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BOUSTEAD UNIT SIGNS DBOT AGREEMENT FOR WATER SUPPLY PROJECT TO SPECIAL REGION OF YOGYAKARTA

Singapore, 15 January 2005 – Mainboard listed Boustead Singapore Limited (“Boustead” or the “Company”), a leading global engineering services and geo-spatial technology group, announced today that PT Citra Tirta Mataram (“Citra”), the Company’s special purpose vehicle for the bulk water supply project in Yogyakarta (the “Project”) has signed a Design-Build-Operate-Transfer (“DBOT”) Agreement with the Provincial Government of the Special Region of Yogyakarta (“GOY”).

Under the DBOT Agreement, Citra will undertake the design, building and operation of the water processing facilities and the water transmission pipes to transport spring water from the neighbouring province of Central Java to Yogyakarta city, Sleman regency and Bantul regency. The region covered by the Project has a total population of 2.2 million people with a land area of 1,115 square kilometres, about 1.8 times the size of Singapore island.

The key terms of the DBOT Agreement and the related Off-Take Agreement to be subsequently executed by the parties include:

- ▶ An initial period of 25 years which can be extended;
- ▶ An initial minimum off-take guarantee which escalates in successive years in accordance with the demographic growth of the province;
- ▶ A payment guarantee provided by the provincial government;
- ▶ Exchange rate protection in the tariff formula; and
- ▶ A base tariff which escalates in successive years in accordance with a formula which takes into account inflation.

The Project shall be executed over three phases and upon completion of Phase 1, the Project will have a capacity to supply 100,000 cubic metres of clean treated water per day (equivalent to about 10% of the total daily water demand of Singapore). The initial estimated construction cost for Phase 1 is approximately US\$36 million. It is expected that 65% of the project cost (or approximately US\$23.4 million) will be funded by non-recourse bank borrowings. The remaining 35% (or approximately US\$12.6 million) will come from equity contribution by the Company and other Indonesian investors. Boustead intends to own a minority portion of the equity of Citra. The financial arrangements with banks and the shareholder agreement with the Indonesian investors are currently being finalised and further details will be provided in due course.

Site work for Phase 1 is expected to commence in the first quarter of 2005 and is targeted for completion by late 2006. The Engineering, Procurement and Construction

("EPC") contract for the whole project will be carried out by Boustead's Water & Environmental Division, which includes Salcon Limited. Mr Wong Fong Fui, Chairman & Group CEO of Boustead said, "We are pleased to be working with the Provincial Government of Yogyakarta on this prestigious project. In addition to contributing substantially to our order book, the EPC contract will generate material revenue and profit for Boustead's Water & Environmental Division."

About Yogyakarta

As the cultural and intellectual centre of Indonesia, Yogyakarta is Indonesia's most popular tourist destination after Bali. According to the GOY, Yogyakarta has some 10,000 hotel rooms available, with an occupancy rate exceeding 70%, which is even higher than Bali's 40% levels. It also has a thriving student population with over 120 public and private higher learning institutions.

Boustead believes that Yogyakarta offers an attractive investment climate and is represented by a transparent and strong government administration headed by Sultan Hamengku Buwono X. Boustead believes that the Sultanate, designated as one of two Special Regions in Indonesia, has the lowest political risk among provinces in Indonesia. According to press reports and the GOY, Yogyakarta is the only province in Indonesia that issued a balance sheet in 2003, and has been designated as the model for good and accountable government in Indonesia.

The potential of water demand in the region is very great as only 19.8% of the whole Yogyakarta population is provided with clean treated water at the moment. With the completion of the whole project, it is expected that 60% to 70% of the population will be supplied with clean treated water. Yogyakarta is also seeking private investments for infrastructure projects.

About Boustead's Water & Environmental Division

Boustead's Water & Environmental Division is led by its subsidiary, Salcon Limited, a leading water treatment company with substantial experience in undertaking projects globally. Salcon Limited has undertaken projects in Indonesia, the United Kingdom, China, Singapore, Malaysia, Philippines, Thailand, Saudi Arabia, South America and Libya. It has substantial experience in undertaking projects on a BOT basis and is operating a 200MW power station in the Philippines.

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