the JV Company, the JV Partners have agreed to advance shareholders' loans according to the shareholding proportions of the JV Partners in the JV Company.

Any further requirements for working capital may be raised via internally generated funds, loans from JV Partners, an increase in paid-up capital or any such modes deemed expedient by the Board of Directors of the JV Company. The funding contributions and/or subscriptions by each JV Partner shall be in accordance with their shareholding in the JV Company.

5. Rationale for Entering Joint Venture

Boustead is of the view that Iskandar Malaysia represents the best and most promising avenue of international expansion for Boustead Projects, in comparison to other markets like China or Vietnam.

THHE signed the Sale and Purchase Agreement in 2011 to acquire Iskandar Land A, which THHE had intended to use for the storage of its cranes and inventories, and for maintenance facilities. However, recent developments in Nusajaya have resulted in Iskandar Land A being in proximity to residential, commercial,

educational and medical facilities. As such, the original intended use of Iskandar Land A has become incompatible with the general land use in Nusajaya. In addition, the recent appreciation in the market value of Iskandar Land A has rendered it an expensive depot for crane storage and maintenance.

With the revised strategy for the development of Iskandar Land A and adjoining Iskandar Land B, Boustead Projects considered an entry into the JV Company as a good opportunity to commence operations in Iskandar Malaysia. In addition, Boustead Projects relishes the business relationships which will be established with the other JV Partners, who are all reputable companies in their respective property construction and development fields. The alliance of reputable JV Partners that brings together complementary joint expertise will bring down the entry risks of Boustead Projects for the new market of Iskandar Malaysia.

Boustead Projects also considers that the JV Company can realise more efficient use of Iskandar Land A and Iskandar Land B, and create further value in line with the master plan for Nusajaya. Due to the strong interest for industrial and other properties in Nusajaya, as well as Nusajaya's excellent position within Iskandar Malaysia, and the fact that Iskandar Land A and Iskandar Land B are the only remaining vacant industrial plots of land left within SiLC in Nusajaya, there is potential value to be unlocked in the developments of Iskandar Land A and Iskandar Land B.

6. Financial Effects of Transaction

The cash consideration of RM3.5 million (~ S\$1.37 million) for BP Land's subscription of new shares in the paid-up capital of the JV Company will be funded internally.

The Boustead Group's participation in the JV Company is not expected to have a material impact on the profitability, earnings per share or net tangible asset value per share of the Boustead Group in the current financial year ending 31 March 2014.

7. Interest of Directors & Shareholders in Joint Venture

None of the Directors or controlling shareholders of Boustead has any interest, direct or indirect, in the JV Company.

8. Documents Available for Inspection

A copy of the Shareholders Agreement is available for inspection during normal business hours at Boustead's registered office at 67 Ubi Avenue 1, #02-01, StarHub Green North Wing, Singapore 408942, for a period of three months 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.

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