



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

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PROPOSED PURCHASE OF ADDITIONAL 11,533,528 OR 11.2% ORDINARY SHARES IN SALCON LIMITED

Singapore, 2 August 2002

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") wishes to announce that the Company has agreed to acquire an additional 11,533,528 shares ("Acquired Shares") in the capital of Salcon Limited ("Salcon") for a total consideration of RM5.3 million or approximately S\$2.5 million pursuant to a Sale & Purchase Agreement dated 2 August 2002 (the "Agreement") entered into with Pica (M) Corporation Bhd and its wholly-owned subsidiaries (together the "Pica Group"). The Acquired Shares represent approximately 11.20% of Salcon's issued capital as at the date hereof.

The Company had on 5 April 2002 and 11 July 2002, announced that it had entered into a conditional Sale & Purchase Agreement with Asean Strategic Capital Limited ("ASCL") for the purchase by Boustead of shares in Salcon, representing in aggregate 28.12% of Salcon's issued capital ("ASCL Transaction"). As announced, completion of the ASCL Transaction is to take place in two tranches. Completion of the first tranche in respect of shares representing 14.06% of Salcon's issued capital has taken place.

After taking into account the ASCL Transaction and the Acquired Shares, Boustead's interest in Salcon's issued capital will be approximately 39.32%, based on Salcon's issued capital as at the date hereof.

Under the Agreement with the Pica Group, legal completion of the transaction is to take place by 1 November 2002 or such later date as may be agreed between the parties.

Information on Salcon has been provided in Boustead's previous announcements. The Directors of Boustead are of the opinion that there is good potential in Salcon's engineering business, in particular, its water treatment activities. In addition, the acquisition will create synergies with Boustead's engineering activities.

Based on the unaudited consolidated accounts of Boustead and its subsidiaries for the financial year ended 31 March 2002 ("FY2002") and on the latest available audited consolidated accounts of Salcon for the year ended 31 July 2001, assuming that the second tranche under the ASCL Transaction is completed and solely for the purpose of illustration, the acquisition of the Acquired Shares and shares under the ASCL Transaction has the following financial effects on Boustead:

- a) There will be no significant impact on the net tangible assets per share of Boustead of S\$0.24, assuming that the acquisitions had been completed at the end of FY2002; and
- b) The loss per share of Boustead will be reduced from S\$0.029 to S\$0.022, assuming that the acquisitions had been completed at the beginning of FY2002.

The operating profit before income tax attributable to the Acquired Shares and the shares in Salcon which are the subject of the ASCL Transaction based on the said audited accounts of Salcon is S\$9.2 million.

None of the Directors of Boustead or, as far as Boustead is aware, its controlling shareholders (as defined in the SGX-ST Listing Manual) has any interest, direct or indirect, in the acquisition of the Acquired Shares.