

FREIGHT LINKS EXPRESS HOLDINGS LIMITED
(Company Registration Number 198600061G)

EXECUTION OF MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE ISSUED AND PAID-UP CAPITAL OF ASSOCIATE, CHINA SOUTHWEST ENERGY CORPORATION LIMITED BY FDS NETWORKS GROUP LTD

Freight Links Express Holdings Limited (**FLEHL**) is pleased to announce that it has today, together with vendors including Mao Kai, Asiaworld Capital Ltd., Sea Stone Investments Limited, (collectively the **Vendors**) entered into a non-binding Memorandum of Understanding (**MOU**) with FDS Networks Group Ltd (**FDS**) in respect of the proposed acquisition by FDS of the entire issued and paid-up share capital (both ordinary and preference shares) of China Southwest Energy Corporation Limited (**CSECL**) from the Vendors (the **Proposed Acquisition**). **FDS** is a public company listed on the Mainboard of the Singapore Exchange Securities Trading Limited.

Information on China Southwest Energy Corporation Limited

CSECL is a company incorporated in Hong Kong in which FLEHL has been issued 7.2 million convertible preference shares. Together with its subsidiaries, the CSECL Group is involved in the production of coal in the People's Republic of China.

Consideration

The MOU sets out the key understanding amongst the parties in relation to the sale and purchase of the entire issued and paid-up share capital (both ordinary and preference shares) of CSECL (the **Sale Shares**), which is subject to the signing of the definitive agreement for the sale and purchase of the Sale Shares (the **Definitive SPA**).

The aggregate purchase consideration for the acquisition of the Sale Share is S\$210 million, subject to the terms of the MOU which will be satisfied in full by the allotment and issuance to the Vendors of the requisite number of new ordinary shares in FDS (the **Consideration Shares**) at the issue price of S\$0.04 per Consideration Share.

As a result, the Proposed Acquisition, if undertaken and completed, is expected to result in a very substantial acquisition or reverse take-over of FDS pursuant to Rule 1015 of the Singapore Securities Trading Limited's Listing Manual.

In connection with the Proposed Acquisition, it is expected that upon completion of the allotment and issuance of the Consideration Shares, the Vendors will be required to make a mandatory general offer for all the remaining issued shares in FDS not already owned, controlled or agreed to be acquired by them pursuant to Rule 14 of the Singapore Code on Take-Overs and Mergers (the **Code**). As such, the Vendors will be seeking a waiver

of their obligation to make a mandatory general offer under Rule 14 of the Code from the Securities Industry Council.

Actions subsequent to the MOU

The MOU sets out a framework upon which FDS and the Vendors can proceed to negotiate on the terms and conditions of the Definitive SPA. Subsequent to the signing of the MOU, FDS will take the necessary steps to:

- (a) conduct the necessary due diligence investigations in connection with the sale and purchase of the Sale Shares; and
- (b) negotiate on the terms and conditions relating to the sale and purchase of the Sale Shares.

Termination

Pursuant to the MOU, the MOU shall terminate upon FDS and the Vendors entering into the Definitive SPA, and shall expire automatically if FDS and the Vendors fail to enter into the Definitive SPA within 120 days after the date of the MOU (unless extended upon the mutual agreement of the parties).

Exclusivity

Prior to the termination or expiry date of the MOU in the aforesaid manner, FDS and the Vendors shall not engage in any discussions or enter into any agreement relating to any transaction involving the acquisition of any shares, assets and/or business which may affect the Proposed Acquisition.

Interests of Directors and Controlling Shareholders

None of the Directors or controlling shareholders of FLEHL has any interest, direct or indirect, in the Proposed Acquisition, save through his shareholding in FLEHL.

Further Announcements

Further announcements on the Proposed Acquisition will be made in due course in the event that the Definitive SPA is signed, and as and when appropriate.

Caution

The Board of FLEHL wishes to highlight that there is no certainty or assurance that (i) the Definitive SPA will be entered into; (ii) the final terms of the Proposed Acquisition will not change from that in the MOU; and (iii) the Proposed Acquisition will be proceeded with. As such, shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of FLEHL.

Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

By Order of the Board

Eric Khua
Executive Director & CEO
5 December 2011