



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

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## **PROPOSED SALE OF SHARES IN SPHIL INVESTMENTS PTE LTD BY SALCON**

Singapore, 1 April 2006

### **1. Introduction**

- 1.1 The Board of Directors of Boustead Singapore Limited (the "Company") wishes to announce that the Company's subsidiary, Salcon Pte Ltd ("Salcon"), has entered into a conditional Option Agreement dated 1 April 2006 (the "Option Agreement") with Lim Chan Lok ("Lim") for the sale of all of Salcon's interest (the "Option Shares") in SPHIL Investments Pte Ltd ("SPHIL").

### **2. Information on Option Agreement**

- 2.1 Salcon's principal business activities are those relating to the supply of water and wastewater treatment plants and equipment, construction of palm oil mills and acting as agents for the supply of pumps, steam turbines, gears and turbo generators, pipes, control valves and related equipment.
- 2.2 SPHIL's principal business activity is that of an investment holding company. Salcon intends to transfer to SPHIL its shareholding of 12,000,000 shares in the paid-up capital of Bohol Water Utilities Inc ("BWUI"), which will become the sole asset of SPHIL. The principal business activities of BWUI are those relating to the supply and distribution of water in Bohol, Philippines.
- 2.3 Certain conditions have to be fulfilled before Lim can serve the call option on Salcon and Salcon can serve the put option on Lim. If these conditions are fulfilled so as to give rise to a right by Lim to serve the call option or Salcon to serve the put option, then *inter-alia*, Salcon will sell the Option Shares to Lim for a consideration of S\$339,980.
- 2.4 The purchase price that is to be paid by Lim under the Option Agreement was arrived at after arm's length negotiations and is on a willing buyer-willing seller basis.
- 2.5 The proceeds from the disposal of the Option Shares will be used to fund Salcon's working capital needs.

### **3. Financial Effects**

- 3.1 Based on the audited accounts of BWUI for the year ended 31 March 2005 ("FY2005"), the net book value and net loss attributable to the Option Shares are

S\$317,000 and S\$23,000, respectively. The Boustead Group (the "Group") is expected to record a gain of S\$18,000 from the disposal of the Option Shares.

- 3.2 For illustration purposes only, assuming (as per Rule 1010(8) of the Listing Manual) that the disposal of the Option Shares had been effected as at 31 March 2005 and based on the FY2005 audited accounts of the Group, the disposal of the Option Shares would have had no material impact on the net tangible asset per share of the Group of 39 cents.
- 3.3 For illustration purposes only, assuming (as per Rule 1010(9) of the Listing Manual) that the disposal of the Option Shares had been effected as at 1 April 2004 and based on the FY2005 audited accounts of the Group, the disposal of the Option Shares would have no material impact on the earnings per share of the Group of 8.6 cents.
- 3.4 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 attributable to the BWUI shares as at 30 September 2005 is approximately S\$252,000. This represents approximately 0.2% 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 Group's share of the unaudited net profit attributable to the BWUI shares for the 6 months ended 30 September 2005 was negligible.
  - c) Market capitalisation test – the consideration of S\$339,980 represents approximately 0.1% 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.

#### **4. Rationale**

- 4.1 The disposal of the Option Shares is in line with ongoing efforts to divest non-core assets in the Group.

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

- 5.1 None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the transaction under the Option Agreement.

#### **6. Inspection of Documents**

- 6.1 Copies of the Option 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.