

Company Announcement



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

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PROPOSED SALE OF SUBSIDIARY, W.H. BRENNAN & COMPANY (PTE) LTD

Singapore, 10 October 2002

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") wishes to announce that the Company has, together with its wholly-owned subsidiary, Boustead Services Pte Ltd ("BSPL"), entered into a conditional agreement dated 10 October 2002 (the "Agreement") with Survitec Group (Singapore) Pte Ltd ("Survitec") to dispose of all of its shares in its wholly-owned subsidiary, W.H. Brennan & Company (Pte) Ltd ("WHB"), for a cash consideration of S\$14.35 million.

The consideration for the proposed disposal was negotiated on a willing buyer-willing seller basis between the parties and has been agreed to after arm's length negotiations.

The proposed disposal of WHB is, amongst others, conditional upon the following conditions being satisfied by 10 January 2003 or such other date as the parties may agree:

- a) The Company having obtained the approval of its shareholders at a general meeting to enter into and implement the Agreement in the manner described in or contemplated by the Agreement;
- b) The completion of the transfer of the fire safety, marine safety, ATS electronics and marine leisure divisions of BSPL from BSPL to WHB (the "Business Transfers");
- c) The completion of the transfer of all the shares in Associated Technical Services Pte Ltd ("ATS") by the Company to WHB (the "ATS Transfer"); and

The capitalisation of all amounts owed by WHB:

- i) To the Company in respect of a loan given by the Company to WHB and the ATS Transfer; and
- ii) To BSPL in respect of the ATS Transfer and the Business Transfers.

WHB is a private limited company incorporated in Singapore on 14 October 1947 and is engaged in the marketing, servicing and assembling of marine, aviation and fire safety, survival and rescue equipment, maintenance and recertification services and supplies and the undertaking of general agency business. ATS is a private limited company incorporated in Singapore on 8 October 1996 and is currently dormant. The businesses of BSPL to be transferred to WHB are as follows:

- a) The sale, distribution and servicing of marine safety equipment such as inflatable life rafts, pyrotechnics and life vests;

- b) The design, supply, installation and commissioning of fire protection systems for use on board ships, offshore platforms and for land-based applications and the servicing of marine fire safety equipment on board vessels and special hazard systems used on land;
- c) The sale and maintenance of marine electronics and telecommunication equipment such as satellite communication equipment, echo sounders, and gyrocompasses; and
- d) The sale and servicing of marine leisure products such as personal water crafts, sailing boats, outboard motors and life jackets.

The proposed disposal of WHB is part of the ongoing overall restructuring efforts of the Boustead Group (the "Group") to enhance shareholder value and to refocus management resources on the core businesses of the Group. The Group intends to concentrate on developing its engineering and information technology businesses and the businesses of WHB no longer fit into the Group's overall strategy. The proposed disposal of WHB therefore represents a divestment of non-core assets as part of the Group's plans to rationalise its businesses.

It is intended that the net proceeds of approximately S\$14.2 million, after taking into account the estimated expenses to be incurred in connection with the proposed disposal of WHB, be applied towards repayment of bank borrowings and working capital.

Based on the audited consolidated accounts of Boustead and its subsidiaries for the financial year ended 31 March 2002 ("FY2002") and the audited accounts of WHB for the same year, the net book value of WHB (including the assets to be transferred to WHB, as described in the conditions above) is S\$10.5 million and the net tangible asset value is the same at S\$10.5 million. The operating profit before income tax attributable to WHB based on its audited accounts for FY2002 is S\$1.1 million.

The Group expects to record a gain in the current financial year of approximately S\$3.9 million arising from the proposed disposal of WHB.

The proposed disposal outlined above is expected to have the following financial effects on Boustead:

- a) The net tangible assets per share of Boustead will be increased from S\$0.24 to S\$0.26, assuming that the proposed disposal had been effected at the end of FY2002; and
- b) The loss per share of Boustead will be increased from S\$0.029 to S\$0.031, assuming that the acquisitions had been completed at the beginning of FY2002.

None of the Directors of Boustead, as far as Boustead is aware, or its controlling shareholders has any interest, direct or indirect, in the proposed disposal of WHB.