BOUSTEAD PROJECTS SIGNS STRATEGIC FRAMEWORK AGREEMENT WITH GUANGDONG NEW CO-OP TO DEVELOP AGRICULTURAL LOGISTICS NETWORKS

- Establishment of robust business platform for China, especially in developing agricultural and commodities logistics networks
- Strategic cooperation with business unit of Guangdong Co-Op Society, financially strong business partner and reputable state-owned enterprise

Singapore, 26 September 2016

1) Introduction


2) Strategic Framework Agreement between BP and Guangdong New Co-Op

The Framework Agreement provides BP and Guangdong New Co-Op with a formal structure to jointly establish Project Special Purpose Vehicles (“Project SPVs”) to invest, develop, construct and manage a series of key agricultural and commodities logistics networks within Guangdong Province. This includes the joint acquisition of land, development and construction of logistics infrastructure and parks, and subsequent management or sale of completed projects.

In principle, Guangdong New Co-Op will take a 42% shareholding in each Project SPV, with BP taking a 30% shareholding and other private investors taking up the remainder.

Subsequent announcements will be made as and when BP and Guangdong New Co-Op enter into any material projects launched under this Framework Agreement.

3) Rationale for Entering into Framework Agreement

In line with BP’s overseas growth strategy, BP has been progressively focusing on undertaking development and investment activities in four key overseas markets, one of which is China. BP’s ambitions in growing in China are underpinned by
confidence that the country’s markets still hold great potential for expansion and modernisation, especially within the agricultural and commodities logistics sectors.

a) Guangdong Logistics Cities Strategy

The development of logistics cities throughout Guangdong Province ("Guangdong Logistics Cities Strategy") is a key component of China’s economic growth strategy that enjoys strong support from the Chinese Central Government. The advancement of the Guangdong Logistics Cities strategy is also a key mandate for the Guangdong Co-Op Society and its subsidiary, Guangdong Yuehe Investment Holdings Co, Ltd ("Yuehe Holdings"), the key shareholder and investor in Guangdong New Co-Op.

With more than CNY6 billion of assets under management, Yuehe Holdings was established in 2012 to better manage the assets and investments of the Guangdong Co-Op Society, and controls a number of businesses encompassing natural resources, real estate development and related financial services. The Guangdong China Co-Op Society is one of China Co-Op Society’s four primary provincial level societies.

Historically established to economically organise China’s agricultural and resource commodities, the China Co-op Society remains a socio-economic tool of the Chinese Central Government to promote the bridging of urban-rural inequality and economic reform. In recent times, the China Co-Op Society has been given a renewed mandate to invigorate its activities, as a result of which many of its provincial societies have started reforming and reorganising their respective agricultural and resource commodities businesses for greater economic impact.

The Guangdong Logistics Cities agenda also falls within the advancement of the Chinese Central Government’s One Belt, One Road initiative, given the strategic importance of Guangdong Province. Guangdong Province has the largest provincial economy in China and represents more than 10% of China’s economic output. In 2014, trade volume between Guangdong Province and countries situated within the One Belt, One Road initiative reached US$131 billion, representing over 22% of trade volume between mainland China and these countries.

b) Capitalising on Guangdong Logistics Cities Strategy

The Framework Agreement will allow BP to speedily capitalise on available development opportunities arising from the Guangdong Logistics Cities strategy, enable it to build up its in-house expertise in China over time, and allow it to establish and expand relationships within deep local networks in Guangdong Province that will pave the way for further development opportunities. Through the joint development of agricultural and commodities logistics networks in Guangdong Province, BP will also be able to directly contribute to advancing China’s socio-economic development – in line with BP’s corporate values – alongside the One Belt, One Road initiative.

Guangdong New Co-Op, as a reputable state-owned enterprise with a long track record and practical experience in establishing large-scale agricultural commodities wholesale centres, possesses the relevant resources and management advantage to make it a strong Chinese partner for BP in the development of Guangdong’s agricultural and commodities logistics networks.
c) Expanding BP’s China Track Record and Regional Footprint

BP has been exploring various avenues to grow its track record in China and expand its regional footprint.

From 2004 to 2007 and in 2011, BP developed the Wuxi Boustead Industrial Park and the Boustead Tongzhou Logistics Park respectively. Since then, BP has been looking to further extend its track record in China.

BP has also been looking to diversify its overseas revenue outside of Singapore, which is mainly contributed by Malaysia at the moment.

The strategic partnership between BP and Guangdong New Co-Op achieves these objectives and positions BP for long-term growth in China and around the region. This strategic partnership complements the business platforms that BP has already established including:

- Boustead Development Partnership in Singapore with a reputable Middle East sovereign wealth fund;
- iBP @ Nusajaya and Port of Tanjung Pelepas in Malaysia with AME Construction Sdn Bhd, Tat Hong Holdings Ltd and CSC Holdings Ltd; and
- Beijing Tongzhou Integrated Development and TripleOne Somerset in China and Singapore respectively, with consortiums led by Perennial Real Estate Holdings Ltd.

4) Interest of Directors and Shareholders in the Framework Agreement

Mr Wong Fong Fui, a controlling shareholder of BP, has agreed to provide a loan of CNY10 million to one of the private investors who intends to take up a 10% shareholding in the Project SPVs.

Save as disclosed above, none of the Directors or controlling shareholders of BP has any interest, direct or indirect, in the Framework Agreement.

Boustead Projects Limited’s admission to and listing on the Singapore Exchange Securities Trading Limited was sponsored by CIMB Bank Berhad, Singapore Branch. CIMB Bank Berhad, Singapore Branch assumes no responsibility for the contents of this announcement.
About Boustead Projects Limited

Established in 1996, Boustead Projects Limited (SGX:AVM) is a leading industrial real estate solutions provider in Singapore, with core engineering expertise in the design-and-build, and development of industrial facilities for multinational corporations and local enterprises. To date, we have constructed and developed more than 3,000,000 square metres of industrial real estate regionally in Singapore, China, Malaysia and Vietnam. We are approved by the Building & Construction Authority ("BCA") of Singapore for Grade CW01-A1 and General Builder Class One License to execute building construction contracts of unlimited value.

Our in-depth experience in designing and constructing custom-built facilities covers the aerospace, commercial, electronics, food processing, healthcare, high-tech manufacturing, lifestyle, logistics, oil & gas, petrochemical, precision engineering, R&D, resource recovery, technology and transportation industries. We are also a leader in pioneering advanced eco-sustainable facilities under the BCA's Green Mark Programme and the U.S. Green Building Council’s Leadership in Energy & Environmental Design Program. In Singapore, we are one of only nine bizSAFE Mentors and also a bizSAFE Star, the highest qualification that can be attained in recognition of a company’s health, safety and environmental management programmes.

On 30 April 2015, Boustead Projects listed on the SGX Mainboard.

Boustead Projects is a 51%-owned subsidiary of Boustead Singapore Limited (SGX:F9D), a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group which is separately listed on the SGX Mainboard.


Contact Information

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

Mr Winson Teo
Boustead Projects Limited
Assistant Manager
Corporate Marketing & Investor Relations
Main: +65 6748 3945
DID: +65 6709 8109
Fax: +65 6748 9250
E-mail: winson.teo@boustead.sg

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

Mr Keith Chu
Boustead Singapore Limited
Senior Vice President
Corporate Marketing & Investor Relations
Main: +65 6747 0016
DID: +65 6709 8112
Fax: +65 6741 8689
E-mail: keith.chu@boustead.sg