



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

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## **AMENDMENT TO AGREEMENTS IN RELATION TO PURCHASE OF ADDITIONAL SHARES IN SALCON PTE LTD AND COMPLETION OF PURCHASE**

**Singapore, 1 April 2006**

### **1. Introduction**

- 1.1 On 7 December 2005, the Board of Directors of Boustead Singapore Limited (the "Company") announced that:
- a) The Company had entered into a Share Sale Agreement dated 7 December 2005 (the "First Share Sale Agreement") with Lim Chan Lok ("Lim"), Letty Tan Guat Neo ("Tan") and Clerk Holdings Sdn Bhd ("Clerk Holdings") to purchase an additional 19,642,660 ordinary shares (the "Salcon Shares") in the paid-up capital of its subsidiary, Salcon Pte Ltd ("Salcon"); and
  - b) The Company's subsidiary, Salcon, together with its wholly-owned subsidiary, Salcon Holdings Philippines Inc ("SHP"), had entered into a Share Sale Agreement dated 7 December 2005 (the "Second Share Sale Agreement") with Lim for the sale of part of SHP's interest in the paid-up capital of Salcon Philippines Inc ("SPI"), and all of Salcon's interest in the paid-up capital of Salcon Properties and Development Corporation Inc ("SPDC"), Salcon International Inc ("SII") and Bohol Water Utilities Inc ("BWUI"), respectively.

### **2. Supplemental Agreements**

- 2.1 Following further discussions between the parties, it was agreed that Salcon's interest in BWUI would be excluded from the Second Share Sale Agreement. Consequently, the Board of Directors of the Company wishes to announce that:
- a) By a Supplemental Agreement to the First Share Sale Agreement dated 1 April 2006 (the "Supplemental First Share Sale Agreement") between the Company of the one part and Lim, Tan and Clerk Holdings of the other part, the Company agreed to increase the cash portion payable by the Company to Lim under the First Share Sale Agreement by S\$339,980 to take into account the reduction in the value of the shares sold to Lim under the Second Share Sale Agreement; and
  - b) By a Supplemental Agreement to the Second Share Sale Agreement dated 1 April 2006 (the "Supplemental Second Share Sale Agreement"), Salcon and SHP of the one part and Lim of the other, had agreed to vary the terms of the Second Share Sale Agreement such that Salcon and SHP would sell to Lim only its shareholdings in SPDC and SII (collectively, the

"Sale Shares"). Salcon's interest in BWUI would be excluded from the sale.

2.2 The First Share Sale Agreement and the Supplemental First Share Sale Agreement shall be collectively referred to as the "Amended First Share Sale Agreement", and the Second Share Sale Agreement and the Supplemental Second Share Sale Agreement shall be collectively referred to as the "Amended Second Share Sale Agreement".

2.3 The transactions in the Amended First Share Sale Agreement and the Amended Second Share Sale Agreement shall be collectively referred to as the "Transactions" and individually as a "Transaction".

### **3. Information on Amended First Share Sale Agreement**

3.1 Except as expressly set out in this announcement, all other details relating to the First Share Sale Agreement remain unaffected.

3.2 The completion of the Amended First Share Sale Agreement shall be conditional on the completion of the sale of the SPI, SPDC and SII shares to Lim as described in the Amended Second Share Sale Agreement taking place contemporaneously with completion under the Amended First Share Sale Agreement.

3.3 For illustration purposes only, assuming (as per Rule 1010(8) of the Listing Manual) that the acquisition of the Salcon Shares had been effected as at 31 March 2005 and based on the audited accounts of the Boustead Group (the "Group") for the year ended 31 March 2005 ("FY2005"), the acquisition of the Salcon Shares would have had no material impact on the net tangible asset per share of the Group of 39 cents.

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

### **4. Information on Amended Second Share Sale Agreement**

4.1 Except as expressly set out in this announcement, all other details relating to the Second Share Sale Agreement remain unaffected.

4.2 The particulars of the Sale Shares under the Amended Second Share Sale Agreement are as follows:

a) 4,800,000 SPI shares;

b) 2,479,998 SPDC shares; and

c) 2,999,998 SII shares.

4.3 The consideration that was to be paid by Lim under the Second Share Sale Agreement had been reduced as the BWUI shares were excluded from the sale by way of the Supplemental Second Share Sale Agreement. The reduced consideration of S\$2,801,507 to be paid by Lim for the Sale Shares was arrived at after arm's length negotiations and is on a willing buyer-willing seller basis.

- 4.4 The material conditions attaching to the Second Share Sale Agreement, which were amended by the Supplemental Second Share Sale Agreement, includes *inter alia*, the following:
- a) The completion of the sale of 19,642,660 Salcon Shares taking place contemporaneously with completion as described in the Second Share Sale Agreement;
  - b) The consent of the shareholders of SPDC and SII, and all other subsidiaries and affiliates of the said companies to change their names so as to omit the word "Salcon" or any confusingly similar word or name and having delivered to Salcon evidence that the change has been effected;
  - c) The repayment in the ordinary and usual course of business by SPDC and SII of all indebtedness owed to Salcon, its subsidiaries and/or its associated companies as at the completion date;
  - d) The repayment in the ordinary and usual course of business by Salcon, its subsidiaries and/or its associated companies of all indebtedness owed to SPDC and SII as at the completion date;
  - e) The assignment (without any charge) to Salcon of any trade or service marks, trade or service names, registered designs or logos which contain the name "Salcon" which are registered in the name of SPI, SPDC and SII; and
  - f) The delivery of an undertaking by SPI, SPDC and SII that they shall cease in any manner whatsoever to use or display any trade or service marks, trade or service names, registered designs or logos used or held by Salcon or any confusingly similar mark, design, name or logo.
- 4.5 Based on the audited accounts of SPI, SPDC and SII for FY2005, the net book value and net profits attributable to the Sale Shares are S\$2.9 million and S\$0.2 million, respectively. The Group is expected to incur a loss of S\$0.2 million from the disposal of the Sale Shares.
- 4.6 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 had no material impact on the net tangible asset per share of the Group of 39 cents.
- 4.7 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 8.5 cents.
- 4.8 The relative figures computed pursuant to Rule 1006 of the Listing Manual are as follows:
- a) Net asset value test – the Group's share of the unaudited net asset value of the Sale Shares as at 30 September 2005 is approximately S\$2.4 million. This represents approximately 2.2% of the Group's unaudited net asset value of S\$110.4 million as at 30 September 2005.

- b) Net profit test – not material as the unaudited net profit attributable to the Sale Shares for the 6 months ended 30 September 2005 (“1H FY2006”) is only approximately S\$6,000 as compared to the Group’s unaudited net profit of S\$15.9 million for 1H FY2005.
- c) Market capitalisation test – the consideration of S\$2,801,507 represents approximately 1.0% of the market capitalisation of S\$278.6 million as at 31 March 2006.
- d) Securities issue test – not applicable as this is a disposal of assets.

## **5. Completion of Transactions**

- 5.1 The Company is pleased to announce that the purchase of the Salcon Shares under the Amended First Share Sale Agreement was completed on 1 April 2006. Following the purchase of the Salcon Shares, Salcon has become a wholly-owned subsidiary of the Company.
- 5.2 The Company is pleased to announce that the sale of the Sale Shares under the Amended Second Share Sale Agreement was completed on 1 April 2006. Following the completion of the sale of the Sale Shares, Salcon no longer has any shareholding interest in SPDC and SII, and SHP’s shareholding in SPI has been reduced to 20%.

## **6. Rationale for Transactions**

- 6.1 The acquisition of the Salcon Shares allows the Company to further consolidate its shareholding in Salcon while the disposal of the Sale Shares is in line with ongoing efforts to divest non-core assets in the Group.

## **7. Interest of Directors and Shareholders in Transactions**

- 7.1 Save for Mr Wong Fong Fui and Mr Tong Weng Leong, who each hold one share in SPI as nominees for SHP and Mr Yeo Ker Kuang, who holds one share in SPDC as nominee for Salcon, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transactions.

## **8. Inspection of Documents**

- 8.1 Copies of the Amended First Share Sale Agreement and the Amended Second Share Sale Agreement are available for inspection during normal business hours at the Company’s registered address at 63 Ubi Ave 1, #06-01, Boustead House, Singapore 408937, for three months from the date of this announcement.