

Company Announcement



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

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

PURCHASE OF ADDITIONAL SHARES IN BOUSTEAD PROJECTS PTE LTD

Singapore, 2 August 2006

1. Introduction

- 1.1 The Board of Directors of Boustead Singapore Limited (the "Company") wishes to announce that it has entered into a Share Sale Agreement dated 2 August 2006 (the "Share Sale Agreement") with Andrew Teo Thian Seng ("ATTS") to purchase 2,000,000 ordinary shares (the "Sale Shares") in the paid-up capital of Boustead Projects Pte Ltd ("Boustead Projects") legally and beneficially-owned by ATTS. Completion took place contemporaneously with the execution of the Agreement.
- 1.2 The transaction in the Share Sale Agreement shall be referred to as the "Transaction".
- 1.3 Following the Transaction, the Company's effective interest in Boustead Projects will be increased from 55% to 95%.
- 1.4 To facilitate the early completion of the Transaction, Mr Ngo Wu Ping, the remaining minority shareholder of Boustead Projects, has agreed to waive his pre-emptive rights on the Sale Shares with the understanding that the Company will sell to him such number of shares as he is entitled to (approximately 166,667 ordinary shares or 3.3% of the paid-up capital of Boustead Projects) after completion.

2. Information on Share Sale Agreement

- 2.1 Boustead Projects specialises in integrating the design and building of customised industrial facilities and has operations in Singapore, Malaysia, Vietnam and China.
- 2.2 The purchase price (the "Purchase Price") to be paid to ATTS by the Company for the Sale Shares is S\$22.8 million. The Purchase Price was arrived at after arms length negotiations and is on a willing buyer and willing seller basis. The acquisition of the Sale Shares will be funded from internal resources and bank borrowings.
- 2.3 The material conditions attached to the Share Sale Agreement include *inter alia*, the following:
 - a) ATTS will deliver letters of resignation from his post as director of Boustead Projects and its subsidiaries; and
 - b) ATTS will provide an indemnity in favour of the Company in the form set out in the Share Sale Agreement.

- 2.4 Based on the audited accounts of Boustead Projects for the year ended 31 March 2006 ("FY2006"), the net book value and net profit after tax attributable to the Sale Shares are S\$21.7 million and S\$10.6 million respectively.

3. Financial Effect of Transaction

- 3.1 For illustration purposes only, assuming (as per Rule 1010(8) of the Listing Manual) that the acquisition of the Sale Shares had been effected as at 1 April 2005 and based on the FY2006 audited accounts of the Group, the acquisition of the Sale Shares would have increased the earnings per share of the Group from 9.9 cents to 14.1 cents.
- 3.2 For illustration purposes only, assuming (as per Rule 1010(9) of the Listing Manual) that the acquisition of the Sale Shares had been effected as at 31 March 2006 and based on the FY2006 audited accounts of the Group, the acquisition of the Sale Shares would have no material impact on the net asset value per share of the Group of 42.0 cents.
- 3.3 The relative figures computed pursuant to Rule 1006 of the Listing Manual are as follows:
- a) Net asset value test – not applicable as this is an acquisition of assets.
 - b) Net profit test – the audited net profit before tax and minority interest attributable to the Sale Shares for FY2006 is S\$13.5 million. This represents approximately 24.8% of the Group's audited net profit before tax and minority interest of S\$54.5 million for FY2006.
 - c) Market capitalisation test – the Purchase Price represents approximately 7.1% of the market capitalisation of S\$321.8 million as at 1 August 2006.
 - d) Securities issue test – not applicable as this is an acquisition of assets.
- 3.4 Rule 1014 of the Listing Manual does not apply to the Transaction as only the relative figures computed in accordance with the net profit test as per Rule 1006(b) of the Listing Manual exceeds the limit of 20%. Please see paragraph 3.3b) for the relevant computation. As such, the Company is not required to seek approval from members in a general meeting.

4. Rationale for Transaction

- 4.1 The acquisition of the Sale Shares allows the Company to further consolidate its shareholding in Boustead Projects.

5. Interest of Directors and Shareholders in Transaction

- 5.1 None of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Transaction.

6. Inspection of Documents

- 6.1 A copy of the Share Sale Agreement is 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.