

## Company Announcement



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

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Singapore 408942

### **RESPONSE TO SGX QUERIES ON BOUSTEAD 3Q FY2009 FINANCIAL RESULTS**

**Singapore, 17 February 2009**

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") wishes to provide the following additional information in response to queries received from the Singapore Exchange Limited ("SGX") on 16 February 2009 regarding the Company's third quarter financial statement and dividend announcement for the period ended 31 December 2008 (the "Results Announcement"):

#### **SGX Query**

- 1) We note on page 4 of the Results Announcement that the Company recorded "Gain on disposal of leasehold and investment properties" of S\$5,555,000 for the third quarter ended 31 December 2008. Please provide more details on the properties disposed and given the significant amount of proceeds from the disposal, the reasons why details of the proposal were not announced pursuant to Rule 1010 of the Listing Manual.

#### **Company's Response**

The gain on disposal of leasehold and investment properties arose from the sale of a warehouse property at 34 Pioneer Sector 2 (the "Property"), Singapore 628389 by Salcon Pte Ltd ("Salcon"), a wholly-owned subsidiary of the Company.

Salcon had on 8 August 2008 entered into a Sale and Purchase Agreement (the "Agreement") for the sale of the Property (the "Sale") for a cash consideration of S\$8,048,000. The sale consideration was arrived at through arms length negotiations on a willing buyer-willing seller basis. The Property was sold as it was no longer required by Salcon and it was intended that the proceeds from the Sale would be used to fund Salcon's working capital needs.

The Sale was completed on 14 November 2008. After taking into account the net book value of the Property and the costs associated with the Sale (which together amount to S\$2,493,000), Salcon realised a gain of S\$5,555,000.

At the time Salcon entered into the Agreement for the Sale, the Company had computed the following relative figures pursuant to Rule 1006 of the Listing Manual:

- a) Net asset value test – the estimated net asset value of the Property up to the expected date of completion of the Sale was approximately S\$2.52 million. This represented approximately 1.4% of the Boustead Group's (the "Group") audited net asset value of S\$177.21 million as at 31 March 2008.

- b) Net profit test – the estimated net profit attributable to the Property up to the expected date of completion of the Sale was approximately S\$0.45 million. This represented approximately 0.6% of the Group’s audited net profit of S\$75.71 million for the financial year ended 31 March 2008.
- c) Market capitalisation test – the consideration of S\$8.05 million represents approximately 1.36% of the market capitalisation of S\$593.11 million as at 7 August 2008.
- d) Securities issue test – not applicable as this was a disposal of assets.

Given that the above relative figures were all below 5%, the Company concluded that there was no requirement to announce the transaction pursuant to Rule 1010 of the Listing Manual.

### **SGX Query**

- 2) We also note on page 4 of the Results Announcement that the Company has provided \$1.884m in the third quarter ended 31 December 2008 as “Allowance for foreseeable loss”. It is disclosed on page 16 of the Results Announcement that this provision relates to a project in Vietnam. Please provide more details on this provision, the basis for arriving at this figure and what are the factors taken into account.

### **Company’s Response**

The allowance for foreseeable loss in relation to the project in Vietnam was provided mainly in respect of additional costs for demolition and rebuilding works for part of the project.

In arriving at the provision, the Company took into account the price escalation of building materials, additional costs involved in appointing new subcontractors, the decline in the Vietnamese Dong and other unforeseen costs.

### **By Order of the Board**

**Loh Kai Keong**

*Executive Director – Finance*