

Company Announcement



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

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Singapore 408937

OPTION FOR SALE OF INSURANCE DIVISION

Singapore, 3 April 2003

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") is pleased to announce that the Company's wholly-owned subsidiary, Boustead Services Pte Ltd ("BSPL") has entered into an agreement dated 3 April 2003 (the "Option Agreement") with Mr Wong Mong Hong (the "Purchaser"), a Singaporean businessman, under which a call option (the "Call Option") has been granted to the Purchaser to acquire all of the issued share capital of Boustead Pacific Services Pte Ltd ("Pacific") for a consideration of S\$10.

The consideration was arrived at after arm's length negotiations and is on a willing buyer-willing seller basis. The consideration will be satisfied in full by cash upon the exercise of the Call Option by the Purchaser. The Call Option is exercisable over a period of two years from the date of the Option Agreement. If it is not exercised at the end of the prescribed period, BSPL shall have the right to compel the Purchaser to acquire Pacific pursuant to a put option granted under the Option Agreement.

In connection with the Option Agreement, Pacific has also entered into an agreement dated 3 April 2003 (the "Management Agreement") with the Purchaser under which the net profit after tax of Pacific from the date of the Management Agreement will be paid to the Purchaser in the form of a management fee. Conversely, should Pacific suffer losses from the date of the Management Agreement, such losses will be indemnified by the Purchaser.

Pacific is a newly incorporated wholly-owned subsidiary of BSPL. The business and all of the assets and liabilities of the Insurance Division of the Boustead Group (the "Group"), which were previously held by BSPL, were transferred to Pacific on 3 April 2003. The Insurance Division is engaged in the business of insurance claims settling and cargo survey services, activities no longer considered core to the Group. The sale of the Insurance Division is part of the ongoing overall restructuring efforts of the Group to refocus management resources on the core businesses of the Group.

Based on the latest available unaudited accounts of the Insurance Division for the 11 months ended 28 February 2003, the Insurance Division had an attributable net tangible liability value of approximately S\$50,000 and an attributable net loss before tax of approximately S\$40,000.

Boustead's sale of the Insurance Division would not have had any material financial effect on its consolidated net tangible asset value per share or its consolidated loss per share for the year ended 31 March 2002.

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