

Company Announcement



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

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ADDITIONAL INFORMATION ON BOUSTEAD FINANCIAL RESULTS ANNOUNCEMENT FOR FULL-YEAR FY2003

Singapore, 20 June 2003

In response to following queries from Singapore Exchange Limited, the Board of Directors of Boustead Singapore Limited (the "Company") wishes to provide the following additional information in relation to its full-year financial statement announcement for the year ended 31 March 2003:

- a) *We note that the Company provided an allowance for loans to associates amounting to S\$2.42 million. Please provide details on this allowance including the party to whom the loan was extended, amount invested in these entities, amount loaned to these parties, reasons for the loan, reasons for the allowance and whether there are any obligations or intention to extend any further amount of loans to these entities.*

The allowance of S\$2.42 million comprises a provision of S\$1.5 million by the Company's subsidiary, Salcon Limited ("Salcon"), for advances given to its associate, Salcon-Thai Company Limited ("Salcon-Thai"), and a provision of S\$0.92 million by the Company for advances given to its associate, GBI Realty Pte Ltd ("GBI").

Salcon's cost of investment in respect of a 43.5% equity stake in Salcon-Thai is S\$223,000 and the outstanding loan owing by Salcon-Thai to Salcon is S\$1.6 million. Salcon is obliged to continue funding Salcon-Thai so as to enable it to complete most government jobs that have had unfavourable payment terms.

The Company's cost of investment in respect of a 30% equity stake in GBI is S\$1.5 million and the outstanding loan due from the GBI to the Company is S\$14.43 million. The loan extended represents the Company's proportionate funding to GBI in connection with GBI's acquisition of Land Parcel 516 at Ubi Avenue 1. The provision of S\$0.92 million against the loan was made in view of the deterioration in the net asset value of GBI. The Company is not obliged to and will not be providing additional funding to GBI in the future.

- b) *We note that under exceptional items, the Company reported a gain of S\$1.46 million arising from the acquisition of an associate. Please provide details of the acquisition and explain how the gain arose.*

The gain of S\$1.46 million arose from the Company's acquisition of its associate, EasyCall International Limited ("EasyCall"), the announcement of which was made on 17 April 2001. It comprises unamortised negative goodwill relating to expected future losses (S\$0.5 million) that was expected to arise from the restructuring of EasyCall and the understatement of the underlying fair value of EasyCall's fixed assets (S\$0.96 million). The negative goodwill is no longer

required as the restructuring of EasyCall has largely been completed and its fixed assets have been fully depreciated or disposed, resulting in the said gain.

- c) *We note that the Company recognised an exceptional gain of S\$3.68 million from “service income from an associate”. Please provide details of this gain and reasons why the gain is “exceptional”.*

As announced on 9 January 2003 and 20 January 2003, the Company has entered into an agreement dated 9 January 2003 with its associate, EasyCall International Limited (“EasyCall”), under which the Company would be paid a service fee of S\$4 million for providing assistance to EasyCall in establishing and operating its education business in Tianjin, amongst other things.

The amount of S\$3.68 million gain recognised is net of associated expenses of S\$0.32 million. It is treated as an exceptional item because of its non-recurring nature and the material quantum involved.

- d) *We note in the Balance Sheet of the Company, under current liabilities, provisions amounting to S\$5.16 million. Please explain the nature of these provisions and details of the underlying item to which the provision relates.*

The S\$5.16 million comprises provisions for legal fees and other costs in connection with an ongoing legal case involving a subsidiary and costs in relation to the disposal of a subsidiary and an associate.

- e) *We note in the breakdown of results by business segments that “Investment activities” contributed a loss of S\$4.07 million from a loss of S\$6.66 million to the consolidated results of the Company. Pursuant to paragraph 14 of Appendix 7.2, please provide a review of the performance of the “Investment activities” segment of the Company and pursuant to paragraph 10 of the Appendix 7.2, please provide a commentary of the competitive conditions of this business segment that may affect the group in the next reporting period and the next 12 months.*

The Investment Segment comprises the non-core businesses of the Company, such as food & beverage, logistics and investments in associates.

The improvement is mainly attributable to the return to profitability by Batam Logistics Pte Ltd and lower losses from associate, GBI Realty Pte Ltd (“GBI”). GBI’s losses were trimmed largely as a result of lower impairment provisions this year in respect of its properties (S\$10.4 million compared S\$15.6 million last year). Furthermore, the Company’s share of losses in GBI is capped to the level of its investment of S\$1.5 million in GBI.

With the Company’s share of losses in GBI being limited to its investment cost and the cautiously optimistic forecasts of the various entities in the Investment Segment, the segment is expected to post a positive contribution to the Company in the coming year.

- f) *We note in section 2 of the Company’s Full Year Results that the results have not been audited. Please advise if the results have been reviewed. If so, please provide the information required pursuant to paragraphs 2 and 3 of Appendix 7.2 of the Listing Manual.*

The figures have not been audited and reviewed.