

OFFER INFORMATION STATEMENT

UNDER SECTION 277 OF
THE SECURITIES AND FUTURES ACT (CHAPTER 289)

ELEVENTH SCHEDULE

SECURITIES AND FUTURES (OFFERS OF INVESTMENTS)
(SHARES AND DEBENTURES) (AMENDMENT) REGULATIONS 2003

NAME OF ISSUER:

MEDIASTREAM LIMITED

PLACE OF INCORPORATION:

Republic of Singapore on 3 September 1997

REGISTERED ADDRESS:

*39 Tampines St 92
MediaStream Building
Singapore 528883*

DATE OF LODGMENT:

13 September 2004

A copy of this offer information statement has been lodged with the Monetary Authority of Singapore (the "Authority"). The Authority assumes no responsibility for the contents of the offer information statement. Lodgment of the offer information statement with the Authority does not imply that the Securities and Futures Act (Cap. 289), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of the shares or debentures, or units of shares or debentures, as the case may be, being offered, or in respect of which an invitation is made, for investment.

**OFFER INFORMATION STATEMENT
UNDER SECTION 277 OF
THE SECURITIES AND FUTURES ACT (CHAPTER 289)**

DEFINITIONS

In this offer information statement (the “**Statement**”), the following definitions apply throughout unless the context otherwise requires or unless otherwise stated.

"Act"	The Companies Act (Chapter 50) of Singapore, as amended or modified from time to time
"Allandes"	Allandes Corporation Pte Ltd
"Company"	MediaStream Limited
"Completion Date"	Completion of the proposed acquisition of Safuan SA, being 12 May 2005 or such other date as may be mutually agreed between Company and Safuan Group in writing provided that such date shall not occur after 12 August 2005
"Conversion"	Conversion of the Loan into Shares pursuant to the Loan Agreement
"Conversion Period"	The period commencing from the date of disbursement of the first tranche of the Loan and at any time and from time to time thereafter up to and including either (i) the Completion Date or (ii) 2 weeks after the cessation or termination (if any) of the Loan Agreement or the S&P Agreement, (whichever is sooner)
"Conversion Shares"	Up to 110,864,745 new Shares to be allotted and issued by the Company at the Issue Price pursuant to the terms of the Loan Agreement
"Directors"	The directors of the Company as at the date of lodgment of this Statement
"FY"	Financial year ended 31 December
"Group"	The Company and its subsidiaries
"IFWPL"	Infinite Frameworks Pte Ltd
"Issue Price"	S\$0.01353 for each Conversion Share
"Loan Agreement"	Convertible Loan Agreement dated 30 August 2004 between Company and Safuan Group pursuant to which Safuan Group will grant the Loan to the Company
"Loan"	A loan of up to a maximum amount of S\$1,500,000 which Safuan Group can at any time and from time to time during the Conversion Period convert all or part of the Loan outstanding as at the date of service of the

	conversion notice on the Company into Conversion Shares
"Safuan Group"	Safuan Group International Limited
"Safuan SA"	Safuna Bara-Link S.A. (Pty) Limited
"S&P Agreement"	Sale and Purchase Agreement dated 12 August 2004 between Company and Safuan Group pursuant to which Company has agreed to purchase Safuan Group's 70% equity interest in the capital of Safuna SA
"SGX Sesdaq"	SGX-ST Dealing and Automated Quotation System
"SGX-ST"	Singapore Exchange Securities Trading Limited
"Shares"	Ordinary shares of S\$0.01 each in the capital of the Company
"S\$" and "cents"	Singapore dollars and cents respectively

(a) The address of the registered office of the issuer

The registered office of the Company is at 39 Tampines St 92, MediaStream Building, Singapore 528883.

(b) The business carried on and to be carried on by the issuer or, if it is the holding company of a group, the group and the general development of the business within the last 3 years, indicating any material change in the affairs of the issuer or the group, as the case may be, since the last annual report

i. Business Operations

The principal activities of the Group are the licensing, production and distribution of music records in the format of cassettes, videos and compact discs. The current subsidiaries of the Company and their principal activities are as follows:

<u>Name of Subsidiary</u>	<u>Principal Activities</u>	<u>Country of Incorporation</u>	<u>Equity Interest (%)</u>
Infinite Frameworks Pte Limited	Rendering of post-production services	Singapore	51.03
The Audioplex Pte Limited	Rendering of audio and video recording and editing services and rental of the recording studio and its facilities	Singapore	100
Form Kidz Pte Limited	Licensing, production and distribution of educational products in variety of formats and the collection of recording copyright royalties	Singapore	100
Form DV-Net Pte Ltd	Dealing of computer based, post production equipment, facility set up and rendering of related maintenance and training services. (Dormant)	Singapore	100
CreAsian Records Pte Limited	Licensing, production and distribution of entertainment and educational products in variety of formats and the collection of recording copyright royalties (Dormant)	Singapore	100
CreAsian Publishing Pte Limited	Music publishing (Dormant)	Singapore	100
Toonworks Inc.	Rendering of production services for animated cartoon (Dormant)	Philippines	100

ii. **General Business Development Over The Last Three Years**

FY2001

In FY2001, the Group's turnover was S\$6.4 million, a substantial decrease of 14.9% from the previous year's S\$7.5 million. The Group recorded a loss before tax, exceptional items, loss derived from associated company and minority interest, of S\$2.9 million, an improvement of S\$384,992 or 11.7% over FY2000. The exceptional items were S\$796,587 in aggregate. Consolidated loss after taxation of S\$3.8 million was S\$1.9 million or 33.6% better than the previous year.

The deteriorating economic conditions in FY2001, which were further aggravated by the New York World Trade Centre September 11 disaster, had an adverse economic effect on consumer demand in general. The Group's business, which is directly and indirectly reactionary to consumer demand, was badly affected.

In the first half-year under review, the decrease in turnover was only a marginally 3% over the previous corresponding period. Due to worse economic conditions during the second half-year under review, the decrease was a substantial 25.9% as compared to the previous corresponding period.

In the music and video product business, the market continued to be weak throughout FY2001. The high uncertainty in market demand could not justify the relative high cost of advertising and promotion associated with the business. The Group was very cautious in making new releases of such products. The Group's turnover in this segment decreased by 43.3% to S\$0.7 million.

At the beginning of FY2001, in addition to TV commercial and 3-D animation work, IFPL created a new unit to service the business of TV broadcast design. Overall, revenue from the Group's post-production business was improving steadily until the final months of FY2001. Subsequent to the 911 disaster, there were cutbacks and deferment in advertising budgets. Although billings in the first half of FY2001 improved over the previous corresponding period, this could not follow through into the second half-year, which traditionally is a better half. Turnover from post-production for the full year under review declined by 6.4% to S\$5.2 million as compared to FY2000.

Resulting from the downsized animation studios in Manila, contract work received for the year under review was much lower as compared to FY2000. Business was also partially interrupted by the shifting of its operations to a smaller office space in the second half of FY2001. Turnover from animation studios for the year under review was substantially reduced over the previous period by S\$304,000 to S\$26,000.

Despite the economic downturn, turnover in the recording studios business showed an improvement from the previous year to S\$448,000. Earlier in FY2001, three smaller audio suites were added. Also, several block bookings contracts were secured.

The Group managed to lease out all its excess space to the maximum allowed by HDB for sub-letting of the Company's building in the third quarter of FY2001 and rental income for FY2001 had improved by 35.2% over FY2000.

FY2002

FY2002 started with the economies of the world making a slow recovery. This was short-lived, as the world grappled with continued financial uncertainties, rising unemployment, and global political, economic and social developments. Generally, consumer demand declined substantially, and the Group's principal businesses, which are in audio and video facilities and services and products, were badly affected.

In February 2002, the Company disposed its 40% interest in Digital One Pte Ltd. The total write-off on this investment was S\$245,846, of which S\$102,812 had been taken up as share of losses of an associated company in the Group accounts for FY2002.

In April 2002, the Company undertook a private placement of 20,000,000 new ordinary shares at the subscription price of S\$0.05 each. The net proceeds from the private placement (after deducting fees and expenses) was S\$974,500.

In September 2002, the Group completed the acquisition of Allandes, which is in the business of manufacture and sales of pre-fabricated modular cabins and rental of portable cabins and containers. As a result of the acquisition of Allandes, the Company also owned an effective interest of 100% in the capital of Allandes Rent A Cabin Pte Ltd, a wholly owned subsidiary of Allandes.

In September 2002, the Company issued an aggregate of 210,000,000 ordinary shares at the issue price of S\$0.06 each in partial satisfaction of the consideration for the acquisition of Allandes. Upon completion of the acquisition, Allandes and Allandes Rent A Cabin Pte Ltd became wholly owned subsidiaries of the Company.

Under the terms of the acquisition of Allandes, the two vendors, Desmond Poh and Cho Wee Min, had given a profit guarantee that the audited consolidated net profit after taxation of Allandes for each of FY2002 and FY2003 would be in excess of S\$2.0 million. On 10 March 2003, the directors of the Company were notified that the profit guarantee given by Allandes for FY2002 would not be met. Subsequently, it was announced that Allandes was in severe cash flow problems and the directors of Allandes successfully petitioned for Allandes to be placed under judicial management. The accounts of Allandes and Allandes Rent A Cabin Pte Ltd (the "Allandes Group") for FY2002 were still not finalised at the date of signing of the accounts. Accordingly, the consolidated accounts of the Company were based on the audited accounts of the Group without the Allandes Group. Following the winding-up order granted on 25 August 2003 in respect of Allandes, the audited financial statements of Allandes for FY2002 would not be required to be filed by the liquidators in view of Allandes's liquidation. Although the Company's consolidated accounts for FY2002 were not prepared in accordance with the Singapore Statement of Accounting Standard 26 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries" as well as the provision of section 201 of the Act, as outlined in the annual report, the Company's consolidated accounts had already reflected the loss incurred by the Group arising from the acquisition of Allandes and Allandes Rent A Cabin Pte Ltd.

FY2002 was a difficult year for business in general, both locally and worldwide. The Group recorded a turnover of S\$5.6 million for FY2002 compared to S\$6.4 million in the previous year, a drop of 13.16%.

Faced with poor consumer demand, both locally and internationally, the Group exercised much caution in new releases in its music and video products. For similar reasons, there was a general reduction in the making of new music albums and/or tightening of production budgets, which impacted the business of the Group's sound recording studios. In the area of the Group's post production business, the cutbacks and deferment of advertising budgets by many companies continued and this affected its business. However, work for television programme broadcast was steady and new product lines in television broadcast design and 3D animation continued to be built up gradually, notwithstanding the difficult market environment. The animation business in Manila continued to slow down.

Rental income for FY2002 showed a marginal increase to S\$1.1 million, which was an increase of 9.75% over the previous year of S\$1.0 million.

In addition to the Government's measures and incentives, the Group implemented cost reduction measures, which together translated into a reduction of costs and

expenses by 16.42%. The major item of cost reduction comprised of salaries and employee benefits of S\$931,272. The Group managed to improve its operating loss before exceptional items from S\$3.0 million to S\$2.0 million, which was a reduction of 30.97%. Loss before exceptional items, interest, tax, depreciation and amortisation for FY2002 was S\$43,469 compared to S\$764,230 in the previous year.

Exceptional items charged together with provision for taxation and minority interest, resulted in the Group's net loss attributable to members of the Company of S\$18.8 million. Included in the exceptional Items of S\$16.8 million was a provision for the impairment of the value of the Group's investment in Allandes amounting to S\$12.6 million, which was the cost of investment that had been paid by the issue of shares in the Company. The balance of S\$1.2 million in the form of a zero coupon 2-year note may be applied to a reduction of the cost of acquiring Allandes arising from any shortfall in the guaranteed profit.

The auditors of the Company had in their report drawn attention to the fundamental uncertainty of the assumption of going concern on which the financial statements were prepared. The validity of the going concern assumption is dependant on the continuing support of the Group's bankers and creditors, the profitability and cash flows of the Group's operations in the next twelve months and the ability of the Group to raise additional funding in the next twelve months.

The auditors had also in their report stated that the consolidated financial statements did not include the financial statements of the Allandes Group. This was not in accordance with the Singapore Statements of Accounting Standard 26 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries", as well as the provisions of Section 201 of the Act. As a result of the significance of this matter, the auditors were not able to, and accordingly did not, express an opinion as to whether the consolidated financial statements set out in the annual report were properly drawn up in accordance with the provisions of the Act and Singapore Statements of Accounting Standard so as to give a true and fair view of the state of affairs of the Group as at 31 December 2002, the results and changes in equity of and cash flows of the Group for the FY2002 and the other matters required by Section 201 of the Act to be dealt with in the consolidated financial statements.

FY2003

The weak global economy in year 2002 was further hit in year 2003 by the Iraq War and the outbreak of the Severe Acute Respiratory Syndrome. The Group's performance was further impacted by the winding up of Allandes, with no contribution from its guaranteed profit (net after taxation) of S\$2 million for FY2003.

As a comparison against the performance of the previous corresponding year, the Group recorded a turnover of S\$4.6 million for current year, a decrease of 16.81% or S\$935,024. Other revenue also decreased by 9.41% or 103,837, which was mainly due to the decrease of rental income of 7.9% or S\$84,086. However, the Group managed to reduce its costs for salaries and employee benefits by 10.65% or S\$368,865. Together with the reduction in depreciation charges of 15.84% or S\$311,090 and other costs and expenses, there was a total reduction in costs and expenses of 13.31% or S\$1,072,220. Loss before exceptional items for the current year was S\$1,973,050, a marginal improvement of S\$66,071 or 3.24% over the previous corresponding year. However, exceptional items for the current year was only S\$137,668 as compared to S\$16.8 million in year 2002. Accordingly, loss attributable to members of the Company had shown an improvement of S\$16.7 million or 88.81% to S\$2.1 million.

Due to the weak economy, companies' budgets on TV commercials were reduced. This impacted the Group's post-production business in terms of margin and volume. The reduction in budget by the production houses and intense competition from

smaller studios, in terms of pricing, continued to be the major challenge for the Group's business in sound recording.

In the light of the continued slowdown of animation business in Manila, the Group proceeded to finalise the sale of all its equipment in Philippines and to cease its animation business.

On 31 March 2003, the Group closed its music distribution business via the sale of its subsidiary, Form Records (Malaysia) Sdn Bhd, and the cessation of the business activity of its subsidiary, CreAsian Records Pte Limited.

As at 31 December 2003, the current liabilities of the Group and the Company exceeded current assets by S\$7.6 million and S\$6.9 million respectively. As at that date, the Group and Company also showed a negative shareholder's funds of S\$718,343 and S\$984,117 respectively. The validity of the going concern assumption upon which the financial statements were prepared depended on the continuing support of the Group's bankers and creditors, the profitability and cash flows of the Group's operations in the next twelve months and the ability of the Group to raise additional funding in the next twelve months. As such, the auditors were not in a position to, and accordingly did not, express an opinion as to whether the consolidated financial statements of the Group and the balance sheet of the Company were properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2003 and the results, changes in equity and cash flows of the Group for the financial year ended on that date.

In the Company's ongoing effort to find alternative investment opportunities, the Company entered into a conditional sale and purchase agreement on 11 February 2004 to acquire 80% of the issued and paid up share capital of MegaTalk Pte Ltd (the "MegaTalk Acquisition").

iii. Material Changes Since the Last Annual Report

On 27 April 2004, the Company together with the existing shareholders IFWPL, a subsidiary of the Company, entered into a shareholders' agreement ("Shareholders' Agreement") with Kinema Entertainment Private Limited ("Kinema") and Kris Taenan Wiluan ("Kris"). Pursuant to the Shareholders' Agreement, Kinema and Kris had each subscribed and paid in full for cash for 789,240 new ordinary shares and 986,546 new ordinary shares respectively in the capital of IFWPL at the price of S\$1.00 each. As a result, the Company's interest in IFWPL was diluted from 94.10% to 51.03% of the enlarged issued and paid-up capital of IFWPL. Further, Kinema and Kris also provided a loan of S\$445,000 and S\$555,000 respectively to IFWPL. In addition, a call option was granted to each of Kinema and Kris to subscribe for up to a maximum of 2,273,118 and 2,263,882 new ordinary shares in the capital of IFWPL at an issue price of S\$1.00 per share respectively.

On 13 May 2004, shareholders of the Company approved the capital reduction exercise and the increase in the Company's authorised share capital to 5,000,000,000 shares by the creation of an additional 4,000,000,000 shares of S\$0.01 each. The capital reduction exercise was effected by cancelling the paid-up share capital of the Company amounting to S\$28,864,434 which had been lost or was unrepresented by available assets to the extent of S\$0.04 on each of the 721,610,850 ordinary shares of the Company which had been issued and were fully paid-up or credited as fully paid-up and reducing the par value of all the Company's ordinary shares of S\$0.05 each, both issued and unissued, from S\$0.05 to S\$0.01 each. The capital reduction exercise was subsequently confirmed by the court on 16 June 2004.

The Group's sound recording business and music and video business (children education) would continue to contribute marginally to the Group's financial performance.

On 29 June 2004, the Company entered into a deed of termination with the vendors of MegaTalk Pte Ltd. As such, the MegaTalk Acquisition was aborted.

As at 30 June 2004, the current liabilities of Group and Company exceeded current assets by S\$8.2 million and S\$7.7 million respectively. As at that date, the Group and Company also showed negative net assets of S\$1.4 million and S\$1.5 million respectively. The validity of the going concern assumption on which the financial statements are prepared depends on the continuing support of the Group's banker and creditors, the profitability and cash flows of the Group's operations and the ability of the Group to raise additional funding in the next twelve months.

Despite the difficult environment, the Company has continued its ongoing restructuring efforts and intends to work actively with its professional advisers to identify other investment opportunities to diversify its business portfolio as well as to seek additional capital given the continued uncertain financial performance of the Company. As a result of such effort, the Company had on 12 August 2004 entered into the S&P Agreement with Safuan Group to acquire from Safuan Group its entire 70% equity interest in Safuan SA comprising 140 ordinary shares of par value 1 Rand each in the capital of Safuan SA. Under the S&P Agreement, the purchase consideration of S\$85 million is proposed to be satisfied by the allotment and issuance of 4,250,000,000 new Shares at an issue price of S\$0.02 each credited as fully paid up.

Pursuant to the terms of the S&P Agreement, the Company had on 30 August 2004 entered into the Loan Agreement with the Safuan Group. The Loan is to be used by the Company solely for the purpose of paying the fees, costs and expenses of third parties engaged or to be engaged to advise on and in relation to the transactions contemplated in the S&P Agreement and such other purposes as may be mutually agreed between the Company and Safuan Group in writing. Interest shall be payable on the total outstanding disbursements under the Loan at the rate of 4% per annum.

Save as disclosed in the public announcements released by the Company to the SGX-ST via MASNET and in this Statement, there have been no material changes in the affairs of the Group since the issue of the last annual report for FY 2003.

(c) A description of, and number of shares or debentures, or units of shares or debentures, as the case may be, being offered by the issuer

The Company will issue and allot the Conversion Shares to Safuan Group, or such third party or its assignee pursuant to the terms of the Loan Agreement. The Conversion Shares, when issued and fully paid, will rank *pari passu* in all respects with the then existing Shares.

(d) Where applicable, the names and addresses of the manager, the underwriter of the offer and, in the case of an offer of debentures or units of debentures, the trustee for debenture holders (if any)

There is no manager or underwriter.

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- (e) The offer price, any discount or commission given to the underwriter, and the estimated net proceeds on an aggregate basis to be derived by the issuer from the issue or sale of the shares or debentures, or units of shares or debentures, as the case may be, being offered; if it is not possible to state the offer price or the discount or commission, the method by which it is to be determined must be explained**
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Offer price	:	S\$0.01353 per Conversion Share
Discount given	:	10% of the weighted average price of S\$0.01503 for trades done on the SGX-Sesdaq over the last 5 trading days immediately preceding the date of signing the S&P Agreement.
Underwriting commission	:	Not Applicable
Estimated net proceeds	:	Up to S\$1.5 million

- (f) The range of the closing market price of the shares or debentures, or units of shares or debentures, as the case may be, during the previous 90 days**
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Range of closing market price during the 90-day period immediately preceding the date of this Statement from 9 June 2004 to 10 September 2004 (Source: Bloomberg)

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- (g) The principal purposes for which the estimated net proceeds to be derived by the issuer from the issue or sale of the shares or debentures, or units of shares or debentures, as the case may be, being offered are intended to be used and the approximate amount intended to be used for each such purpose; if any material amounts of other funds are to be used in conjunction with the proceeds for such purposes, the amounts and sources of such other funds**
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The principal purpose of the Loan will be used by the Company, to the extent permitted by applicable law, for the purpose of paying the fees, costs and expenses of the parties engaged or to be engaged to advise on and in relation to the transactions contemplated in the S&P Agreement and such other purposes as may be mutually agreed between the Company and Safuan Group in writing. Under the terms of the Loan Agreement, Safuan Group may assign all or part of its rights or transfer all or part of its obligations to a third party (who has the right to assign to another party) and the Conversion Shares are to be issued to Safuan Group or such third parties or its assignee upon receipt of written notice from Safuan Group or such third party or its assignee during the Conversion Period that it intends to convert all or part of the Loan outstanding as at the date of the written notice into Conversion Shares. Accordingly, no cash will be received for the issue of the Conversion Shares, which shall be credited as fully paid up upon conversion of the Loan into Conversion Shares.

- (h) The names and addresses of the directors of the issuer**
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<i>Name of Director</i>	<i>Address</i>
George Thia Peng Heok	19 Camden Park, Singapore 299812
Anthony Ow Hin Jiu	41 Hindhede Walk, #04-03 Sunbird, Southaven 1, Singapore 587972
James Henry Hunt	78 Woodleigh Park, Singapore 357851
Lien Kait Long	78 Meyer Road, Singapore 437904

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- (i) **The share and loan capital of the issuer, as of the date of lodgment of this offer information statement showing:**
- (i) **in the case of the share capital, the authorised share capital and the issued and the paid-up capital; or**
- (ii) **in the case of the loan capital, the total amount of the debentures issued and outstanding, together with the rate of interest payable thereon.**
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As at the date of this Statement:

(i) Share Capital

Authorised share capital : S\$50,000,000 divided into 5,000,000,000 Shares

Issued and paid-up share capital : S\$7,216,108.50 divided into 721,610,850 Shares

(ii) Loan capital

Nil

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- (j) **The manner in which the shares, debentures, or units of shares or debentures, as the case may be, being offered are to be distributed, giving particulars of any outstanding or proposed underwriting, including the name and address of each underwriter**
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The Conversion Shares will be issued to the Safuan Group or such third party upon receipt of written notice from Safuan Group or such third party during the Conversion Period to convert all or part of the Loan outstanding as at the date of the written notice. There is no outstanding or proposed underwriting arrangements for the Conversion Shares.

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- (k) **The profits, prospects and dividends of the issuer, together with:**

- (i) **the following information in respect of the issuer or, if it is the holding company of a group, the group for each of the 3 most recently completed financial years in the following format:**

Year ended 31 December	----- The Group -----			
	Loss before tax ⁽¹⁾	Loss after tax ⁽¹⁾	Extraordinary items	Gross rate Of dividend
	(S\$'000)	(S\$'000)	(S\$'000)	(%)

2001	3,751	3,751	-	-
2002	18,817	18,811	-	-
2003	2,111	2,138	-	-

Note:

(1) Loss after tax and after minority interests are S\$3,746,580, S\$18,790,650 and S\$2,106,260 for FY2001, FY2002 and FY2003 respectively.

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- (ii) **a statement as to the financial and business prospects of the issuer or, if it is the holding company of a group, the group, together with any material information which will be relevant thereto, including all special business factors or risks (if any) which are unlikely to be known or anticipated by the general public and which could materially affect profits; and**
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Given the economic downturn over the last couple of year, the Group's post-production business has undergone a consolidation phase and is now at a stage where it is ready to move forward to be a leading post-production facility in Singapore and to expand its services into regional markets. The proceeds from the recent equity participation in IFWPL by Kinema Entertainment Private Limited and Kris Taenar Wiluan (the "Investors") and shareholders' loan granted by the Investors to IFWPL will be primarily utilized for the upgrade of its equipment and working capital, which will enable this business unit to enhance its competitive position in Singapore. However, the proceeds from the exercise of the call option granted to the Investors by IFWPL, if exercised, are intended to be primarily utilized for regional expansion.

The Group's sound and recording business and music and video (children education) business will continue to contribute marginally to the Group's performance.

Pursuant to the conditions precedent in the S&P Agreement, the Company will undertake, *inter alia*, the following:

- (a) entering into a scheme of arrangement with its creditors in respect of the Company's outstanding debts to such creditors;
- (b) entering into a sale and purchase agreement to sell its entire shareholdings in the capital of IFWPL on or before the date of completion of the proposed acquisition of the 70% interest in Safuan SA (the "Proposed Acquisition");and
- (c) selling the property located at 39 Tampines Street 92, MediaStream Building Singapore 528883.

The successful completion of the Proposed Acquisition would enable the Group to diversify its business activities, enjoy the benefits accruing to a long-term investment, broaden its earnings base, and eventually serve to enhance its shareholders' value.

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- (iii) **a statement by the directors of the issuer whether, in their reasonable opinion, the working capital available to the issuer or, if the issuer is the holding company of a group, the group, is sufficient for present requirements and, if insufficient, how the additional working capital thought by the directors to be necessary, is proposed to be provided**

The Directors are of the opinion that after taking into consideration the continuing support of the Group's bankers and creditors, the existing banking and other credit facilities available to the Group, the Loan and the successful completion of the proposed acquisition of 70% interest in Safuan SA, the working capital available to the Group is sufficient to meet its present requirements for the current financial period.

(l) The number of shares of the issuer owned by each substantial shareholder

The substantial shareholders of the Company and the number of Shares held by them as recorded in the Register of Substantial Shareholders maintained by the Company pursuant to Section 88 of the Act as at the date of this Statement are as follows:

Substantial Shareholders	<u>Direct Interest</u>		<u>Deemed Interest</u>	
	No. of Shares	%	No. of Shares	%
Irisca Investments Pte Ltd	337,000	0.05	65,600,000	9.09
Frاندeur Holdings Pte Ltd	-	-	60,000,000	8.31
Marison Investments Limited	20,000,000	2.77	40,000,000	5.54
George Thia Peng Heok ⁽¹⁾	3,754,560	0.52	245,437,000	34.01
Desmond Poh ⁽²⁾	87,500,000	12.13	28,000,000	3.88

Notes:

1. By virtue of George Thia Peng Heok's interests in Irisca Investments Pte Ltd, Frاندeur Holdings Pte Ltd and Marison Investments Limited, he is deemed to have an interest in the Shares held by these companies.
2. Desmond Poh's deemed interests arise from 28,000,000 Shares held in a nominee account under his name.

(m) Information on any legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have or have had in the last 12 months before the date of lodgement of the offer information statement, a material effect on the issuer's financial position or profitability

Save as disclosed in this Statement, as at the date of this Statement, the Directors are not aware of any legal or arbitration proceedings (including those which are pending or known to be contemplated) which may have or have had, in the last twelve (12) months before the date of lodgement of this Statement, a material effect on the Company's financial position or profitability.

- (a) International Factors (Singapore) Limited ("IFS") had on 20 February 2004 filed a Writ of Summons in the High Court against the Company for a corporate guarantee provided by the Company for Allandes. Allandes is currently under liquidation. IFS is claiming from the Company a sum of S\$537,791.54 (including accrued interest) and legal costs. The trial has been fixed for hearing from 8 to 10 November 2004. The Company is currently in discussions with IFS in relation to the claim;

- (b) Pacrim Investments Pte Ltd (“PIPL”) had on 10 February 2004 filed an Originating Summons in the High Court against the Company for *inter alia* the registration of the 50,000,000 Shares transferred by Desmond Poh to PIPL. The action was dismissed by the court on 12 July 2004. PIPL has appealed to the Court of Appeal against this decision;
- (c) The Company took up an application to set aside the judgment granted in favour of PIPL in respect of an action taken up by PIPL against Kim Eng Securities Pte Ltd to transfer the 20 million Shares registered in the name of Kim Eng Securities Pte Ltd to PIPL. The action is still pending as the Company is waiting for a date to be fixed by the court for the hearing of this matter.
- (d) The Company had on 18 September 2003 filed a Writ of Summons in the High Court High Court of the Republic of Singapore against Cho Wee Min for *inter alia* repudiation of an acquisition agreement dated 14 May 2002 entered into by the Company, Desmond Poh and Cho Wee Min (the “Agreement”). The Company will be seeking, *inter alia*, an order for the rescission of the Agreement and damages for wrongful repudiation of the Agreement. In connection with the action, the Company had also on 18 September 2003 applied for an injunction in the High Court against Cho Wee Min from dealing in the 94,500,000 Shares issued to her under the Agreement. The injunction was subsequently granted on 19 September 2003. Cho Wee Min and Bangkok Bank Public Co. Ltd. (as chargee of the 20,000,000 Shares that Cho Wee Min had mortgaged to Bangkok Bank Public Co. Ltd) had each made an application to the High Court to discharge the injunction. The application by Cho Wee Min was dismissed on 19 April 2004. At the hearing of the application by Bangkok Bank on 28 June 2004, the court decided to vary the injunction that was granted in favour of the Company to the extent that Bangkok Bank was entitled to register 20,000,000 Shares either in its own name or in the name of its nominees. In a related action, the Company had on 1 April 2004 filed an Originating Summons in the High Court against Desmond Poh for leave to commence action against him for 115,500,000 Shares issued to him under the Agreement. The Company has obtained leave of court and has commenced an action against Desmond Poh for the same relief and cause of action as the action against Cho Wee Min. Desmond Poh and Cho Wee Min had each taken out a counterclaim against the Company and each member of the Board on 30 July 2004 and 6 August 2004 respectively. Based on the advice given by its solicitors, the Board is of the view that the counterclaims lack merit and the Company intends to vigorously defend the counterclaims; and
- (e) The Company had on 20 June 2003 filed a Writ of Summons in the High Court against Desmond Poh and Cho Wee Min for the recovery of a sum of S\$100,000 paid pursuant to and a sum of S\$1,300,000 guaranteed by Desmond Poh and Cho Wee Min under the an acquisition agreement dated 14 May 2002 entered into by the Company, Desmond Poh and Cho Wee Min. In May 2004, the court had ordered that this action should be heard together with the Company’s action against Cho Wee Min for the rescission of the Agreement and damages for wrongful repudiation of the Agreement.

- (n) The prices at which shares in, debentures of, or units of shares in or debentures of, the issuer have been issued for cash, or traded, within the 12 months immediately preceding the date of lodgment of the offer information statement; for shares which have been traded, give the price range and volume traded for each of those months; for shares or debentures which have been issued during those months, state the number of shares or debentures issued at each price; if any shares or debentures, or unit of shares or debentures have been issued for services, state the nature and value of the services and give the name and address of the person who received the shares or debentures, or units of shares or debentures

The monthly price range and volume of the Shares traded on the SGX-ST from July 2003 to the date of this Statement are as follows:

Year & Month	Low ⁽¹⁾ S\$	High ⁽²⁾ S\$	Volume Traded ⁽³⁾ '000
2003			
July	0.030	0.045	144,354
August	0.030	0.040	36,814
September	0.025	0.035	11,813
October	0.030	0.040	34,124
November	0.025	0.035	8,582
December	0.025	0.040	18,492
2004			
January	0.025	0.035	14,722
February	0.025	0.030	7,890
March	0.020	0.030	8,565
April	0.020	0.030	9,857
May	0.015	0.025	16,132
June	0.010	0.020	17,435
July	0.010	0.020	11,070
August	0.010	0.025	32,355
01 September 2004 up to date of this Statement	0.020	0.025	11,202

(Source: Bloomberg)

The Company has not issued any Shares for cash or for services during the 12 months immediately preceding the date of lodgment of this Statement.

Notes:

1. Low Price was based on the lowest intra-day trading price in a particular month.
2. High Price was based on the highest intra-day trading price in a particular month.
3. Volume was based on the total volume of shares traded in a particular month.

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- (o) **A summary of each material contract, other than a contract entered into in the ordinary course of business, to which the issuer or a subsidiary of the issuer is a party, for the period of 2 years before the date of lodgment of this offer information statement, including the date of, parties to and general nature of the contract, and the amount of any consideration passing to or from the issuer or the subsidiary**
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The dates of, parties to, and general nature of all material contracts, not being contracts entered into in the ordinary course of business by the Company or any of its subsidiaries, within the two years preceding the date of lodgment of this Statement are as follows:

- (a) Non-competition Deed dated 23 September 2002 entered into by *inter alia* Desmond Poh and Cho Wee Min, and Company in connection with the completion of the acquisition of Allandes by Company.
- (b) Service Agreement dated 23 September 2002 entered into between Allandes and Desmond Poh in relation to the appointment of Desmond Poh as the chief executive officer of Allandes.
- (c) Heads of Agreement dated 1 December 2003 entered into by Company, Sam Chong Keen and Lu You Yi for the proposed acquisition of the entire issued and paid-up share capital of Megatalk Pte Ltd.
- (d) Acquisition Agreement dated 11 February 2004 entered into by Company, Sam Chong Keen and Lu You Yi in relation to the proposed acquisition of the entire issued and paid-up share capital of Megatalk Pte Ltd.
- (e) Escrow Agreement dated 11 February 2004 entered into by Company, Sam Chong Keen, Lu You Yi and Chang See Hiang & Partners (as escrow agent) for the placement of 53,333,334 new shares as escrow shares pursuant to the terms of the acquisition of the entire issued and paid-up share capital of Megatalk Pte Ltd.
- (f) Deed of Termination dated 29 June 2004 entered into by Company, Sam Chong Keen and Lu You Yi in relation to the termination of the Acquisition Agreement dated 11 February 2004 entered into by Company, Sam Chong Keen and Lu You Yi.
- (g) Deed of Termination dated 29 June 2004 entered into by Company, Sam Chong Keen, Lu You Yi and Chang See Hiang & Partners (as escrow agent) in relation to the termination of the Escrow Agreement dated 11 February 2004 entered into by Company, Sam Chong Keen, Lu You Yi and Chang See Hiang & Partners.
- (h) Shareholders' Agreement dated 27 April 2004 entered into by *inter alia* Infinite Frameworks Pte Ltd., Kinema Entertainment Private Limited, and Kris Taenar Wiluan whereby Infinite Frameworks Pte Ltd. shall allot and issue new shares to Kinema Entertainment Private Limited and Kris Taenar Wiluan.
- (i) Call Option Agreement dated 26 July 2004 entered into by Infinite Frameworks Pte Ltd., Kinema Entertainment Private Limited, and Kris Taenar Wiluan whereby Infinite Frameworks Pte Ltd. shall grant Kinema Entertainment Private Limited and Kris Taenar Wiluan a call option each to subscribe additional shares in Infinite Frameworks Pte Ltd.
- (j) Sale and Purchase Agreement dated 12 August 2004 between Company and Safuan Group pursuant to which Company has agreed to purchase Safuan Group's 70% equity interest in the capital of Safuna SA.

- (k) Convertible Loan Agreement dated 30 August 2004 between Company and Safuan Group pursuant to which Safuan Group will grant Company a loan of up to a maximum amount of S\$1,500,000.

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- (p) **Particulars of any other material facts relating to the shares or debentures, or units of shares or debentures, as the case may be, being offered and not disclosed pursuant to the above paragraphs (a) to (o)**
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Save as disclosed in items (a) to (o) above, the Directors are not aware of any other material facts relating to the Conversion.

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- (q) **The last audited consolidated balance sheet of the issuer**
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The latest balance sheet of the Group is set out in Appendix A.

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- (r) **A table or statement indicating:**
- (i) **the consolidated net tangible asset per share of the issuer as of the date on which the last audited balance sheet was made up; and**
 - (ii) **the effect of the issue on the net tangible asset per share.**
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NTA⁽¹⁾ per Share of the Group and the effect of the Conversion thereon are as follows:

	As at 31 December 2003 (audited) (cents) ⁽²⁾	After the Conversion (cents) ^{(3) (4)}
NTA per Share	-0.09955	0.094

NTA per Share of the Company and the effect of the Conversion thereon are as follows:

	As at 31 December 2003 (audited) (cents) ⁽²⁾	After the Conversion (cents) ^{(3) (4)}
NTA per Share	-0.136	0.062

Notes:

- (1) Net tangible asset excluding minority interests.
- (2) Calculated based on 721,610,850 Shares as at 31 December 2003.
- (3) Calculated based on assumption that the maximum amount of Loan is converted into Conversion Shares.
- (4) Calculated based on 832,475,595 Shares comprising 721,610,850 Shares as at 31 December 2003 and 110,864,745 Conversion Shares.
- (5) In its announcement of its unaudited financial statements for the 6 months ended 30 June 2004 on 14 August 2004, the unaudited NTA per Share of the Group and the Company as at 30 June 2004 was approximately -0.206 cents and -0.212 cents respectively. Based on the foregoing assumption, the estimated NTA per Share after the Conversion for the Group and the Company is -0.178 cents and -0.184 cents respectively.

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- (s) **Where a statement or report attributed to a person as an expert is included, the name, address and qualification of that expert and a statement that the expert has given and has not withdrawn his written consent to the issue of the offer information statement with the inclusion of the statement or report in the form and context in which it is included in the offer information statement**
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Not Applicable

APPENDIX A

Audited Balance Sheet of the Group as at 31 December 2003


	Consolidated	Company
	\$	\$
Property, plant and equipment	9,995,995	7,775,516
Subsidiary companies	-	1,178,292
Investment	25,766	25,766
Current assets		
Inventories	72,726	-
Trade receivables	1,450,773	30,994
Other receivables	282,003	136,034
Amount receivable from subsidiaries	-	1,295,584
Cash and bank balances	63,259	19,072
	1,868,761	1,481,684
Current liabilities		
Bank borrowings	6,822,296	6,434,229
Trade payables	357,152	160,306
Other payables	2,166,723	1,757,706
Finance lease creditors	37,309	-
Provision for taxation	52,092	36,312
	9,435,572	8,388,553
Net current liabilities	(7,566,811)	(6,906,869)
Long term liabilities		
Finance lease creditors	43,738	-
Bank borrowings	3,056,822	3,056,822
	(3,100,560)	3,056,822
	(645,610)	(984,117)
Capital and reserves		
Share capital	36,080,543	36,080,543
Share premium	10,723,867	10,723,867
Accumulated losses	(47,488,336)	(47,788,527)
Reserve on consolidation	235,197	-
Foreign currency translation reserve	(269,614)	-
	(718,343)	(984,117)
Minority interests	72,733	-
	(645,610)	(984,117)

To the best of our knowledge, information and belief, the foregoing constitutes full and true disclosure of all material facts relating to the shares being offered by this Statement.


THE DIRECTORS OF
MEDIASTREAM LIMITED




George Thia Peng Heok



Signed by George Thia Peng Heok
on behalf of
Anthony Ow Hin Jiu



Signed by George Thia Peng Heok
on behalf of
James Henry Hunt



Signed by George Thia Peng Heok
on behalf of
Lien Kait Long