

ENG WAH ORGANIZATION LIMITED
(Company Registration No. 196800320E)

**DISPOSAL OF INVESTMENT IN DAIKIN AIR-CONDITIONING (SINGAPORE) PTE LTD
PURSUANT TO SETTLEMENT**

The Board of Directors (the "**Directors**") of Eng Wah Organization Limited (the "**Company**") wishes to announce that, pursuant to a settlement approved by the Singapore High Court on 28 July 2005 (the "**Settlement**"), the Company and its wholly-owned subsidiary, Kin Wah Company (Private) Limited ("**Kin Wah**"), as well as Mr Goh Eng Wah ("**GEW**"), a Director of the Company, have agreed to sell their entire shareholdings in Daikin Air-Conditioning (Singapore) Pte Ltd ("**DSP**"), representing in aggregate approximately 20.63% (the Company and Kin Wah: 18.38%; GEW: 2.25%) of the issued and paid-up capital of DSP ("**Sale Shares**"), to the majority shareholder, Daikin Industries Limited ("**DIL**").

The Settlement concerns two suits filed in the Singapore High Court against DIL and DSP, one jointly by the Company and Kin Wah, and the other, a separate suit brought by GEW alone.

The Sale Shares will be sold based on a valuation to be made by an independent valuer appointed by the Singapore High Court in accordance with certain determinations made by the Court.

Pending such valuation, the Company is unable to make any announcement concerning the value of the consideration payable for its and Kin Wah's shares in DSP nor calculate the financial effects of the disposal.

In the meantime, in respect of information which is currently available, the relative figures for the disposal of shares in DSP by the Company and Kin Wah computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited Listing Manual are as follows:

Basis		Relative Figures
(a)	the net asset value of the assets to be disposed of, compared with the net asset value of the Group ¹	17.93% ²
(b)	the net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	18.94% ³
(c)	the aggregate value of the consideration given or received, compared with the Company's market capitalisation	Not available now ⁴
(d)	the number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue	NA

Notes:

(1) Group refers to the Company and its subsidiaries.

(2) Based on (i) the net asset value of DSP as set out in its draft unaudited accounts for the financial year ended 31 March 2005 which have been made available to the Company, taking into account only the Company's and Kin Wah's aggregate 18.38% interests in DSP; and (ii) the net asset

value of the Group as set out in the Group's audited accounts for the financial year ended 31 March 2005.

- (3) Based on (i) the net profit before tax of DSP as set out in its draft unaudited accounts for the financial year ended 31 March 2005 which have been made available to the Company, taking into account only the Company's and Kin Wah's aggregate 18.38% interests in DSP; and (ii) the Group's net profit before tax as set out in the Group's audited accounts for the financial year ended 31 March 2005.
- (4) As outlined above, the consideration to be received by the Company and Kin Wah for the disposal of their interests in DSP will be based on a valuation to be conducted and the Company is unable to compute the relative figures on this basis at this stage.

As mentioned above, GEW's shareholding interest in DSP, which is also the subject-matter of the sale, is 2.25% of the issued and paid-up capital of DSP. GEW is also currently a director of DSP, with Goh Min Yen being his alternate director. Save as aforesaid, none of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the transaction.

As and when the valuation of the Sale Shares is determined, appropriate announcements will be made.

Shareholders of the Company are in the meantime advised to refrain from taking any action in relation to their shares which may be prejudicial to their interests.

By order of the Board
Goh Min Yen
Managing Director
30 July 2005