



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

63 Ubi Avenue 1, #06-01
Boustead House
Singapore 408937

PROPOSED PURCHASE OF 28,959,670 OR 28% ORDINARY SHARES IN SALCON LIMITED

Singapore, 5 April 2002

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") is pleased to announce that Boustead has today entered into a conditional Sale & Purchase Agreement with Asean Strategic Capital Limited ("ASCL") acting through its Liquidator, Collyer Holdings Limited, to purchase 28% or 28,959,670 ordinary shares of S\$0.20 each fully paid-up in Salcon Limited (the "Salcon Shares") at a total cash consideration of S\$6.5 million. The value of the consideration is arrived at on a willing buyer-willing seller basis. Completion of the transaction is scheduled to take place 14 days after all the conditions precedent have been fulfilled, but in any case, no later than 12 July 2002 ("Completion Date"). The purchase consideration will be financed by internal resources and/or bank borrowings of the Company.

Under the Sale & Purchase Agreement (the "Agreement"), the purchase of the Salcon Shares are conditional upon:

- a) Boustead confirming in writing to ASCL that the results of the due diligence exercise, in respect of the business, operations, affairs, financial condition, prospects and records of Salcon Limited as determined in Boustead's sole discretion, are satisfactory to Boustead;
- b) The Agreement and the transactions contemplated herein being approved by the shareholders of Boustead at a general meeting, if required;
- c) The representations and warranties of ASCL contained in the Agreement being true and correct in all material respects at the Completion Date with the same effect as though made on such date, and ASCL delivering to Boustead a certificate on the Completion Date and signed by ASCL to that effect, in form and substance satisfactory to Boustead;
- d) No order having been entered by any court or governmental authority and being in force which invalidates the Agreement or restrains Boustead from completing the transactions that are the subject of the Agreement;
- e) Such other consents or approvals (if any) as may be necessary from any governmental or regulatory body or relevant competent authority (including any applicable stock exchange) having jurisdiction over the transactions contemplated under the Agreement to the entry into and completion of the Agreement by the parties being granted or obtained and not withdrawn or revoked and if such consents or approvals are granted or obtained subject to any conditions, such conditions being acceptable to Boustead; and

- f) The receipt of a legal opinion from a legal counsel with respect to the authority and power of the Liquidator of ASCL under the laws of the British Virgin Islands substantially in the form attached to the Agreement.

Salcon Limited is an unlisted public company incorporated in Singapore. Its principal activities include the supply of water and wastewater treatment plants and equipment, pumps, steam turbines, turbo generators and related equipment. The Directors of Boustead are of the opinion that there is good potential in Salcon Limited's engineering business, in particular, its water treatment activities. In addition, the proposed acquisition will create immediate synergies with the Company's engineering activities.

Based on the Company's audited consolidated accounts for the year ended 31 March 2001 and on the latest available audited consolidated accounts of Salcon Limited for the year ended 31 July 2000 (adjusted for certain contingent liabilities), assuming that the transaction is proceeded with and solely for the purpose of illustration, the proposed acquisition will have the following financial effects on the Boustead Group:

- a) The net tangible asset per share will increase from \$0.26 per share to \$0.27 per share; and
- b) The earnings per share will increase from 1.9 cents per share to 3.0 cents per share (based on the Company's weighted average number of 182,520,387 shares in issue for the financial year ended 31 March 2001).

None of the Directors and substantial shareholders of Boustead has any interest, direct or indirect, in the transaction.