

Company Announcement



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

63 Ubi Avenue 1, #06-01
Boustead House
Singapore 408937

SALE OF SUBSIDIARY, BOUSTEAD PACIFIC SERVICES PTE LTD

Singapore, 25 March 2004

The Board of Directors of Boustead Singapore Limited (the "Company") refers to the report "His snap decision lands plum Lloyd's contract for his firm" made in the Straits Times on 25 March 2004.

The Board wishes to reiterate that the cessation of the Lloyd's agency in Singapore held by the Company's wholly-owned subsidiary, Boustead Pacific Services Pte Ltd ("Boustead Pacific"), and the appointment of Insight Marine Services Pte Ltd ("Insight") as Lloyd's Agents in Singapore will only take effect on 1 April 2004.

The Company had recently entered into arm's length negotiations with Insight for the sale of Boustead Pacific. Insight had expressed willingness to acquire for a nominal cash consideration all of the issued share capital of Boustead Pacific, together with all of its staff, on condition that Insight is able to secure the appointment of Lloyd's Agents in Singapore. Now that this has been achieved, the parties will work towards executing a formal Sale & Purchase Agreement for Boustead Pacific by 31 March 2004.

Boustead Pacific is engaged in the business of insurance claims settling and cargo survey services, activities no longer considered core to the Group. The sale of Boustead Pacific is part of the ongoing overall restructuring efforts of the Group to refocus management resources on the core businesses of the Group.

Based on its unaudited accounts as at 30 September 2003, Boustead Pacific made a net profit of S\$33,000 for the 6 months ended 30 September 2003 and had a negative net worth of S\$93,000 as at that date. The sale would not have any material financial effect on the Group's consolidated net asset value per share or its consolidated earnings per share for the year ending 31 March 2004.

Separately, the Company has also reached an understanding with Mr Wong Mong Hong to have the following agreements terminated by mutual consent with effect from 1 April 2004:

- ▶ Option Agreement dated 3 April 2003 under which Mr Wong has an option to acquire all of the issued share capital of Boustead Pacific; and
- ▶ Management Agreement dated 3 April 2003 under which the net profit of Boustead Pacific would be paid to Mr Wong in the form of management fees.

Save as disclosed above, none of the Directors or substantial shareholders has any interest in the above transaction.