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PROPOSED NEW 200MW COAL-FIRED POWER STATION IN CEBU ISLAND, THE PHILIPPINES

Singapore, 8 June 2005

The Board of Directors of Boustead Singapore Limited ("Boustead") wishes to announce that Salcon Power Corporation ("SPC"), in which Boustead has an approximate 40% majority interest and is the single largest shareholder through its subsidiary Salcon Pte Ltd, is planning the construction of a new 200MW coal-fired plant (the "New Plant") next to its existing 203.8MW power plant (the "Existing Plant") in Cebu Island, the Philippines.

The location of the New Plant is of strategic importance to the success of the project as:

- 1) The New Plant will share substantial facilities with the Existing Plant such as the jetty, coal unloading and transportation system, and seawater intake canal; and
- 2) The proposed location of the New Plant allows electricity that is generated to be sold directly to the power distribution company and industrial users, thus avoiding the expensive transmission charges imposed by the National Power Corporation ("NPC"), the state-owned electricity board of the Philippines.

SPC will work with a joint venture partner to construct and operate the New Plant. The joint venture partner has not been finalised, although Korean EPC (Engineering, Procurement and Construction) contractors have been in negotiation with SPC in respect of the joint venture. Several leading EPC firms and independent power producing operators from China, Singapore and Japan have also indicated interest to participate.

A decision on the final selection of the joint venture partner and EPC contractor will only be made when all proposals have been received and properly evaluated. The decision on the New Plant and the choice of joint venture partner will be subject to the shareholders' approval of SPC. As the single largest shareholder of SPC, Boustead will approve the New Plant only if it is convinced that the terms of the joint venture are in the best interests of Boustead, that the most cost-effective EPC contractor is selected, that the New Plant generates an adequate return to Boustead and where SPC maintains at least 51% shareholding interest in the New Plant.

The Philippines will require 2,850MW of additional power generating capacity over the next ten years. Currently, only 520MW of generating capacity expansion has been scheduled. Therefore, there will be a substantial shortage of generating capacity in the future.

Unlike the Existing Plant, which sells electricity at determined prices to the NPC according to an existing concession agreement, the New Plant will be selling electricity directly to the power distribution company and industrial users at prevailing market prices. The New Plant is located within the business boundary of the largest power distribution company in Cebu, thus allowing electricity that is generated to be sold

directly to the power distribution company and industrial users while avoiding the expensive transmission charges imposed by the NPC. Therefore, the New Plant will enjoy a cost advantage compared to other independent power producers in Cebu.

The New Plant will also be cost-competitive against geothermal plants located in the Visayas region. Currently, approximately 44% of the electricity consumption in Cebu is provided by geothermal plants in Leyte Island in the Visayas region. The geothermal plants in Leyte are also supplying electricity to the Luzon region, which is facing severe power shortages. Due to Luzon's relative economic importance over Cebu and Visayas (Manila is located in the Luzon region), it is expected that increasing amounts of geothermal electricity in Visayas will be diverted from Cebu in favour of Luzon. The New Plant is expected to alleviate the increasingly severe power shortage situation in Cebu.

Boustead estimates that the selection of the joint venture partner and EPC contractor will only be finalised in December 2005. The investment cost has not been finalised as yet, as the bids are still being evaluated, although it appears that Chinese EPC contractors are able to construct the plant for approximately US\$150 million to US\$180 million.

About Salcon Power Corporation

Through its subsidiary, Salcon Pte Ltd, Boustead Singapore Limited controls approximately 40% of the shareholding interest in Salcon Power Corporation ("SPC"). SPC is listed on the Philippines Stock Exchange and it manages and operates the 203.8MW Naga Power Plant Complex in Cebu Island, the Philippines. It also manages the electricity and water distribution network on Bohol Island.