

## MEDIASTREAM LIMITED

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# **SALE OF INVESTMENT IN SUBSIDIARY COMPANY (the "SALE" - INFINITE FRAMEWORKS PTE LIMITED ("IFW"))**

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### **Introduction**

The Judicial Manager, Mr Timothy James Reid of Ferrier Hodgson (the "**JM**") and the Board of Directors (the "**Directors**") of MediaStream Limited ("**MSL**") are pleased to announce that MediaStream Limited (the "**Company**" or "**MSL**") has on 8 September 2005 entered into and completed, a sale and purchase agreement (the "**Agreement**") with Mr Kris Wiluan (the "**Purchaser**"), a minority shareholder of Infinite Frameworks Pte Limited, to sell its entire 51.03% of the shares in IFW (the "**Shares**") owned by MSL.

### **Information on IFW**

IFW is incorporated in Singapore and is in the business of post production of audio and video programmes, display of sound and visual images and other related and similar products and to promote post-production services in the Asia Pacific region.

### **Consideration**

The sale consideration of \$1.26 million was arrived at after negotiation with the Purchaser, on a willing buyer-willing seller basis. Due consideration has been given to:

- (a) the unaudited book value of the net tangible assets of IFW as at 31 March 2005 (51.03% of this book value is equivalent to \$1.34 million); and
- (b) that upon the completion of sale, IFW repay in full the amount of \$0.94 million being the balance outstanding on the shareholder's loan owing by IFW to MSL.

Accordingly, the JM considered the sale consideration to be a fair price.

The Judicial Manager and the Directors of MSL are of the view that the terms and conditions of the Agreement are reasonable and that no independent valuation of the Shares is required.

## **Rationale for the Sale**

- (a) The disposal of the Shares is part of a restructuring undertaken by MSL in connection with its acquisition of 100% of Opus IT Services Pte Ltd; and
- (b) The proceeds from the Sale and the repayment of the shareholder's loan owing by IFW to MSL will primarily be used to make a cash distribution to MSL's creditors pursuant to the scheme of arrangement to be proposed at a later date by the Judicial Manager.

## **Directors', Substantial Shareholders' and JM's Interest in the Sale**

Other than Mr George Thia Peng Heok and Mr Anthony Ow Hin Jiu, who are also directors of IFW and who have resigned from the Board of Directors of IFW on completion of the sale of the Shares, none of the Directors and JM of MSL have, and MSL has not received any notification from any of its controlling shareholders that it has, any interest, direct or indirect, in the sale of the Shares.

## **Financial Effects**

The computation of loss on the sale of Shares, financial effects on net tangible assets ("NTA"), NTA per share, earnings and earnings per share ("EPS") are based on unaudited consolidated financial of MSL group for the financial year ended 31 December 2004

- (a) Loss on the Sale of Shares

	S\$'000
Net assets disposed	1,498
Sale proceeds for Shares	1,260
Loss on the sale of Shares	238

- (b) Financial Effect on Net Tangible Assets ("NTA") and NTA per Share

	NTA \$'000	Number of Share ( '000)	NTA per Share (Cents)
As at 31 December 2004 (unaudited) <sup>(i)</sup>	(2,355)	721,611	(0.33)
After the sale of Shares	(2,593)	721,611	(0.36)

Notes:

- (i) For the purpose of computing the NTA per share, the NTA was computed after deducting minority interests of \$1,437,000 as at 31 December 2004.

- (c) Financial Effect on Earnings and earning per share ("EPS")

	Profit attributable to shareholders \$'000	Number of Share ( '000)	EPS (Cents)
For financial year ended 31 December 2004 (unaudited)	(1,618)	721,611	(0.22)
After the sale of Shares <sup>(i)</sup>	(1,709)	721,611	(0.24)

- (i) Profit attributable from IFW was based on net loss of IFW for the financial year ended 31 December 2004 being adjusted for interest for shareholder's loan and management fees payable by IFW to MSL and minority interests.

### **Rule 1006 Relative Figures of the Listing Manual**

The relative figures that were computed on the bases on Purchase Consideration and audited financial statements of MSL group for the financial year ended 31 December 2004.

The relative figure under Rule 1006(b) is not comparable as MSL is making losses and the relative figure under Rule 1006(d) is not applicable as there is no issuance of shares by MSL as consideration. The relative figures for Rule 1006(a) and (c) are as follows:

Net asset value of MSL group (\$'000)	(2,355)
Net asset value assets to be disposed (\$'000)	1,498
Rule 1006 (a) relative figure (%)	(63.61)
Aggregate value of consideration received (\$'000)	1,260
Market capitalization of MSL as at 28 January 2005 (\$'000)	10,820
Rule 1006 (c) relative figure (%)	11.65

### **Directors' and JM's Responsibility Statement**

The Directors' and the JM 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 facts the omission of which would make this announcement misleading.

A copy of the Agreement is available for inspection during normal business hours at the offices of the JM at 50 Raffles Place #16-06 Singapore Land Tower Singapore 048623 for three months from the date of this announcement.

**By Order of Tim Reid, Judicial Manager of MediaStream Limited**