



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

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# **PROPOSED ACQUISITION OF 1% REDEEMABLE CONVERTIBLE NOTES OF BIO-TREAT TECHNOLOGY LIMITED CONVERTIBLE INTO 854,180,330 ORDINARY SHARES**

**Singapore, 15 June 2010**

## **1. Introduction**

- 1.1 The Board of Directors of Boustead Singapore Limited (the "Company") is pleased to announce that Boustead Knowledge Pte. Ltd. ("BKPL"), a wholly-owned subsidiary of the Company, has on 15 June 2010 entered into a sale and purchase agreement ("SPA") with (a) Giant Delight Holdings Limited ("GDL"), a company incorporated in the British Virgin Islands, as vendor, and (b) Chen Dawei, as guarantor for the due and punctual performance by GDL of GDL's warranties, undertakings, covenants, agreements and obligations contained in the SPA.
- 1.2 GDL had on 11 December 2009 entered into a subscription agreement with Bio-Treat Technology Limited ("Bio-Treat"), as varied, amended and supplemented by the supplemental deed dated 29 April 2010 entered into between the same parties and to be varied, amended and supplemented by another supplemental deed as referred to in paragraph 4.1 of this announcement (the "Subscription Agreement"), pursuant to which, *inter alia*, Bio-Treat will be issuing HK\$290,084,400 (approximately S\$55,817,664 at the Exchange Rate (as agreed and defined in the Subscription Agreement)) in aggregate principal amount of 1% redeemable convertible notes due within a maturity period of five (5) years from the date of issue (the "Notes") convertible into ordinary shares in the capital of Bio-Treat (the "Shares") at the conversion price of S\$0.04 per Share. Subject to BKPL's rights under the SPA, GDL will be the legal and beneficial owner of the Notes upon completion under the Subscription Agreement.
- 1.3 Pursuant to the SPA, GDL has agreed to sell to BKPL, and BKPL has agreed to purchase from GDL such part of the Notes as will be convertible into 854,180,330 Shares (the "Sale Notes") for the Consideration (as defined below in paragraph 3.1) on the terms and subject to the conditions contained in the SPA (the "Acquisition").
- 1.4 Completion of the Acquisition ("Completion") is expected to take place on the same date as the date for the completion of the issue and allotment by Bio-Treat of, and the subscription by GDL for, *inter alia*, the Notes on the terms of the Subscription Agreement and subject to the Terms and Conditions of the Notes, or such other date as the parties to the SPA may mutually agree in writing.

1.5 In connection with the SPA, and on Completion:

- a) BKPL (as noteholder), GDL (as noteholder and covenantor) and Chen Dawei (as covenantor) will be entering into a co-operation agreement (the "Co-operation Agreement") which sets out their mutual agreement in relation to, *inter alia*, covenants and undertakings between BKPL, GDL and Chen Dawei in respect of their respective investments in Bio-Treat;
- b) first ranking charges will be granted in favour of BKPL by Bio-Treat and the relevant company in the Bio-Treat Group (as defined in paragraph 5 below) over 100% of the entire issued share capital of each of the shares of Ocean Force International Limited, Bio-Treat International Limited, Bio-Treat Resources Limited, Sky Billion Limited, Oriental Fortune International Limited, Trademart Developments Limited, Bio-Treat Finance Limited and True Global Limited (collectively, the "Charged Subsidiaries"), to secure the obligations of Bio-Treat to BKPL under the Sale Notes (collectively, the "First Ranking Charges"). The abovementioned charges shall rank in priority to second ranking charges to be granted in favour of GDL, subject to the respective First Ranking Charges, over the same shares in the Charged Subsidiaries, to secure the obligations of Bio-Treat to BKPL under its Balance Notes (defined in the SPA as the remaining Notes held by GDL following Completion of the Acquisition) (collectively, the "Second Ranking Charges"); and
- c) a deed of subordination will be executed by, *inter alia*, BKPL (as senior creditor), GDL (as junior creditor), and Bio-Treat, pursuant to which GDL's rights under its Balance Notes shall be subordinated to BKPL's rights under the Sale Notes (the "Deed of Subordination").

**2. Salient Terms of Notes**

- 2.1 Subject to the Terms and Conditions of the Notes, BKPL will have the right to convert the principal amount of the Sale Notes into Shares at the conversion price of S\$0.04 per Share. Upon full conversion of all the Sale Notes, the 854,180,330 Shares to be issued by Bio-Treat to BKPL shall represent approximately 20.4%<sup>1</sup> of the issued share capital of Bio-Treat on a fully diluted basis, resulting in Bio-Treat becoming an associated company of the Company. The minimum aggregate principal amount of Notes to be converted in any single conversion of Notes shall be HK\$1,000,000.
- 2.2 Bio-Treat shall repay to BKPL 110% of the principal amount outstanding under the Sale Notes (the "Redemption Amount"), together with all accrued interest thereon (if any) on the date falling on the fifth anniversary of the date of issue of the Sale Notes ("Maturity Date").
- 2.3 The Sale Notes will bear interest from the date of issue at a rate of 1% per cent. per annum on the outstanding principal amount, payable on a semi-annual basis, in arrears, with the first interest payment date to fall on the date falling six (6)

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<sup>1</sup> For the purpose of computation, the total number of Shares on a proforma basis is 4,187,943,000. "Proforma basis" shall mean after the Subscription and assuming that the CB Warrants and the GD Warrants are fully exercised and that the GD Notes are fully converted to Shares, after the PWGL Settlement and further assuming that the PWGL Payment has been made and the PWGL Notes have been converted to Shares and the PWGL Warrants have been exercised and that no default Shares are issued pursuant to the GD Notes and PWGL Notes. For the purpose of this footnote, the words "Subscription", "CB Warrants", "GD Warrants", "GD Notes", "PWGL Settlement", "PWGL Payment", "PWGL Notes" and "PWGL Warrants" shall have the meanings ascribed in Bio-Treat's announcement dated 12 December 2009.

months from the date of issue of the Sale Notes. Without prejudice to BKPL's other rights under the Subscription Agreement or the Terms and Conditions of the Notes, Bio-Treat may issue Shares in lieu of such interest to BKPL, at the rate of one Share for every a) S\$0.04, or b) 90% of the closing price of the Shares traded on the last available trading day on the Singapore Exchange Securities Trading Limited ("SGX-ST") (whichever of the two (2) values is lower and provided that the lower value is not lower than the par value of the Shares).

- 2.4 At Maturity Date or in the event that BKPL gives a notice to Bio-Treat that the Sale Notes are immediately due and repayable on the occurrence of an Event of Default (as defined in the Subscription Agreement), Bio-Treat will be bound to redeem the Sale Notes at the Redemption Amount plus accrued interest (if any). If Bio-Treat fails to pay the Redemption Amount in respect of the Sale Notes when the same becomes due and payable under the Terms and Conditions of the Notes, interest shall accrue on the overdue sum at the rate of 15 per cent. per annum from the due date until full payment is made. Bio-Treat may issue Shares in lieu of the payment in cash of such default interest to BKPL, at the sole option of BKPL, at the rate of one Share for every i) S\$0.04, or ii) 90% of the closing price of the Shares traded on the last available trading day on the SGX-ST (whichever of the two (2) values is lower and provided that the lower value is not lower than the par value of the Shares).

### **3. Consideration**

- 3.1 The consideration for the Acquisition, being the sum of S\$42,709,017 (the "Consideration"), was arrived at following arm's length negotiations and on a willing-seller, willing-buyer basis and after taking into account/consideration, *inter alia*, a) the five (5) days average closing price of the Shares on the SGX-ST commencing 8 June 2010 and ending 14 June 2010 (both dates inclusive), b) the aggregate principal amount of the Sale Notes and the aggregate redemption value of the Sale Notes and c) the prospects of Bio-Treat.

The Consideration will be satisfied as follows:

- a) 80% of the Consideration, amounting to S\$34,167,213.20, payable by BKPL directly to Bio-Treat; and
- b) 20% of the Consideration, amounting to S\$8,541,803.80, payable by BKPL to GDL (the "GD Component").
- 3.2 Pursuant to the terms of the SPA, GDL shall be bound to refund to BKPL an amount equivalent to 110% of the GD Component (without interest) ("Refund Amount") in the event of:
- a) the exercise by BKPL of its Early Redemption Right (as defined in the SPA) in respect of all or, in the case where some of the Sale Notes have been sold, disposed of or converted into Shares, part of the Sale Notes; and
- b) the redemption by Bio-Treat of all or, in the case where some of the Sale Notes have been sold, disposed of or converted into Shares, part of the Sale Notes on the Maturity Date.
- 3.3 In the event of, and as and when:
- a) BKPL converts any part of the Sale Notes to Shares, the Refund Amount shall be reduced by a proportion corresponding to the proportion that such

Sale Notes converted bears to the Outstanding Sale Notes (as defined in the SPA) held by BKPL from time to time at the relevant time; and/or

- b) BKPL sells or disposes any part of the Sale Notes at a sale price per Sale Note at or above 137.5% of the principal amount per Sale Note sold or disposed of, the Parties shall negotiate in good faith to reach a mutual agreement on a reduction of the Refund Amount outstanding with the view that the Refund Amount shall be reduced by such a proportion corresponding to the proportion that such Sale Notes converted bears to the Outstanding Sale Notes held by BKPL from time to time at the relevant time.
- 3.4 In summary, the effect of the terms stated in paragraphs 3.1, 3.2 and 3.3 above is such that BKPL will invest S\$42,709,017 for which it will be able to either:
- a) convert the full amount of the Consideration into 854,180,330 Shares;
  - b) redeem from Bio-Treat and GDL (the latter insofar as it relates to the Refund Amount) an aggregate amount equivalent to 110% of the Consideration (being S\$42,709,017) in the event that the Sale Notes are redeemed at the Maturity Date or in the event that the Early Redemption Right (as defined in the SPA) is exercised; or
  - c) select a proportional combination of a) and b) above.
- 3.5 The Company will finance the Acquisition from its internal cash resources.

#### **4. Material Conditions**

- 4.1 Completion is conditional upon, *inter alia*, the following conditions having been fulfilled (or waived):
- a) the Subscription Agreement remaining in full force and effect and all the conditions precedent in the Subscription Agreement having been fulfilled on or before the date of Completion ("Completion Date");
  - b) BKPL having received (each in form and substance satisfactory to it) a legal opinion from a suitably qualified PRC, Hong Kong, BVI and Bermuda counsel in relation to the respective Bio-Treat's subsidiaries in the PRC, Hong Kong, BVI and Bermuda and the transactions contemplated under the Subscription Agreement, the SPA and the Relevant Documents (as defined in the SPA) that involve them;
  - c) the Warranties (as defined in the SPA) set out in the SPA being true, accurate, correct and complied with in all material respects on the date of the SPA and the date of Completion;
  - d) GDL having obtained confirmation from the Securities Industry Council ("SIC") that GDL together with its Affiliates (as defined in the SPA), and BKPL together with its Affiliates are not, in relation to the proposed sale and purchase of the Sale Notes under the SPA or the Put Option (as defined below in paragraph 4.4 under the Co-operation Agreement considered as parties acting in concert with any of the controlling shareholders or directors of Bio-Treat for the purposes of the Singapore Code on Take-overs and Mergers ("Code") and the grant by the SIC to GDL and/or BKPL of a waiver ("Whitewash Waiver"), waiving the obligation

of GDL and its concert parties and/or BKPL and its concert parties to make a mandatory general offer (pursuant to the Code) for the remaining Shares not already owned, controlled or agreed to be acquired by GDL and/or BKPL and their respective concert parties following the Subscription Agreement Completion (as defined in the SPA) and the Completion and solely as a result of any acquisition of or exercise of conversion rights under the Notes or the Sales Notes, any exercise of BKPL's Put Option under the Co-operation Agreement or any exercise of rights by BKPL in relation to the Vendor's Charge (as defined below in paragraph 4.1(j)), such Whitewash Waiver being obtained on terms (if any) acceptable to Bio-Treat;

- e) GDL having procured from Bio-Treat the due and effectual release of the charges created in favour of Precious Wise Group Limited over the shares of the Charged Subsidiaries, in accordance with the terms of the Precious Wise Settlement (as defined in the Subscription Agreement);
- f) GDL having procured the execution and perfection by Bio-Treat and the relevant subsidiaries in the Bio-Treat Group (as the case may be), of the First Ranking Charges;
- g) GDL having procured the execution and perfection by Bio-Treat and the relevant subsidiaries in the Bio-Treat Group (as the case may be) of the Second Ranking Charges;
- h) GDL having executed, and having procured the execution by, *inter alia*, Bio-Treat of, the Deed of Subordination;
- i) GDL having procured from Bio-Treat the execution of a deed of warranties and covenants in favour of BKPL (the "Deed of Warranties and Covenants"), pursuant to which Bio-Treat agrees to provide BKPL with certain warranties, representations and covenants thereto, in consideration of BKPL's investment in Bio-Treat upon Completion and in the event that any of the warranties, representations and/or covenants set out in Bio-Treat's Deed of Warranties and Covenants are not provided by Bio-Treat in favour of BKPL, GDL and Chen Dawei having executed a deed of warranties and covenants in favour of BKPL in respect of such same warranties, representations and/or covenants as that set out in Bio-Treat's Deed of Warranties and Covenants;
- j) GDL having executed a charge in favour of BKPL ("Vendor's Charge") over the Charged Portfolio (as defined in the Vendor's Charge) to secure the obligation of GDL to refund to BKPL the Refund Amount;
- k) the delivery by GDL to BKPL of the memorandum of disclosure disclosing information constituting exceptions to the Warranties (defined in the SPA) ("Memorandum of Disclosure") within a reasonable time prior to the date of Completion, and the contents thereof being satisfactory to BKPL (in its sole and absolute discretion);
- l) the delivery by GDL to BKPL of a second supplemental deed to the Subscription Agreement to be executed between GDL and Bio-Treat, pursuant to which the Subscription Agreement shall be amended to reflect the transactions as contemplated in the SPA (in such form and substance satisfactory to BKPL in its sole and absolute discretion);
- m) the delivery by GDL to BKPL of a deed of assignment to be entered into

between GDL as assignor and BKPL as assignee, pursuant to which GDL shall sell, assign and transfer absolutely to BKPL all of its rights, title and interest in all amounts received or to be received from Bio-Treat as interest payments pursuant to the Terms and Conditions of the Notes and the Dividends (as defined in the SPA) in respect of such Balance Notes having an aggregate principal amount value equivalent to the GD Component;

- n) the receipt by BKPL of such waivers or consents as may be necessary to enable GDL to transfer its legal and beneficial ownership of any and all of the Sale Notes to BKPL and/or its nominee(s), including but not limited to the prior written approval/consent of Bio-Treat;
  - o) all other consents and approvals required under any and all applicable laws for the sale of the Sale Notes and to give effect to the transactions contemplated hereunder (including, without limitation, such waivers as may be necessary of terms which would otherwise constitute a default under any instrument, contract, document or agreement to which GDL or a company in the Bio-Treat Group is a party or by which GDL or a company in the Bio-Treat Group or its or their respective assets are bound) being obtained and where any consent or approval is subject to conditions, such conditions being satisfactory to BKPL in its sole and absolute discretion;
  - p) GDL having procured from Bio-Treat and/or any relevant company in the Bio-Treat Group (as defined in paragraph 5 below) and in favour of BKPL, such further security in respect of the assets held by each of the Charged Subsidiary and their subsidiaries as may be required by BKPL (to BKPL's sole and absolute satisfaction) as security for the Bio-Treat's repayment obligations under the Sale Notes, to the extent permissible by applicable laws in the respective relevant jurisdiction; and
  - q) BKPL being satisfied, in its sole and absolute discretion, with the conduct, progress and results of the due diligence exercise over the business, affairs, operations, assets, financial condition, prospects and records of the Bio-Treat Group.
- 4.2 In the event the Memorandum of Disclosure reveals a disclosure which is unsatisfactory to BKPL (in its sole and absolute discretion), the SPA shall cease and determine in accordance with the terms of the SPA.
- 4.3 Completion is expected to take place simultaneously with the completion of the Subscription Agreement.
- 4.4 Pursuant to the Co-operation Agreement, GDL will grant to BKPL a put option (the "Put Option"), pursuant to which BKPL shall have the right during the period commencing on the first calendar day of the 13<sup>th</sup> month after the Completion Date, and ending on the last calendar day of the 36<sup>th</sup> month after the Completion Date ("Put Option Period"), to require GDL to purchase from it a) up to 50% of the number of Sale Notes that remains outstanding from time to time during the Put Option Period (as defined in the Co-operation Agreement); and/or b) up to 50% of the Shares issued by the Issuer to BKPL from time to time upon the conversion of all or part of the Sale Notes held by BKPL in accordance with the Terms and Conditions of the Notes, as the case may be, for the consideration and on the terms and conditions set out in the Co-operation Agreement.

## **5. Particulars of Bio-Treat**

Currently, Bio-Treat and its subsidiaries and associated companies ("Bio-Treat Group") has an extensive portfolio of large-scale Built-Operate-Transfer and Transfer-Operate-Transfer projects in the People's Republic of China, including Beijing, Jiangsu, Shaanxi, Hubei and Shandong. Upon completion of these projects, Bio-Treat will have a daily treatment capacity of over one million metric tonnes of wastewater. According to press releases, the Bio-Treat Group has currently treatment capacity of 955,000 tonnes a day and currently treats approximately 800,500 tonnes of waste water a day.

## **6. Rationale for Acquisition**

The directors of the Company are of the view that the Acquisition is part of the plans of the Company and its subsidiaries (the "Boustead Group") to pursue strategic investments and to expand the Boustead Group's investment portfolio. The Directors are also of the view that the business of the Bio-Treat Group is complementary to the Boustead Group's water and waste-water business.

## **7. Financial Effects of Acquisition**

There are no material financial effects of the Acquisition on the net tangible asset per share and earnings per share of the Company in respect of the financial year ended 31 March 2010.

## **8. Requirements of Listing Manual ("Listing Manual") of SGX-ST**

Based on the latest unaudited consolidated financial statements of the Boustead Group for the full year ended 31 March 2010, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual for the purpose of transaction classifications pursuant to Chapter 10 of the Listing Manual are as follows:

a) Net Asset Value Test (Rule 1006(a))

This basis is not applicable to an acquisition of assets.

b) Net Profit Test (Rule 1006(b))

The net profit before income tax, minority interests and extraordinary items attributable to the Sale Notes acquired pursuant to the Acquisition is approximately S\$0.43 million and constitutes approximately 0.7% of the net profit before income tax, minority interests and extraordinary items of the Boustead Group amounting to S\$59 million for the full year ended 31 March 2010 based on the latest announced unaudited consolidated full year financial statements of the Company as at 31 March 2010.

c) Market Capitalisation Test (Rule 1006(c))

The Consideration (Singapore dollar value) represents approximately 10% of the Company's market capitalisation of approximately S\$418 million as at 14 June 2010, being the market day immediately preceding the date of the SPA.

d) Equity Securities Test (Rule 1006(d))

This basis is not applicable as the Company will not be issuing equity securities as consideration for the Acquisition.

As the relative figures set out above exceeds 5% but is less than 20%, the Acquisition constitutes a "Discloseable Transaction" and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

**9. Interest of Directors and Controlling Shareholders**

Save for Mr. Yeo Ker Kuang, a director of the Company, who holds 1,000,000 Shares in Bio-Treat, none of the directors or controlling shareholders of the Company has any interest, direct or indirect, in the Acquisition.

**10. Documents for Inspection**

Copies of the SPA may be inspected during the Company's usual business hours (from 9 a.m. to 5 p.m.) on any business day for a period of three (3) months from the date of this announcement at the registered office of the Company at 67 Ubi Avenue 1, #02-01, StarHub Green, Singapore 408942.

**11. Important Notice to Shareholders**

The Board would like Shareholders to note that the Acquisition is conditional upon, *inter alia*, conditions (as mentioned in paragraph 4.1) including satisfactory due-diligence on the Bio-Treat Group as well as BKPL being able to negotiate and obtain certain warranties and covenants from Bio-Treat by way of the Deed of Warranties and Covenants. Accordingly, there is no certainty that the Acquisition will be completed.

Shareholders are advised to exercise caution when dealing in the shares of the Company and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interest.



## **About Boustead Singapore Limited**

Established in 1828, Boustead Singapore Limited is a progressive global Infrastructure-Related Engineering Services and Geo-Spatial Technology Group listed on the Singapore Exchange. Focusing on the engineering and development of key infrastructure supporting economic growth in the public and private sectors of emerging markets, our strong suite of Engineering Services comprises:

- Energy-Related Engineering;
  - Oil & Gas/Petrochemicals;
  - Solid Waste Energy Recovery;
- Water & Wastewater Engineering;
- Real Estate Solutions;
  - Industrial Real Estate Solutions; and
  - New Township.

Under our Geo-Spatial Technology arm, we provide professional services and exclusively distribute ESRI geo-spatial technology – the world’s leading geographic information systems and location intelligence solutions – to major markets across Australia and South East Asia. Our location intelligence solutions are essential to effectively plan, deploy and manage key infrastructure and resources in countries.

With a vast global network stretching across Asia, Australia, Europe, Africa and the Americas, Boustead is ready to serve the world. To date, Boustead has undertaken infrastructure-related projects in 79 countries globally.

In 2008 and 2009, Boustead was recognised in the prestigious Forbes Asia 200 Best Under A Billion as one of the Asia Pacific’s 200 best public-listed corporations under US\$1 billion in revenue. Boustead is also listed on the MSCI Global Small Cap Index for Singapore.

Visit us at [www.boustead.sg](http://www.boustead.sg).

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