



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

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PROPOSED MANAGEMENT AGREEMENT WITH EASYCALL INTERNATIONAL LIMITED

Singapore, 9 January 2003

The Board of Directors of Boustead Singapore Limited ("Boustead" or the "Company") wishes to announce that the Company has entered into a conditional agreement dated 9 January 2003 (the "Management Agreement") with EasyCall International Limited ("EasyCall"), an associated company in which the Company holds a 45.31% shareholding.

The Management Agreement formalises the remuneration payable to the Company for providing assistance to EasyCall in establishing and operating its education business in Tianjin and procuring the appointment of Tianjin Morgan Educational Management Consultation Co, Ltd ("Tianjin Morgan"), a wholly-owned Chinese subsidiary of EasyCall, to provide certain services to Tianjin University of Commerce Boustead Informatics College ("Boustead Informatics College"), a Tianjin-based education institution owned and operated by the Company. The remuneration payable to the Company under the Management Agreement is S\$4 million, comprising S\$2 million in cash and 21,234,351 new EasyCall shares (being of equivalent value to S\$2 million).

The Management Agreement is conditional upon:

- a) EasyCall shareholders passing a resolution approving the execution and performance of the Management Agreement; and
- b) The receipt of a satisfactory independent expert's report in relation to the transactions contemplated by the Management Agreement.

Pursuant to the provisions of the Management Agreement, Boustead Informatics College has entered into an agreement dated 9 January 2003 (the "Service Agreement") with Tianjin Morgan under which Tianjin Morgan shall provide certain management advisory, consultancy and support services to Boustead Informatics College for an annual fee of RMB6 million (approximately S\$1.32 million).

The Service Agreement is conditional upon:

- a) EasyCall shareholders passing a resolution approving the execution and performance of the Management Agreement;
- b) The Management Agreement being executed; and
- c) The receipt of a satisfactory independent expert's report in relation to the transactions contemplated by the Management Agreement.

The remuneration and fees under the Management Agreement and Service Agreement were agreed to after arm's length negotiations between the parties.

The Group expects to record a gain in the current financial year of approximately S\$2.3 million arising from the transactions contemplated in the Management Agreement and Service Agreement.

The transactions contemplated by the Management Agreement and the Service Agreement as outlined above are 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\$0.25, assuming that the proposed transactions had been effected at the end of FY2002; and
- b) The loss per share of Boustead will be decreased from S\$0.029 to S\$0.016, assuming that the acquisitions had been completed at the beginning of FY2002.

The Company is a substantial shareholder of EasyCall and the Company's Chairman and Group Chief Executive Officer, Mr Wong Fong Fui, is also an Executive Director and the Chief Executive Officer of EasyCall. Further to this, Mr Wong holds a 3.75% shareholding in EasyCall. As such, the Company and Mr Wong, as well as their nominees, shall not be eligible to vote on the proposed resolution of EasyCall shareholders to approve the execution and performance of the Management Agreement.