

WEE POH HOLDINGS LIMITED

(1) PROPOSED ACQUISITION (THE "ACQUISITION") BY THE COMPANY OF THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF WINNING METAL PRODUCTS MANUFACTURING COMPANY LIMITED ("WMP");

(2) PROPOSED DEBT RESTRUCTURING (THE "DEBT RESTRUCTURING") OF S\$10, 949, 889 IN AMOUNTS OWING BY THE COMPANY AND ITS SUBSIDIARIES (THE "GROUP") TO SEVERAL BANKS; AND

(3) PROPOSED RIGHTS ISSUE AND PRIVATE PLACEMENT (THE "FUND RAISING") OF UP TO 795, 000, 000 NEW ORDINARY SHARES OF \$0.005 EACH ("SHARES") IN THE CAPITAL OF THE COMPANY (COLLECTIVELY, THE "TRANSACTIONS").

1. INTRODUCTION

The directors of the Company (the "Directors") are pleased to announce that the Company:-

(i) has today entered into a conditional sale and purchase agreement (the "Agreement") with Winning International Limited ("WIL" or the "Vendor") in respect of the Acquisition for a purchase consideration (the "Purchase Consideration") of S\$60.0 million;

(ii) has accepted the offers from several banks (the "Banks") to restructure an aggregate amount of S\$10,949,889 owing by the Company's subsidiaries, namely, Wee Poh Construction Co., (Pte.) Ltd. ("WPC") and W&P Piling Pte Ltd ("WPP") for which the Company had granted corporate guarantees (the "Guarantees") in favour of the Banks; and

(iii) proposes to undertake a renounceable rights issue (the "Rights Issue") of up to 695,000,000 new Shares (the "Rights Shares")

and a private placement (the "Placement") of up to 100,000,000 new Shares (the "Placement Shares").

2. THE ACQUISITION

2.1 SUMMARY

The Acquisition will be undertaken by acquiring the entire issued and paid-up share capital (the "Sale Shares") of WMP and will encompass a corporate restructuring exercise, subject to the approval of any relevant authorities (the "Restructuring Exercise") which would result, upon completion of the Acquisition ("Completion") in, *inter alia*, WMP being the ultimate beneficial owner of no other corporations save for the following corporations:-

(i) the entire issued and paid-up share capital of each of Grand Ocean Industrial Limited ("Grand Ocean") which in turn owns all of the share capital / registered capital of Goldford International Limited ("Goldford"), Zhong Rui Clocks & Watches (Meizhou) Co., Ltd. ("Zhong Rui") and Tian Wang Electronic (Shenzhen) Co., Ltd. ("Tian Wang Shenzhen"), and owns 98.17 per cent. of the registered capital of Tian Wang Electronics Co., Ltd. ("Tian Wang Electronics") and 66.7 per cent. of Shenzhen Weiren Electronics Co., Ltd. (in liquidation) ("Shenzhen Weiren"); and

(ii) the entire issued and paid-up share capital of Win Ford (BVI) Investments Limited ("Win Ford") which in turn owns 60.0% of the registered capital of Zhuhai Balco Electronics Co., Ltd. ("Balco") (collectively, the "Vendor Restructured Group" and each a "Vendor Restructured Group Company").

2.2 THE VENDOR RESTRUCTURED GROUP

The details of each of the Vendor Restructured Group Companies as at the date of this Announcement are as follows:-

Corporation	Date and place of incorporation / establishment	Principal business	Issued and paid-up capital / Registered capital
WMP	30 May 1980 Hong Kong ("HK")	Investment holding and sale of watch movements	HK\$1,001,000
Grand Ocean	13 August 1985 HK	Investment holding	HK\$500,000
Goldford	2 August 2001 British Virgin Islands ("BVI")	Investment holding	US\$1
Zhong Rui	26 October 2001 People's Republic of China ("PRC")	Manufacture, production and sale of watches in the PRC under the brandname of "Tian Wang"	HK\$3,980,000
Tian Wang Shenzhen	17 December 2001 PRC	Manufacture, production and sale of watches in the PRC under the brandname of "Tian Wang"	HK\$1,000,000
Win Ford	28 September 1994 BVI	Investment holding	US\$2
Tian Wang Electronics	30 August 1988 PRC	Manufacture, production and sale of watches in the PRC under the brandname of "Tian Wang"	HK\$19,160,000
Balco	21 November 2001 PRC	Processing and distribution of "Balco" watches in the PRC, a brand imported from	RMB2,000,000

		Switzerland	
Shenzhen Weiren	30 December 1992 PRC	In liquidation	HK\$15,000,000

The Vendor Restructured Group, which was founded by TKM and his brother in 1980, is today one of the largest distributors of watch movements in HK. The Vendor Restructured Group designs and produces watch movements and time pieces under two main brands. These are the "Tian Wang" brand which is primarily for the PRC market and the "Balco" brand which is Swiss made and for the PRC and HK markets. The Vendor Restructured Group has offices in about 37 regions in the PRC and features its products in showrooms or counters at more than 200 shopping malls. For the FY2004, the revenue of the Vendor Restructured Group is estimated to be in excess of HK\$500 million.

Based on the unaudited financial statements of each of the Vendor Restructured Group Companies for the financial year ended 30 June ("FY") 2004, the revenue of the proforma Vendor Restructured Group is estimated to be in excess of HK\$500.0 million while its profit after tax on a proforma basis for FY2004 is approximately HK\$33.8 million. As at 30 June 2004, the net tangible assets ("NTA") of the proforma Vendor Restructured Group is approximately HK\$90.0 million.

2.3 THE VENDOR

WIL is an investment holding company incorporated on 23 December 1991 in the BVI. The beneficiaries of WIL are members of the family (the "Family Trust") of Mr Tung Koon Ming ("TKM") as at the date of this Announcement. Prior to Completion and as part of the Restructuring Exercise, the beneficiaries of the Family Trust intend to

restructure the Family Trust and it is expected that upon the completion of the Restructuring Exercise, the Vendor Restructured Group will be majority owned by TKM through WIL.

TKM, 54, is a resident of Hong Kong. TKM is the chairman and the executive director of WMP since its incorporation on 30 May 1980 and he has over 24 years of experience in the manufacturing and trading of watches. His responsibilities include the overall management and daily operation of WMP. In addition to WMP, TKM is also a director of Tian Wang Electronics, Grand Ocean, Win Ford, Overseas Base Industrial Limited, Sparkford Investments Ltd., Honica Watch Limited, Wai Hang Metal Manufacturer Limited, Balco, Overseas Point Industrial Limited, Harbin Robust Clock & Watch Co., Ltd., Zhong Rui, Tian Wang Shenzhen and WIL.

2.3 PURCHASE CONSIDERATION

The Purchase Consideration for the Sale Shares, further to the completion of the Restructuring Exercise, shall be \$60.0 million and shall be satisfied by way of the allotment and issue of 12,000,000,000 new Shares (the "Consideration Shares") at an issue price of \$0.005 each, by the Company to such party as the Vendor may nominate.

The Purchase Consideration was arrived at based on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the proforma NTA of the Vendor Restructured Group as at 30 June 2004 and the Minimum Warranted Profit Amount (as hereinafter defined).

The Sale Shares shall be acquired by the Company free from all liens, charges and other encumbrances together with all rights, benefits and entitlements attaching and accruing thereto

with effect from the Completion Date (as hereinafter defined) and thereafter at the Purchase Consideration.

2.4 VERY SUBSTANTIAL ACQUISITION OR REVERSE TAKEOVER

Pursuant to Completion, the Vendor and/or such party as the Vendor may nominate shall hold 12,000,000,000 Consideration Shares and this is expected to represent approximately 75.5 per cent. of the enlarged share capital of the Company as at the Completion Date (as hereinafter defined), as more particularly disclosed under paragraph 7 of this Announcement.

Consequently, the Acquisition is deemed to be a "Very Substantial Acquisition" or "Reverse Takeover" pursuant to Rule 1015 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). Under the provisions of Rule 1015(2) of the SGX-ST Listing Manual, Completion shall be conditional upon the approval of Shareholders in general meeting and the approval of the SGX-ST being obtained. In addition, pursuant to Rule 1015 of the SGX-ST Listing Manual, each of the Vendor Restructured Group Companies are required to fulfill the SGX-ST's listing criteria for SGX SESDAQ including any profit track record and shareholding spread requirements. The Company and the Vendor (collectively, the "Parties" and each a "Party") expect that each of the Vendor Restructured Group Companies will meet the SGX-ST's listing criteria for SGX SESDAQ.

2.5 MORATORIUM ON SHAREHOLDING

As a term under the Agreement, the Vendor has undertaken that none of the Consideration Shares will be transferred, realised or subject to a charge or be made subject to any

encumbrances for a period of 6 months commencing from the date of listing and quotation of the Consideration Shares on the SGX SESDAQ and in the 6 months thereafter, 50.0 per cent. of the Consideration Shares will not be transferred, realised or subject to a charge or be made subject to any encumbrances.

2.6 PROFIT AND NET ASSET VALUE ("NAV") GUARANTEE

As a term under the Agreement and subject to Completion taking place, the Vendor has:-

(i) represented, warranted and given a guarantee ("Profit Guarantee") to the Company that the aggregate profit after tax (excluding all profits, if any, arising from the revaluation or realisation of assets or of any extraordinary or exceptional items) of the Vendor Restructured Group for the financial year ending 30 June 2005 (the "Relevant Profit"), as reflected in the consolidated financial statements audited in accordance with accounting principles promulgated by the International Accounting Standards Board, will not be less than HK\$34.0 million (the "Minimum Warranted Profit Amount"); and

(ii) represented, warranted and given a guarantee ("NAV Guarantee") to the Company that the proforma consolidated NAV of the Vendor Restructured Group as at 30 June 2004 (the "Relevant NAV"), prepared on the basis of the financial statements of each of the Vendor Restructured Group Companies for the financial year ended 30 June 2004 audited in accordance with accounting principles promulgated by the International Accounting Standards Board, will not be less than HK\$90.0 million (the "Minimum Warranted NAV Amount").

Subject to Completion taking place and in the

event that the Relevant Profit is less than the Minimum Warranted Profit Amount and/or the Relevant NAV is less than the Minimum Warranted NAV Amount, the Vendor shall reimburse and pay to the Company in cash the amount of such shortfall(s).

2.7 CONDITIONS PRECEDENT

The Acquisition shall be subject to, *inter alia*, the following conditions precedent being fulfilled, satisfied or effected to the extent and in the manner set out beneath on or before the date falling 9 months from the date of the Agreement, being 27 June 2005, or such later date as the Parties may mutually agree in writing (the "Cut-Off Date"):-

(i) the approval in-principle of the SGX-ST being obtained for:-

(a) the purchase of the Vendor Restructured Group as constituted by the Sale Shares; and

(b) the listing and quotation of the Consideration Shares,

and any such approval not being withdrawn prior to Completion and all conditions set out in such approval, including but not limited to any shareholding spread requirement, being complied with where applicable;

(ii) the grant of a waiver (the "Whitewash Waiver") by the Securities Industry Council ("SIC") in respect of the obligation of the Vendor and parties acting in concert with it to make a mandatory general offer arising from or in connection with the acquisition of the Consideration Shares, and the Shareholders passing a resolution (the "Whitewash Resolution") in favour of the Whitewash Waiver

and, where the Whitewash Waiver is granted subject to any conditions, such conditions being acceptable to the Vendor;

(iii) all consents and authorisations which are necessary or required to be obtained under any applicable laws and regulations (whether of Singapore, HK, the PRC or elsewhere) in respect of the transactions contemplated in the Agreement, having been obtained and not withdrawn or revoked and if such consents or approvals are granted subject to any conditions, such conditions being acceptable to the Parties or, if any Party elects to appeal the imposition of any such conditions, the revised terms of such conditions being acceptable to the Parties;

(iv) the approval of the Shareholders in general meeting being obtained for the Acquisition, and for the allotment and issue of the Consideration Shares to the Vendor and/or its nominee(s);

(v) completion of due diligence, including verification of the possibility and probability of the Profit Guarantee and the NAV Guarantee being achieved, by the Company on the Vendor Restructured Group Companies by the date scheduled for information to be submitted to the SGX-ST and the results of such due diligence being satisfactory to the Company (and its professional and financial advisers) with no issues arising from such due diligence which in the reasonable opinion of the Company (in consultation with its professional and financial advisers) may prejudice the listing status of the Company or the ability of the Company to obtain approval for the listing and quotation of the Consideration Shares or otherwise makes it inadvisable for the Company to complete the Acquisition;

(vi) completion of due diligence by the Vendor on the Company within the period of 60 days from the date of the Agreement and the results of such due diligence being satisfactory to the Vendor (and their professional and financial advisers) with no issues arising from such due diligence which in the reasonable opinion of the Vendor (in consultation with its professional and financial advisers) makes it inadvisable for the Vendor to complete the Acquisition;

(vii) the Restructuring Exercise having been effected and completed; and

(viii) the disposal (the "Disposal") or the commencement of liquidation (the "Liquidation") of each of the following companies ("Excluded Group Companies") within the Group having been effected and completed:-

(a) WP Lorong Matan Holdings Pte Ltd;

(b) W&P Management Services Co Pte Ltd;

(c) Wee Poh International, Inc.;

(d) O.V.M. Prestress Co. Pte Ltd;

(e) ThaiSing Training Centre Co., Ltd; and

(f) WPP;

(ix) completion of due diligence by the Vendor on WPC and the Vendor being of the opinion that WPC is viable and shall be part of the WPH Restructured Group (as hereinafter defined); but if the Vendor is not of this opinion, the Vendor shall be entitled to designate WPC as one of the Excluded Companies;

(x) the NAV of the WPH Restructured Group (as hereinafter defined), as at the date 1 month immediately preceding the Completion Date (if

the Completion Date is after the 15th of the following month) or as at the date 1 month preceding the last month (if the Completion Date is before the 15th of the following month) (the "Relevant Date"), shall be no less than S\$7.0 million (before accounting for certain expenses as stated in the Agreement);

(xi) the cash and cash equivalents of the WPH Restructured Group (as hereinafter defined) as at the Relevant Date shall be no less than \$5.25 million (before accounting for certain expenses as stated in the Agreement);

(xii) the financial gearing of the WPH Restructured Group, being the ratio of total liabilities (as defined in the Agreement) to the NAV shall not be more than 0.34;

Upon the completion of the Disposal and/or the Liquidation and pending the completion of the Acquisition, the Group will comprise the following companies (the "WPH Restructured Group"):-

(i) WPH;

(ii) WPC;

(iii) Wee Fong Construction Pte Ltd.; and

(iv) Columbia Education & Consultancy Service Pte Ltd..

If any of the conditions precedent in the Agreement is not satisfied or fulfilled or waived (by the Party entitled to the benefit of that condition precedent) or there is an occurrence that will prevent a condition precedent being satisfied by the date specified in the Agreement for its satisfaction or in any event by the Cut-Off Date, the Parties will consult in good faith (i) with a view to determining whether the Acquisition may proceed

by alternative means or methods or (ii) to extend the relevant specified date or the Cut-off Date.

If after such consultation, the Parties are unable to find a solution acceptable to both Parties or do not agree to extend the Cut-off Date and any of the conditions precedent is not fulfilled or waived (as the case may be) on or before the Cut-Off Date, the Agreement shall lapse and cease to have further effect.

Completion shall be conditional on the listing and quotation of the Shares on the SGX SESDAQ not having been suspended by the SGX-ST (other than any temporary suspension at the request of the Company or any suspension which will be lifted prior to or upon Completion) and the Shares not being delisted or subject to any delisting procedures prior to and on Completion. In the event of such suspension or delisting, the Vendor shall have the right to terminate the Agreement and the Agreement shall lapse and cease to have any further effect.

2.8 COMPLETION

Completion shall take place on the date falling 10 days after the satisfaction or waiver of the conditions precedent in the Agreement or such other date as the Parties may agree in writing ("Completion Date").

2.9 ALLOCATION OF COSTS

Save as otherwise provided in the Agreement, each Party shall bear and be responsible for its legal and related costs and expenses incurred in relation to the preparation of the Agreement and the performance of its obligations under the Agreement.

All stamp duties payable in connection with the

sale and purchase of the Sale Shares shall be borne by the Company.

In the event that the transactions contemplated in the Agreement fails to be completed, the Parties shall share equally the costs and expenses of the following in relation to the Acquisition:-

(i) the financial adviser to the Company and the independent financial adviser in relation to the Whitewash Resolution;

(ii) the legal counsels appointed by the Company for the purpose of ensuring that the Circular and the constitutive documents, licences and permits and other legal aspects of the Vendor Restructured Group are in compliance with the requirements for a reverse takeover; and

(iii) the out-of-pocket expenses in connection with (i) and (ii) above in preparing the submission of information, materials and representation in connection with the Circular and the reverse takeover.

3. THE DEBT RESTRUCTURING

As at 17 September 2004, an aggregate amount of approximately S\$10,949,889 was and remains owing by the Company's subsidiaries, namely, WPC and WPP, to several banks (the "Banks") for which the Company had granted corporate guarantees (the "Guarantees") in favour of the Banks to secure S\$11,882,995 in aggregate of financing.

Pursuant to letters of offer ("LOs") received from the Banks which the Company had accepted and subject to the execution of definitive debt restructuring agreements (the "Debt Agreements") between the Company and the Banks, amounts owing by the Company pursuant to the

Guarantees, in respect of WPC's and WPP's liabilities to the Banks shall be settled, *inter alia*, as follows:-

(i) \$5,350,000 to be repaid by 30 November 2004, and upon receipt of the \$5,350,000, the Banks shall discharge their existing mortgages over certain of WPC's and WPP's properties; and
(ii) the balance after deducting the \$5,350,000 as aforementioned (the "Balance"), being approximately S\$5,599,889, shall be paid as follows:-

- (a) 35% of the Balance in cash in 2 equal tranches, the first tranche to be paid on 21 September 2004 and the second tranche to be paid on 21 October 2004; and
- (b) the remaining 65% of the Balance by way of a debt-equity conversion to new Shares (the "Debt Conversion Shares") at the conversion rate of \$0.01 for each Debt Conversion Share.

Upon the repayment of a total amount of approximately S\$7,309,961 by the Company to the Banks under the LOs and the completion of the Debt Agreements involving the allotment and issue of a total of 363,992,773 Debt Conversion Shares to the Banks, the Banks will release the Company from its obligations under the Guarantees.

The allotment and issue of the Debt Conversion Shares shall be made, under the Debt Agreements, to be conditional, *inter alia*, on Shareholders' approval being obtained in general meeting.

4. THE FUND RAISING

The Company proposes to undertake:-

- (i) the Rights Issue of up to 695,000,000

Rights Shares at a subscription price of \$0.005 to raise gross proceeds in aggregate of approximately S\$3.5 million; and

(ii) the Placement of up to 100,000,000 Placement Shares at a subscription price of \$0.01 to raise gross proceeds in aggregate of approximately \$1.0 million.

The Rights Issue and the Placement are subject, *inter alia*, to Shareholders' approval being obtained in general meeting and the receipt of approval in-principle for the listing and quotation of the Rights Shares and the Placement Shares on the SGX SESDAQ from the SGX-ST.

The gross proceeds from the Rights Issue and the Placement would amount in aggregate to approximately S\$4.5 million. The Company intends to use the net proceeds from the Rights Issue and the Placement (after deducting all related expenses):-

(i) to fund the Company's expenses in pursuing Completion under the Agreement (Shareholders and investors should note that in the event that the Acquisition is aborted for whatever reason, the Company would have incurred expenses and such expenses would have to be paid for); and

(ii) to strengthen the capital base of the Group in view of the losses incurred in the financial year ended 30 June 2004.

Subject to all relevant approvals and consents being obtained for the Rights Issue and the Placement, the Company will solicit the interest of relevant financial institutions to underwrite the Rights Issue and undertake the Placement. The Company will make the relevant disclosures once a definitive underwriting

agreement in relation to the Rights Issue and/or placement agreement in relation to the Placement has been executed between the Company and the relevant financial institution(s).

5. UPDATE ON THE SCHEME OF ARRANGEMENT

Capitalised terms used in this paragraph shall have the same meanings as ascribed to them in the Company's Circular to Shareholders dated 26 August 2004.

On 17 September 2004, Shareholders approved the allotment and issue of up to 300,000,000 Scheme Shares at an issue price of \$0.05 each pursuant to the Scheme in general meeting.

As at the date of this Announcement, out of the approximately S\$13.0 million of claims in aggregate submitted to the Scheme Administrator by the Participating Creditors, approximately S\$10.6 million has been admitted by the Scheme Administrator. The balance of approximately S\$2.4 million in claims submitted by the Participating Creditors are still under deliberation by the Scheme Administrator.

The Scheme Administrator has notified the relevant Participating Creditors of the amount of claims admitted with a view to seeking their agreement. Subject to their agreement and/or the adjudication by the Court, if necessary, the relevant number of Scheme Shares will be duly allotted and issued.

Further announcements will be made by the Company as and when appropriate.

6. RATIONALE FOR THE TRANSACTIONS

It has always been the Directors' intention that for the Group to return to financial health and stability, it is imperative that the Group continued to search for new businesses so

as to diversify the Group's earnings base given the limited potential of the Singapore construction industry. The search led to the signing of the conditional sale and purchase agreement (the "Runtime Agreement") between the Company and Messrs Yuan He Ping and Yuan Wen Bin (collectively, the "Yuan Brothers") on 26 April 2004 for the proposed acquisition (the "Runtime Acquisition") by the Company of certain companies in the PRC.

On 13 September 2004, the Company had, along with the release of its unaudited consolidated financial results for FY2004, announced that it had completed its due diligence exercise under the Runtime Agreement and that it had, after consultation with its advisers, raised certain issues in respect of which it had reserved its position to the Yuan Brothers who shall revert by 25 September 2004 on the issues raised. In the meanwhile, the Company had reserved the right to pursue other acquisition opportunities.

On 27 September 2004, the Company announced the termination of the Runtime Acquisition due to certain financial, legal and/or regulatory issues and concerns raised by each of the Company and the Vendors which remained unresolved. Consequently, the Runtime Acquisition would not be proceeded with.

Following from their reservations of the Runtime Acquisition as aforementioned, the Directors intensified their search for new businesses which culminated in the Acquisition. The Directors believe that the Acquisition will enable the Group to gain an immediate foothold in the Greater China region, especially in the burgeoning economy of the PRC as well as in HK, and to diversify the Group's earnings base given the limited potential of the Singapore construction industry.

Meanwhile, the Directors are also cognizant of the need to continue to shore up the Group's financial health. On 13 September 2004, the Group had reported an increase in its loss after tax from approximately S\$1.9 million in FY2003 to S\$19.1 million in FY2004. The Group, like other industry players, continued to grapple with the fallout of keen competition, tight credit terms from sub-contractors and rising steel and other material costs in the Singapore construction industry. In addition, the Group continued to be discouraged from tendering new projects due to the competitive market, prevalence of loss-making bids and its reverse takeover programme as contemplated in the Runtime Acquisition.

In order to stabilise and revitalise the financial condition of the Group, the Directors believe that a series of concurrent measures has to be taken. Firstly, the Debt Restructuring will help to reduce the Group's gearing and release the Company from its obligations under the Guarantees. Secondly, the Fund Raising, by way of the Placement and the Rights Issue, will enable the Group to obtain much needed fresh capital for the purposes of funding the pursuit of the Acquisition and strengthening the capital base of the Group. Besides raising much needed equity, the Rights Issue is also intended to mitigate the dilution effects to existing Shareholders as well as to enable them to share and participate in the equity of the Company after the completion of the Transactions.

Consequently, the Directors hold the view that the Transactions are beneficial to the Company and in the best interests of the Shareholders.

7. FINANCIAL EFFECTS OF THE TRANSACTIONS

For illustration purposes only, the proforma financial effects of the Transactions on the Group are set out beneath. The proforma financial effects have been prepared based on the unaudited consolidated financial statements of the Company for the financial year ended 30 June 2004, the management accounts of each of the Vendor Restructured Group Companies for the financial year ended 30 June 2004, and on the following assumptions:-

(i) that the Acquisition had been completed on 1 July 2003 for the purpose of the financial effects on earnings, and on 30 June 2004 for the purpose of the financial effects on the share capital, NTA and gearing, and that the Acquisition encompassed the allotment and issue of 12,000,000,000 Consideration Shares;

(ii) that the Disposal or Liquidation, as the case may be, of the Excluded Companies had been completed on 30 June 2004, based on the cost of investment or the NTA, as the case may be, of the Excluded Companies as at 30 June 2004, for the purpose of the financial effects on the share capital, NTA, earnings and gearing;

(iii) that the Debt Restructuring had been completed on 30 June 2004 for the purpose of the financial effects on the share capital, NTA, earnings and gearing;

(iv) that the Fund Raising had been completed on 30 June 2004 for the purpose of the financial effects on the share capital, NTA, earnings and gearing;

(v) that the Scheme had been completed on 30 June 2004 for the purpose of the financial effects on the share capital, NTA, earnings and gearing, and that the Scheme encompassed the allotment and issue of 300,000,000 Scheme Shares; and

(vi) that the private placement (the "Previous Placement") by the Company of 339,000,000 new Shares at a subscription price of \$0.01 each (the "Previous Placement Shares") which was completed on 16 July 2004 is assumed to have been completed on 30 June 2004 for the purpose of the financial effects on the share capital, NTA, earnings and gearing,

before accounting for any expenses relating to the Previous Placement, the Scheme, the Disposal or the Liquidation, as the case may be, and the Transactions.

Holders of securities in the Company and investors should note that the unaudited consolidated financial statements of the Company and the management accounts of each of the Vendor Restructured Group Companies for the financial year ended 30 June 2004 have not been audited or reviewed by their auditors. Hence, these accounts of the Group and the Vendor Restructured Group Companies may not be representative of their actual financial results and financial condition for the relevant period. In addition, the management accounts of the Vendor Restructured Group Companies have been prepared based on generally accepted accounting principles and other accounting policies adopted by their management which are likely to be different from those of the Group. The management accounts of the Vendor Restructured Group Companies are also prepared in their functional currency in HK\$ which is different from that of the Group in S\$. Further, holders of securities in the Company and investors should note that the proforma financial effects of the Transactions set out beneath are based on the several events assumed as aforementioned which may or may not materialise, and which may be based on such different terms and conditions as may be

determined even if they were to materialise.

Consequently, the proforma financial effects of the Transactions set out beneath are **strictly for illustration purposes only** and they may not be representative of the actual financial results and financial condition of the enlarged Group pursuant to the Transactions. Holders of securities in the Company and investors should exercise caution in interpreting these proforma financial effects in their dealings in the securities of the Company.

Share Capital

	No. of Shares	\$'000
Issued and paid-up share capital as at 30 June 2004	2,099,745	10,499
Previous Placement Shares arising from the Previous Placement	339,000	1,695
Adjusted issued and paid-up share capital as at 30 June 2004	2,438,745	12,194
Scheme Shares arising from the Scheme	300,000	1,500
Debt Conversion Shares arising from the Debt Restructuring	363,993	1,820
Placement Shares arising from the Placement	100,000	500
Rights Shares arising from the Rights Issue	695,000	3,475
Consideration Shares arising from the Acquisition	12,000,000	60,000
Issued and paid-up share capital immediately after the completion of the Transactions	15,897,738	79,489

NTA

	\$'000
Unaudited Group net tangible liabilities ("NTL") as at 30 June 2004	(14,196)
Add: Gross proceeds pursuant to the Previous Placement	<u>3,390</u>
Adjusted Group NTL as at 30 June 2004	(10,806)
Add:-	
Equity pursuant to the Scheme	15,000
Equity and adjustments in relation to the Debt Restructuring	3,000
Gross proceeds pursuant to the Placement	1,000
Gross proceeds pursuant to the Rights Issue	<u>3,475</u>
Adjusted Group NTA before the completion of the Liquidation and the Acquisition	11,669
Add:-	
Adjustments on account of the deconsolidation of the Excluded Companies pursuant to the Liquidation	104
Equity pursuant to the Acquisition	60,000
Adjustments in relation to the Acquisition pursuant to the reverse takeover accounting	<u>(31,795)</u>
Adjusted Group NTA immediately after the completion of the Transactions	<u><u>39,978</u></u>
Unaudited Group NTL per Share as at 30 June 2004 (cents)	(0.68)
Adjusted Group NTA per Share immediately after the completion of the Transactions (cents)	0.25

Earnings

\$'000	FY2004	After the Previous Placement	After the Scheme	After the Debt Restructuring	After the Placement	After the Rights Issue	After the Liquidation and the Acquisition
Unaudited Group loss after tax	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)
Less:- Adjustments in relation to the Debt Restructuring	-	-	-	-	-	-	-
Adjusted Group loss after tax after the Debt Restructuring	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)	(19,134)
Add:- Unaudited loss attributable to the Excluded Companies	-	-	-	-	-	-	183
Unaudited profit after tax attributable to the Acquisition	-	-	-	-	-	-	7,427
Adjusted Group loss after tax after the completion of the Transactions	<u>(19,134)</u>	<u>(19,134)</u>	<u>(19,134)</u>	<u>(19,134)</u>	<u>(19,134)</u>	<u>(19,134)</u>	<u>(11,524)</u>
No. of Shares ('000)	<u>2,099,745</u>	<u>2,438,745</u>	<u>2,738,745</u>	<u>3,102,738</u>	<u>3,202,738</u>	<u>3,897,738</u>	<u>5,897,738</u>
Group profit / (loss) per Share (cents)	<u>(0.91)</u>	<u>(0.78)</u>	<u>(0.70)</u>	<u>(0.62)</u>	<u>(0.60)</u>	<u>(0.49)</u>	<u>(0.07)</u>

Gearing

\$'000	As at 30 June 2004	After the Previous Placement	After the Scheme	After the Debt Restructuring	After the Placement	After the Rights Issue	After the Liquidation and the Acquisition
Unaudited Group Total Borrowing	9,531	9,531	9,531	9,531	-	-	-
Less:- Adjustments in relation to the Debt Restructuring	-	-	-	(9,531)	-	-	-
Adjusted Group Total Borrowings after the Debt Restructuring	9,531	9,531	9,531	-	-	-	-
Less:- Total Borrowings attributable to the Excluded Companies	-	-	-	-	-	-	-
Add:- Total Borrowings attributable to the Acquisition	-	-	-	-	-	-	25,436
Adjusted Group Total Borrowings after the completion of the Transactions	<u>9,531</u>	<u>9,531</u>	<u>9,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,436</u>
Shareholders' Funds	(14,196)	(10,806)	4,194	7,194	8,194	11,669	39,978
Gearing (times)	n/m	n/m	227	-	-	-	0.64

Note:-

(1) For the purposes of the above calculation, "Gearing" means the ratio of Total Borrowings to Shareholders' Funds. "Total

Borrowings" means the aggregate borrowings from banks and financial institutions including bank overdrafts, trust receipts and finance leases, and "Shareholders' Funds" means the aggregate amount of issued and paid-up share capital, registered capital, share premium, retained earnings/accumulated losses, and translation reserve and other reserves.

(2) n.m.: Not meaningful.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Save for the Rights Issue for which certain Directors are Shareholders, none of the Directors has any interest, direct or indirect, in the Transactions. Save for the Rights Issue, the Directors are not aware of any controlling shareholders of the Company having an interest, direct or indirect, in the Transactions and have not received any notification of interest in the Transactions from any controlling shareholder of the Company.

9. FINANCIAL ADVISERS

The Company has appointed a Financial Adviser in respect of the Acquisition and will be appointing an Independent Financial Adviser in respect of the Whitewash Resolution in due course.

10. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed herein are fair and accurate in all material respects as at the date hereof, and that there are no material facts the omission of which would make this Announcement misleading.

11. CIRCULARS TO SHAREHOLDERS

Circulars containing further details of the Transactions and each enclosing a notice of Extraordinary General Meeting in connection therewith will be dispatched to Shareholders in due course.

12. CAUTION TO BE EXERCISED ON THE TRADING OF SHARES

It should be noted that the Acquisition is subject to certain conditions precedent being fulfilled or satisfied including the approval, consent and/or waiver of various government authorities in Singapore such as the SGX-ST, the SIC and any other applicable laws and regulations whether of Singapore, HK, the PRC or elsewhere. Such approvals, consents and/or waivers are beyond the control of the Parties and there is no assurance that all such approvals, consents and/or waivers will be granted by the relevant authorities or that all other conditions precedent will be fulfilled or satisfied. In addition, it should be noted that the allotment and issue of the Debt Conversion Shares are subject to the execution and completion of the Debt Agreements and the receipt of all relevant approvals and consents in relation to the Debt Restructuring including Shareholders' approval being obtained in general meeting. The Fund Raising is also subject to the receipt of all relevant approvals and consents in relation to the Fund Raising including Shareholders' approvals being obtained in general meeting.

Accordingly, holders of securities in the Company and investors are advised by the Directors to exercise caution in their dealings in the securities of the Company as the Transactions may or may not materialise. Further announcements will be made by the Company as and when appropriate.

13. DOCUMENTS FOR INSPECTION

A copy of the Agreement is available for inspection at the registered office of the Company at 213 Upper Thomson Road, Singapore 574348 during office hours for 3 months after the date of this Announcement.

By Order of the Board

[Submitted by](#) Chan Wang Kin, Managing Director [on 27/09/2004 to the SGX](#)