



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

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**PROPOSED DISTRIBUTION *IN SPECIE* BY  
BOUSTEAD SINGAPORE LIMITED OF PART OF ITS  
SHAREHOLDING INTEREST IN ISSUED SHARE  
CAPITAL OF EASYCALL INTERNATIONAL LIMITED  
TO COMPANY'S SHAREHOLDERS FOR FREE**

Singapore, 14 November 2005

**1. Introduction**

The Board of Directors (the "Board") of Boustead Singapore Limited ("Boustead" or the "Company") wishes to announce that the Company is proposing a distribution *in specie* (the "Distribution") of up to 103,174,034 ordinary shares of A\$0.01 each ("EasyCall Shares") in the capital of EasyCall International Limited ("EasyCall") held by the Company to shareholders of the Company ("Shareholders") for free.

**2. Proposed Distribution *In Specie***

As at the date of this Announcement, the Company holds in aggregate 124,842,200 EasyCall Shares representing approximately 49.96% of the issued and paid-up share capital in EasyCall comprising 249,895,227 EasyCall Shares as at the date of this Announcement.

Pursuant to Articles 118, 119 and 120 of the Company's Articles of Association (the "Articles"), the Company may from time to time declare a dividend to be paid to its Shareholders entitled thereto, except that no dividend shall be payable except out of profits and the declaration of the Board as to the amount of the net profits of the Company shall be conclusive. Pursuant to Article 124 of the Articles, when declaring a dividend, the Board may *inter alia*, direct payment of such dividend wholly or in part by the distribution of specific assets or documents of title and in particular of paid-up shares, debenture or debenture stock of this or any other company.

The Board proposes to distribute part of the EasyCall Shares currently held by the Company to Shareholders by way of a dividend *in specie* on the basis of 400 EasyCall Shares for every 1,000 ordinary shares of S\$0.25 each in the capital of the Company ("Shares") held by Shareholders on a books closure date to be determined (the "Books Closure Date"), fractional entitlements to be disregarded. The EasyCall Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date on which the Distribution is effected.

Pursuant to the Boustead Share Option Scheme 2001, the Company had granted 6,283,340 outstanding share options ("Options") which are exercisable into Shares as at the date of this Announcement. The number of EasyCall Shares to be distributed will depend on the number of outstanding Shares as at the Books Closure Date taking

into account the number of outstanding Options exercised by Shareholders on or before the Books Closure Date.

Based on the Company's issued and paid-up share capital comprising 251,651,746 Shares and the 6,283,340 Options as at the date of this Announcement, a total of up to 103,174,034 EasyCall Shares will be distributed to Shareholders. Accordingly, upon completion of the Distribution, the Company will have a residual shareholding interest of at least 21,668,166 EasyCall Shares, representing a shareholding interest of at least approximately 8.67% in the issued and paid-up share capital of EasyCall.

Shareholders will not be required to pay for any EasyCall Shares received pursuant to the Distribution or to surrender or exchange their Shares in order to receive such EasyCall Shares.

The Board will convene an extraordinary general meeting (the "EGM") to seek Shareholders' approval for the Distribution.

### **3. General Information on EasyCall**

Headquartered in Singapore, EasyCall is a higher-learning education group that is listed on the Australian Stock Exchange Limited (the "ASX") and the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). EasyCall provides education courses and skills training programmes that lead to nationally- or internationally-recognised tertiary qualifications.

In China, the EasyCall Group owns the Tianjin University of Commerce Boustead College ("Boustead College") in the XiQing District of Tianjin, China, which offers a broad range of recognised degree and diploma programmes in various disciplines. Boustead College has also collaborated with both local and overseas education institutions such as the Tianjin University of Commerce, Victoria University of Technology in Australia and Raffles Knowledge (the education and training arm of the Raffles Hotel Group) in Singapore to offer diverse education programmes leading to degrees and diplomas.

### **4. Rationale for the Distribution**

The Board believes that the Distribution will benefit Shareholders for the following reasons:

- a) *Focus on Core Businesses.* The Company and its subsidiaries (the "Boustead Group") is principally engaged in specialised engineering services and geo-spatial technology while EasyCall is principally engaged in the operation of an education business, an entirely different business segment. The Distribution is in line with the Company's objective to concentrate resources on its core engineering expertise. The Board believes that the Distribution will sharpen its management focus and improve the Company's corporate profile and visibility as a global engineering specialist.
- b) *Utilisation of Tax Credits.* The Distribution allows the Company to return value to its Shareholders free of payment by way of a dividend *in specie* and thereby utilising its Section 44 tax credits for the overall benefit of Shareholders (subject to their respective tax affairs). As at 30 September 2005, the Company has tax franking credits balance of approximately S\$6.1 million. Pursuant to the Distribution, the Company will utilise its tax franking credits of up to approximately S\$2.1 million.

- c) *Investment Flexibility for Shareholders.* Following the Distribution, Shareholders will become direct shareholders of EasyCall. The Distribution will enable Shareholders to individually and directly participate in the ownership of, and enjoy returns from, shares held in two separately listed companies with different businesses without any additional cash outlay.
- d) *Possible Enhancement of Value of EasyCall Shares.* The trading volume of EasyCall Shares has been low, in particular on the SGX-ST with trading on 22 market days out of 250 market days in the one-year period immediately prior to the date of this Announcement. The Board believes that the current market price of EasyCall Shares is hence not fully reflective of its intrinsic value. As at the date of this Announcement, Boustead and two other substantial shareholders of EasyCall hold in aggregate shareholding interest of approximately 74.6% in the capital of EasyCall with the balance of approximately 25.4% held by the public. Of this public float, approximately 8.47% shareholding interest is registered with the share registry in Singapore with the balance of 16.93% shareholding interest registered with the share registry in Australia. Following the Distribution, the public float for EasyCall is expected to increase from 25.40% to up to approximately 66.69%. This increase in public float may increase trading liquidity thereby possibly enhancing the share price performance of EasyCall Shares.

## **5. Financial Effects of the Distribution**

Upon completion of the Distribution, EasyCall will cease to be an associate company of the Boustead Group and the Boustead Group's remaining shareholding interest in the capital of EasyCall will be treated as an investment in quoted securities.

For the purposes of illustration only, certain financial effects of the Distribution based on the audited consolidated financial statements of the Boustead Group for the financial year ended 31 March 2005 ("FY2005") are set out below. The financial effects as presented herein do not reflect a projection of the actual future financial performance or position of the Boustead Group after completion of the Distribution and are computed based on the following key assumptions:

- a) The financial position as at 31 March 2005 has been prepared on a proforma basis assuming that the Distribution had been completed on 31 March 2005;
- b) The financial results for FY2005 have been prepared on a proforma basis on the assumption that the Distribution had been completed on 1 April 2004;
- c) Based on the closing market price of EasyCall Shares on the ASX of A\$0.0650 (equivalent to approximately S\$0.0811 using the closing exchange rate of A\$0.8019 per S\$ on the same date) on 11 November 2005 (being the market day immediately preceding the date of this Announcement), the Company is assumed to record an investment loss of approximately S\$0.3 million as a result of the Distribution; and
- d) Transaction costs incurred for the Distribution are assumed to be insignificant and ignored for computational purposes.

### ***Earnings Per Share ("EPS")***

	<b>Before the Distribution</b>	<b>After the Distribution</b>
Profit attributable to Shareholders in FY2005 <sup>(1)</sup> (S\$'000)	20,618	18,818 <sup>(1)</sup>
<u>Assuming none of the Options exercised</u>		
Weighted average number of Shares in FY2005 ('000)	239,542	239,542
EPS (Singapore cents)	8.6	7.9
<u>Assuming all of the Options exercised on 31 March 2005</u>		
Weighted average number of Shares in FY2005 ('000)	240,283	240,283
EPS (Singapore cents)	8.6	7.8

**Note:**

(1) The profit attributable to Shareholders after the Distribution as shown in the table above is derived assuming an investment loss of approximately S\$0.3 million pursuant to the Distribution.

### ***Net Tangible Assets ("NTA")***

	<b>Before the Distribution</b>	<b>After the Distribution</b>
NTA as at 31 March 2005 (S\$'000)	96,945	86,839
<u>Assuming none of the Options exercised</u>		
Number of Shares as at 31 March 2005 ('000)	249,385	249,385
NTA per Share (Singapore cents)	38.9	34.8
<u>Assuming all of the Options exercised on 31 March 2005</u>		
Number of Shares as at 31 March 2005 ('000)	258,273	258,273
NTA per Share (Singapore cents)	37.5	33.6

The Distribution does not have any impact on the Company's share capital and the Boustead Group's gearing.

### **6. Conditions for the Distribution**

The Distribution is conditional upon, *inter alia*, the approval of Shareholders at an EGM of the Company to be convened and is subject to confirmation from the Company's auditors that the Company has sufficient reserves to effect the Distribution.

## **7. Interests of Directors and Controlling Shareholders**

Mr Wong Fong Fui, Chairman and Group Chief Executive Officer, is the controlling shareholder of the Company and is thus deemed interested in the EasyCall Shares presently held by the Company. Mr Wong Fong Fui is also a Non-Executive Director of EasyCall. As at the date of this Announcement, Mr Wong Fong Fui holds 3,000,000 outstanding EasyCall options granted pursuant to the EasyCall Employee Share Option Plan ("EasyCall Options") and Mr Wong Yu Loon, the son of Mr Wong Fong Fui, holds 3,095,876 EasyCall Shares directly.

Mr Loh Kai Keong, Executive Director and Group Chief Financial Officer, is also an Executive Director and the Group Chief Financial Officer of EasyCall. Upon completion of the Distribution, Mr Loh Kai Keong will resign from the position of Group Chief Financial Officer of EasyCall but will remain as a Non-Executive Director of EasyCall. As at the date of this Announcement, Mr Loh Kai Keong holds 3,000,000 EasyCall Options.

As at the date of this Announcement, Mr Tong Weng Leong, Executive Director, holds 3,500,000 EasyCall Options.

Save as disclosed, none of the Directors has any interest, direct or indirect, in the Distribution. Save as disclosed, as far as the Directors are aware, none of the other controlling shareholders of the Company has any interest, direct or indirect, in the Distribution.

## **8. Financial Advisor**

The Company has appointed CIMB-GK Securities Pte Ltd as its financial advisor in respect of the Distribution.

## **9. Actions to be Taken by Shareholders**

A circular containing details of the Distribution and the notice of EGM will be despatched to Shareholders in due course.

Shareholders and investors of the Company are advised to exercise caution when trading in the Shares pending receipt of the Circular. Persons who are in doubt as to the action that they should take should consult their stockbroker, bank manager, solicitor, accountant or other professional advisors.

**By Order of the Board**

**Alvin Kok**  
*Company Secretary*