

Company Announcement



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

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SALCON SECURES S\$6.5 MILLION SOLID WASTE ENERGY RECOVERY CONTRACT

Singapore, 5 July 2005

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") is pleased to announce that a business unit of the Company's subsidiary, Salcon Pte Ltd ("Salcon"), has been awarded a S\$6.5 million contract to design, supply, install and commission an integrated solid waste energy recovery system ("Energy Recovery Unit") for Malaysia Mining Corporation Engineering Services Sdn Bhd. The project will be undertaken by Salcon's subsidiary, Salpro Engineering Sdn Bhd, for a site in Selangor, Malaysia. Completion of the project is expected in the fourth quarter of 2006.

The Energy Recovery Unit will comprise an auxiliary boiler and a refuse-derived fuel boiler designed and manufactured under Boustead's Maxitherm brand for industrial boilers and combustion equipment. Utilising solid municipal waste as fuel, the Energy Recovery Unit will be capable of generating a capacity of approximately 9MW.

Mr Wong Fong Fui, Chairman & Group CEO, said, "Solid waste energy recovery is an excellent addition to Boustead's energy-related engineering services. At a time when global oil prices are consistently high, solid waste energy recovery represents an extremely viable energy option to meet the energy needs of many industries given that it is cost effective and environmentally-friendly. We expect strong growth for this business."

Boustead has developed the capability to design, supply, install and commission integrated solid waste energy recovery solutions. Key to the development of this capability has been the Company's acquisition and ownership of the Maxitherm brand for industrial boilers and combustion equipment, which are manufactured and marketed by Salcon's subsidiary, PT Multi Mechsindo Industries, a renowned regional combustion engineering specialist.

The process by which solid waste is converted into energy is through the burning of solid waste in industrial boilers, thereby producing steam which is used to drive steam turbine generators to produce electricity. The benefit of solid waste energy recovery is two-fold: 1) it is a highly effective waste management solution, and 2) it produces cheap and clean energy.

The above contract is not expected to have a positive material impact on the earnings per share and net asset value per share of the Company for the current financial year ending 31 March 2006.

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