

Company Announcement



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

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Singapore 408937

WATER TREATMENT PROJECT IN TIANJIN, CHINA

Singapore, 28 June 2005

The Board of Directors of Boustead Singapore Limited ("Boustead") is pleased to announce that Boustead's subsidiary, Salcon Pte Ltd ("Salcon"), is designing, building and shall operate a water treatment plant (the "Water Treatment Facility") capable of treating 40,000 cubic metres of water daily in the city of Tianjin, China. Besides operating as a desalination plant treating high salinity water such as sea water, the Water Treatment Facility will also be capable of treating high chemical composition water discharge from heavy industries. It is estimated to cost approximately Rmb137 million. Salcon shall incorporate a subsidiary to undertake the investment and operation of the Water Treatment Facility, which is scheduled to be commissioned in December 2006.

Salcon has also signed an exclusive off-take contract with a state-owned chemical plant operator, one of the biggest PVC manufacturers in China, for the delivery of substantially most of the output from the Water Treatment Facility. Salcon is also in the midst of negotiating off-take contracts with other industrial customers in the vicinity of the Water Treatment Facility. Should other off-take contracts be concluded, Salcon may have to extend the planned capacity of the Water Treatment Facility. Such an extension would lead to a higher investment cost for Salcon than the originally budgeted Rmb137 million.

As the Water Treatment Facility is scheduled to be commissioned in December 2006, the investment in the facility is not expected to have a material impact of the Group's earnings per share and net asset value per share for the current financial year ending 31 March 2006.

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

By Order of the Board

Alvin Kok
Company Secretary