

FREIGHT LINKS EXPRESS HOLDINGS LIMITED

(Company Registration Number: 198600061G)

ANNOUNCEMENT IN RELATION TO THE INCORPORATION OF A SUBSIDIARY AND GRANT OF A TERM LOAN FACILITY OF UP TO S\$45 MILLION

1. INTRODUCTION

The Board of Directors (the "**Board**") of Freight Links Express Holdings Limited (the "**Company**") wishes to announce that it has established a subsidiary, Glory Capital Pte. Ltd. ("**Glory Capital**"), incorporated in Singapore which the Company has an indirect shareholding interest of 65%. The Company's shareholding interest in Glory Capital is held by the Company's wholly-owned subsidiary, Singapore Enterprises Private Limited.

Glory Capital had today, entered into a loan agreement (the "**Loan Agreement**") with Urban Property Investments Limited ("**UPIL**") in relation to the grant by Glory Capital to UPIL of a term loan facility of an aggregate amount of up to S\$45 million (the "**Facility**").

Please refer to paragraph 3 of this Announcement for the principal terms of the Loan Agreement.

2. INFORMATION ON GLORY CAPITAL

2.1 Structure of Glory Capital

Glory Capital has an issued and paid-up share capital of S\$100,000 comprising 100,000 ordinary shares. The respective shareholding proportion of the Company and Mr. Henry Wee ("**Mr. Wee**") in Glory Capital is set out below:

PARTY	ORDINARY SHARES
Company	65,000
Mr. Wee	35,000

2.2 Information on Mr. Wee

Mr. Wee is an experienced businessman in the financial and property sectors with an established business network in Singapore. Mr. Wee is not related to any of the Directors and is not an interested person of the Company.

3. INFORMATION ON UPIL AND THE PRINCIPAL TERMS OF THE LOAN AGREEMENT

3.1 Information on UPIL

UPIL is an investment holding company incorporated in the British Virgin Islands and the sole beneficial holder of the entire issued and paid up share capital of UPIL is City Harvest Church ("**CHC**"), a society and registered charity in Singapore. UPIL currently holds 490 ordinary shares, representing 49% of the total number of issued share capital of Harmony Partners

Investments Limited ("**HPIL**"). The Board understands that the remaining 510 ordinary shares, representing 51% of the total number of issued shares in the share capital of HPIL, are held by Suntec Harmony Pte. Ltd. ("**Suntec Harmony**") (a wholly-owned subsidiary of HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of Suntec Real Estate Investment Trust).

HPIL, in turn, has an effective interest of 80% in the Suntec Singapore International Convention & Exhibition Centre ("**Suntec Convention Centre**").

3.2 Principal terms of the Loan Agreement

(a) Term of Facility

The final repayment date of the Facility is the date which is six (6) years from the date of drawdown of the Facility ("**Drawdown Date**") (or such later date as Glory Capital may agree) ("**Final Repayment Date**").

(b) Interest payable by UPIL

UPIL shall pay interest on the amount outstanding under the Loan Agreement ("**Loan**") at the interest rate of 8% per annum. Interest is payable in arrears on the last day of every six (6) month period.

(c) Security

The Facility is secured by a share mortgage ("**Mortgage**") over 490 ordinary shares in HPIL ("**Mortgaged Shares**"), representing 49% of the total issued share capital of HPIL as at the date of the Loan Agreement, which are legally and beneficially owned by UPIL. Further, CHC executed a guarantee in favour of Glory Capital to guarantee, *inter alia*, all payment obligations of UPIL under the Loan Agreement. There was also a deed of subordination entered into between Glory Capital (as senior lender), CHC (as junior lender) and UPIL (as borrower), pursuant to which all amounts owing by UPIL to CHC are subordinated to the Loan and all other amounts outstanding under the Facility. The abovementioned documents, together with the Loan Agreement, shall collectively be referred to as the "**Finance Documents**".

(d) Conditions Precedent

The drawdown of the Facility is conditional upon Glory Capital receiving, *inter alia*, evidence satisfactory to Glory Capital that the Commissioner of Charities has been notified of the transactions contemplated under the Finance Documents at least two (2) business days prior to the proposed Drawdown Date.

(e) Conditions Subsequent

UPIL shall ensure that it will:

- (i) within three (3) business days of the Drawdown Date, deliver evidence that the existing mortgage over, *inter alia*, 365 ordinary shares in HPIL ("**Existing Mortgage**") has been discharged; and
- (ii) within 10 business days of the Drawdown Date, procure the completion of the registration of the Mortgage in favour of Glory Capital's nominee with the relevant authorities in the British Virgin Islands.

(f) Other salient terms

UPIL shall pay to Glory Capital a front-end fee of S\$13 million in five (5) equal yearly instalments of S\$2.6 million, commencing with the date falling 12 months from the Drawdown Date.

3.3 Right of First Refusal

In connection with the Facility, UPIL has granted to Glory Capital a right of first refusal ("**ROFR**") to acquire 115 ordinary shares ("**ROFR Shares**"), representing 11.5% of the ordinary shares in the share capital of HPIL, for a purchase price of S\$46 million ("**Purchase Price**") if UPIL wishes to sell, transfer or otherwise dispose of the ROFR Shares during a specified period. Such ROFR is subject to the existing right of first refusal which Suntec Harmony has in respect of the ROFR Shares.

If UPIL wishes to sell, transfer or otherwise dispose of the ROFR Shares during the specified period and the ROFR is exercised by Glory Capital, the Purchase Price may be set-off against any amounts owing by UPIL to Glory Capital under the Loan Agreement in accordance with and subject to the terms of the Loan Agreement.

The Company will make further announcements in due course if it subsequently acquires the ROFR Shares.

3.4 Method of Financing

The Company and Mr. Wee will provide S\$40 million and S\$5 million respectively by way of shareholder loans in respect of the funding required by Glory Capital in connection with the grant of the Facility by Glory Capital. The shareholder loan from the Company will be funded by the internal existing resources of the Company and its subsidiaries (the "**Group**").

4. RATIONALE

The Directors believe that the establishment of Glory Capital is beneficial to the Group as it is in line with the Group's investment strategy to redeploy its capital more efficiently for higher yield investments.

Specifically, the grant of the ROFR gives Glory Capital the opportunity to acquire the ROFR Shares, and an indirect effective stake in Suntec Convention Centre, if UPIL wishes to sell the ROFR Shares during the specified period, provided that the waiver by Suntec Harmony of its existing right of first refusal in respect of the ROFR Shares is obtained. This structure allows the Company and Glory Capital to better assess the potential of any possible acquisition of HPIL in light of the then prevailing general commercial and economic climate. In the interim, the terms of the Facility enable Glory Capital to generate a good return, and interest income, from the principal amount of the Facility.

5. CHAPTER 10 OF THE LISTING MANUAL

The relative figures of the Company's share of the Facility, that is, S\$40 million, computed on the bases as set out in Rule 1006 of the listing manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") and based on the latest announced audited consolidated accounts of the Group for the financial year ended 30 April 2013 are as follows:

	<u>Listing Rule</u>	<u>Bases</u>	<u>Relative Figures</u>
(a)	1006(a)	The net asset value of the Facility, compared with the net asset value of the Group.	17.3%
(b)	1006(b)	The net profits attributable to the Facility, compared with the net profits of the Group.	Not applicable.
(c)	1006(c)	The aggregate value of the Facility, compared with the market capitalisation ⁽¹⁾ of the Company.	11.5%
(d)	1006(d)	The number of equity securities issued by the Company as consideration for the grant of the Facility, compared with the number of equity securities previously in issue.	Not applicable as no equity securities will be issued by the Company.

Notes:

- (1) The market capitalisation of the Company is approximately S\$347.3 million based on the volume weighted average price of the shares of the Company transacted on 13 August 2013, being the last market day preceding the date of the Loan Agreement.

Based on the relative figures of the Facility computed on the bases set out in Rule 1006 of the Listing Manual, the grant of the Facility constitutes a "Discloseable Transaction" for the purpose of Rule 1010 of the Listing Manual.

6. FINANCIAL EFFECTS

The proforma financial effects of the grant of the Facility on the Group have been prepared based on the audited financial statements of the Group for the financial year ended 30 April 2013 and are for illustrative purposes only and are neither indicative of the actual financial effects of the grant of the Facility on the net tangible assets ("**NTA**") per ordinary share in the share capital of the Company ("**Share**") and earnings per Share ("**EPS**"), nor represent the actual financial position and/or results of the Group immediately after the grant of the Facility.

The financial effects of the grant of the Facility have been prepared based on the following assumptions:

- (a) for the purpose of computing the financial effects of the grant of the Facility on the NTA per Share, the grant of the Facility is assumed to have been completed on 30 April 2013; and
- (b) for the purposes of computing the financial effects of the grant of the Facility on the EPS, the grant of the Facility is assumed to have been completed on 1 May 2012.

6.1 Effect on the NTA per Share

Assuming that grant of the Facility had completed on 30 April 2013, there is no material impact of the consolidated NTA of the Group as at 30 April 2013. The consolidated NTA of the Group is S\$231.1 million.

6.2 Effect on EPS

	Before adjusting for the Facility	After adjusting for the Facility
Earnings attributable to the shareholders of the Company (S\$'000)	38,361	40,589
Basic EPS (Singapore cents)	1.62	1.72

7. INTEREST OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling Shareholders who have, any interest, direct or indirect, in the grant of the Facility, save in respect of their shareholdings (if any) in the Company.

By Order of the Board

Eric Khua Kian Keong
Executive Director and CEO
14 August 2013