



Boustead Singapore Limited
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DESIGN, BUILD, OPERATE AND TRANSFER AGREEMENT FOR SUPPLY OF WATER TO SPECIAL REGION OF YOGYAKARTA

Singapore, 15 January 2005

Further to our announcement dated 5 July 2004, the Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") is pleased to announce that PT Citra Tirta Mataram ("Citra"), the Company's special purpose vehicle for the bulk water supply project in Yogyakarta (the "Project"), has today entered into a Design-Build-Operate-Transfer ("DBOT") Agreement with the Provincial Government of the Special Region of Yogyakarta ("GOY").

Pursuant to the DBOT Agreement, Citra will undertake the design, building and operation of the water processing facilities and the water transmission pipes from water springs from the neighbouring province of Central Java to Yogyakarta city, Sleman reGENCY and Bantul reGENCY.

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 in various phases and the first phase will have a capacity of 100,000 cubic metres per day. The initial estimated construction for the first phase 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. The financial arrangements with banks and the shareholder agreement with the Indonesian investors are still being finalised - further announcements in this regard will be made in due course.

Site work is expected to commence in the first quarter of 2005 and is expected to be completed 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. The EPC portion of the contract is expected to generate material income for Boustead's Water & Environmental Division.

The DBOT agreement is not expected to have a material impact on the earnings per share and net asset value per share of the Group for the current financial year ending 31 March 2005, as the construction phase of the Project will only commence late into the current financial year.

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