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SUBSIDIARY SALCON SECURES INTERNATIONAL CONTRACTS TOTALLING S\$25 MILLION

Singapore, 3 July 2006

Boustead Singapore Limited ("Boustead" or the "Company") is pleased to announce that the Company's subsidiary, Salcon Pte Ltd ("Salcon"), has secured three international contracts totalling approximately S\$25 million. More than 50% of the value of the contracts is expected to be completed within the current financial year ending 31 March 2007.

The contracts involve the design, process engineering and construction of:

- An S\$18 million 600 m³/day full turnkey septage treatment plant in Antipolo City, Philippines;
- A 14,800 m³/day wastewater treatment plant for Semiconductor Manufacturing International Corporation ("SMIC"); and
- A 4,700 m³/day central wastewater recovery plant for a textile dye company in India.

Awarded to Salcon against strong global competition, the Antipolo City septage treatment plant will be the first of its kind in the Philippines. Septage – the liquid and solid material pumped up from a septic tank, cesspool or primary treatment source – is highly variable and organic, gives off an offensive odour and is host to disease-causing bacteria, parasites and viruses. Due to its characteristics, it requires proper handling and treatment. The plant will process septage through its various facilities with septage acceptance and dewatering, solid bagging, dewatering, sludge/solid stabilisation, aerobic biological treatment and effluent disinfection. Financed by the Asian Development Bank ("ADB"), the plant will play a strategic role in the Pasig River Environmental Management and Rehabilitation Sector Development Program, an initiative to improve water quality, living conditions and public health standards, and promote renewal and redevelopment along the Pasig River.

The wastewater treatment plant awarded by SMIC – the largest semiconductor manufacturer in China and third largest semiconductor manufacturer globally – exemplifies Salcon's experience and in-depth domain expertise in wastewater treatment for the industry. This is the second wastewater treatment project awarded to Salcon from the semiconductor industry in Shanghai. In 2004, Salcon completed the construction of a wastewater treatment plant for Taiwan Semiconductor Manufacturing Corporation ("TSMC") in Shanghai. Salcon's acceptance by both TSMC and SMIC demonstrates the company's capability to meet the strictest requirements among industrial applications and will create more opportunities for Salcon to participate in the fast-growing semiconductor industry in China.

The central wastewater recovery plant to be constructed for the textile dye industry in India is a further demonstration of Salcon's technical expertise. Utilising proprietary triple membrane process technology, the wastewater recovery plant will be able to treat the diverse range of industrial chemicals and effluents peculiar to the textile industry. These chemicals and effluents are highly hazardous and extremely harmful to the environment, hence the requirement for an advanced technically-sophisticated treatment process.

Mr Wong Fong Fui, Group Chief Executive Officer of Boustead said, "We are extremely pleased to have secured these contracts. Salcon has demonstrated its technical capabilities in meeting the strict requirements of clients such as ADB and SMIC. It is a testimony to Salcon's reputation as one of the most established Asian companies in water and wastewater engineering."

Mr Wong added, "We are beginning to see the rewards of our efforts over the last two years to position Salcon in various key markets. We will continue with our business development efforts and use Salcon's established brand and strong track record to penetrate industries and markets globally."

The above contracts are expected to have a positive material impact on the profitability and earnings per share of the Company in the current financial year ending 31 March 2007. However, the contracts are not expected to have a material impact on the net asset value per share of the Company for the current financial year.

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