

ANNOUNCEMENT

The following announcement is made by the Judicial Managers of Excel Machine Tools Ltd (Under Judicial Management) (“Excel”).

Sale Agreement

The Judicial Managers have, for and on behalf of Excel, entered into a sale agreement (the “Sale Agreement”) with Asia Pacific Investments Plc (“API”) and Piper Technology Limited (“PTL”) on 19 March 2004.

API is a company incorporated in the United Kingdom set up to focus on restructuring companies. PTL, is a company incorporated in British Virgin Islands which has majority beneficial interest in API.

Pursuant to the Sale Agreement, Excel has agreed to sell and API has agreed to purchase through a newly established wholly owned subsidiary to be incorporated in Singapore (the “Investor”) certain assets of Excel (the “Assets”).

Assets

The Assets comprise:-

- (i) plant and equipment, tools, furniture and fixture, stocks and inventories;
- (ii) shares in the capital of, or equity interests in, the subsidiaries of Excel;
- (iii) subsisting contracts entered into by Excel;
- (iv) intellectual property rights owned by Excel;
- (v) Excel’s property situated in Bukit Batok and the buildings thereon;
- (vi) amounts owing to Excel by its subsidiaries; and
- (vii) licences owned by Excel

Purchase Consideration

The aggregate purchase consideration for the Assets that is to be paid by the Investor is as follows:-

- (i) a sum of S\$4,500,000 is to be paid to the creditors of Excel in cash together with the allotment and issue of 520,000,000 new shares in the capital of the Investor (representing approximately 8% of the enlarged share capital of the Investor (excluding the proposed issue of new shares for the Acquisition referred to below)) in settlement of the amounts owing by Excel to the creditors; and
- (ii) a sum of S\$8,500,000 is to be paid to the secured creditor of Excel in cash together with the allotment and issue of 520,000,000 new shares in the capital of the Investor (representing approximately 8% of the enlarged share capital

of the Investor (excluding the proposed issue of new shares for the Acquisition referred to below)) (the “Secured Creditor Shares”) in settlement of S\$13,500,000 of the secured debt owing by Excel to the secured creditor.

In consideration of shareholders of Excel approving the disposal of the Assets to the Investor at a general meeting of Excel to be convened, the Investor will allot and issue 260,000,000 new shares in the capital of the Investor (representing approximately 4% of the enlarged share capital of the Investor (excluding the proposed issue of new shares for the Acquisition referred to below)).

PTL shall subscribe for, and the Investor shall allot and issue, 5,200,000,000 new shares in the capital of the Investor (representing approximately 80% of the enlarged share capital of the Investor (excluding the proposed issue of new shares for the Acquisition referred to below)) for an aggregate subscription price of S\$13,000,000 payable in cash.

Conditions Precedent

The completion of the Sale Agreement is conditional upon, inter alia, the following conditions being fulfilled:-

- (i) the approval of the secured creditor and the other creditors of Excel to the statement of proposal to be proposed by the Judicial Managers and the transactions contemplated under the Sale Agreement at a meeting of the creditors of Excel to be convened being obtained;
- (ii) the approval of the shareholders of Excel for the disposal of the Assets as contemplated in the Sale Agreement at a general meeting of Excel to be convened being obtained;
- (iii) the approval in-principle of the Singapore Exchange Securities Trading Limited (“SGX-ST”) in respect of the disposal of the Assets by Excel, if necessary, being obtained;
- (iv) the approval in-principle of the SGX-ST for the admission of the Investor to the official list of the SGX-ST and for the listing and quotation of all the shares in the capital of the Investor being obtained; and
- (v) the simultaneous completion of an acquisition (the “Acquisition”) of approximately 28% of the issued share capital of a medical business engaged in providing aesthetic services by the Investor and the allotment and issue of up to 1,000,000,000 new shares by the Investor in consideration for such acquisition, such acquisition to include a profit guarantee and dividend guarantee on terms and conditions reasonably acceptable to the parties to such acquisition.

If any of the conditions is not fulfilled by 6 pm on the date falling nine months from the date of the Sale Agreement or such other date as may be agreed by the parties, the Sale Agreement shall terminate.

Statement of Proposal

The statement of proposal to the creditors of Excel will include provisions that the secured creditor is not to sell, transfer or otherwise dispose of any of the Secured Creditor Shares for a period of one year after the completion date. Thereafter, up to the date falling six years from the completion date, PTL shall be given the first right of refusal to buy any such Secured Creditor Shares that the secured creditor proposes to sell or transfer.

The secured creditor will also be granted a put option to sell the Secured Creditor Shares to PTL at S\$0.00962 per share during the period commencing five years from the completion date and ending on the date falling six years from the completion date.

The secured creditor is to grant PTL a call option to buy the Secured Creditor Shares from the secured creditor at S\$0.00962 per share during the period commencing one year from the completion date and ending on the date falling six years from the completion date.

The creditors of Excel will also be granted a put option to sell their shares in the Investor to PTL at approximately S\$0.00385 per share during the period commencing five years from the completion date and ending on the date falling six years from the completion date.

Medical Business

The Judicial Managers have been informed by PTL and API that the medical business relates to a company incorporated in Singapore in 2003. The company was founded by three doctors with cumulatively 50 years of experience in aesthetic medicine and anti-aging medicine.

It provides aesthetic medical non-surgical treatments and also aims to capture the market of aesthetic medicine which also encompasses the cosmeceutical industry. Cosmeceutical products are those poised on the gap between cosmetic products that simply cleanses and beautify and pharmaceuticals that cure and heal.

Circular

A circular will be issued to the shareholders of Excel setting out in greater detail the terms of the Sale Agreement and the transactions contemplated there under and pursuant to which an extraordinary general meeting of Excel will be convened to obtain the shareholders' approval for the disposal of the Assets on the terms and conditions of the Sale Agreement.