



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

63 Ubi Avenue 1, #06-01
Boustead House
Singapore 408937

SALE OF INVESTMENT IN SALCON POWER CORPORATION

Singapore, 15 December 2005

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") wishes to announce that the Company and its subsidiary, Salcon Holdings Philippines, Inc ("SHPI") have entered into a Share Purchase Agreement dated 14 December 2005 with KEPCO Philippines Corporation, JAD Holdings, Inc, and Intrepid Holdings, Inc, (the "Buyers") whereby the Buyers will purchase from SHPI its entire 39.3% shareholding interest (the "Sale Shares") in Salcon Power Corporation ("SPC") for a consideration of 1,058,584,260.60 Pesos (or approximately S\$32.8 million).

The consideration was arrived at after arm's length negotiations and is on a willing buyer-willing seller basis. The sale consideration of approximately S\$32.8 million represents a price earnings ratio of approximately 11x, based on SPC's net profit for the financial year ended 31 March 2005. This compares favourably to the concession period of SPC's main asset, the Naga Power Complex, which will expire in seven years' time.

The proceeds from the disposal will be utilised to reduce bank borrowings and as working capital.

SPC is a corporation incorporated in Philippines with its common shares listed in the Philippine Stock Exchange. It is principally engaged in rehabilitation, operation, maintenance and management of a power generating plant and energy-related business and electrical power supplies.

The Group is expected to record a gain of S\$1.7 million from the disposal of the Sale Shares.

For illustration purposes only, assuming (as per Rule 1010(8) of the Listing Manual) that the disposal of the Sale Shares had been effected as at 31 March 2005 and based on the FY2005 audited accounts of the Group, the disposal of the Sale Shares would have increased the net tangible asset per share of the Group from 39 cents to 40 cents.

For illustration purposes only, assuming (as per Rule 1010(9) of the Listing Manual) that the disposal of the Sale Shares had been effected as at 1 April 2004 and based on the FY2005 audited accounts of the Group, the disposal of the Sale Shares would have reduced earnings per share of the Group from 8.6 cents to 8.4 cents.

The relative figures computed pursuant to Rule 1006 of the Listing Manual are as follows:

- a) Net asset value test – the unaudited net asset value of the Sale Shares as at 30 September 2005 is approximately S\$22.6 million. This represents approximately

20.4% of the Group's unaudited net asset value of S\$110.4 million as at 30 September 2005.

- b) Net profit test – the unaudited net profit attributable to the SPC Shares for the 6 months ended 30 September 2005 ("1H FY2006") is approximately S\$1.7 million. This represents approximately 11% of the Group's net profit of S\$15.9 million for 1H FY2006.
- c) Market capitalisation test – the consideration of approximately S\$32.8 million represents approximately 13% of the market capitalisation of S\$248.2 million as at 14 December 2005.
- d) Securities issue test – not applicable as this is a disposal of assets.

Based on the above, the disposal constitutes a major transaction and as such the transaction is subject to the Company obtaining shareholders' approval pursuant to Rules 1013 and 1014 of the Listing Manual.

The transaction is subject to several condition precedents, the most important of which is the Buyer's compliance with the tender offer requirements of the Securities Regulation Code. The closing of the transaction is expected to be 21 February 2006.

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