

FREIGHT LINKS EXPRESS HOLDINGS LIMITED

(Company Registration No: 198600061G)

PROPOSED ACQUISITION OF 47 CHANGI SOUTH AVENUE 2 SINGAPORE 486148

1. INTRODUCTION

The Board of Directors (the "**Board**") of Freight Links Express Holdings Limited (the "**Company**"), and together with its subsidiaries, the "**Group**") wishes to announce that its subsidiary, Freight Links Properties Pte. Ltd. (the "**Purchaser**"), has on 6 August 2010 been granted an option to purchase (the "**Option to Purchase**") the property at 47 Changi South Avenue 2 Singapore 486148 (the "**Property**") together with the plant, mechanical and electrical equipment, fixtures and fittings on the Property (the "**Mechanical and Electrical Equipment**") by Datum Pointt Pte Ltd (the "**Vendor**"), on the terms and conditions set out in the Option to Purchase (the "**Proposed Acquisition**").

2. PROPOSED ACQUISITION

2.1 The Purchaser

The Purchaser, with its registered office at 51 Penjuru Road #04-00 Freight Links Express Logisticentre Singapore 609143, is involved in the principal activities of owning and developing properties and other real estate activities.

2.2 The Vendor

The Vendor is a company incorporated in Singapore with its registered office at 1 Maritime Square #03-23 Harbourfront Centre Singapore 099253.

2.3 The Property

The Property comprises a leasehold title for the initial term of 30 years commencing from 16 November 1996 (the "**Initial Term**"), with a further term of a minimum of 30 years commencing from the expiry of the Initial Term (the "**Further Term**") granted pursuant to the lease dated 2 December 2008 entered into between the Jurong Town Corporation (the "**JTC**") and the Vendor. The approved gross floor area of the building erected on the Property is not less than 8,507.4 square metres, and the Property has a land area of 5,453.2 square metres and is permitted for precision CNC machining, fabrication of jigs and fixtures, manufacture of debur equipment and component assembly.

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is in line with the Group's investment strategy to redeploy its capital more efficiently for higher yield investments.

The Board is also of the view that the Proposed Acquisition presents an attractive opportunity for long term capital growth given the Property's proximity to the airport, its strategic location within an established business park and easy access to major expressways.

4. THE OPTION TO PURCHASE

4.1 Consideration for the Proposed Acquisition

The purchase consideration of S\$10,900,000 (exclusive of Goods and Services Tax) (the "**Purchase Consideration**") was arrived at based on a willing buyer and willing seller basis after taking into account various commercial factors including the prevailing market conditions, the location and the state of maintenance of the building on the Property.

For the Proposed Acquisition, the Purchaser had commissioned an independent property valuer, Colliers International Consultancy & Valuation (S) Pte Ltd (the "**Colliers**") to value the Property. Colliers certified as at 5 August 2010 that the open market value of the Property is S\$10,900,000.

The Purchase Consideration is payable as follows:

- (a) the option money of S\$109,000 (the "**Option Money**") was paid as consideration by the Purchaser to the Vendor for the grant of the Option to Purchase;
- (b) the balance deposit of S\$436,000, equivalent to five per cent. (5%) of the Purchase Consideration less the Option Money, will be paid by the Purchaser to the Vendor on the date the Purchaser exercises the Option to Purchase; and
- (c) the balance sum of S\$10,355,000, equivalent to 95% of the Purchase Consideration, will be paid by the Purchaser to the Vendor on the completion of the purchase of the Property (the "**Completion Date**").

4.2 Principal Terms of the Option to Purchase

The Proposed Acquisition is conditional upon, *inter alia*, the following:

- (a) the Vendor obtaining on or before the Completion Date, all the approvals of JTC to, *inter alia*, the sale of the Property by the Vendor to the Purchaser (including the consent of the President of the Republic of Singapore (if necessary) to such sale) and the grant of the Further Term to the Purchaser; and
- (b) there being no cessation of business of either the Vendor or the Purchaser, resolution or court order passed for the winding up of the Vendor, the appointment of a liquidator, receiver or judicial manager, any distress, attachment or other legal process levied, enforced or sued out on or against the Property on or before the Completion Date.

The Option to Purchase shall expire at 4.00 p.m. on 27 August 2010.

5. METHOD OF FINANCING

The Purchaser intends to finance the Proposed Acquisition by a mix of bank borrowings and internal funding.

6. PROFORMA FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

6.1 Profits

There is no net profit attributable to the Property.

6.2 Net Tangible Assets

Assuming that the Proposed Acquisition had been completed on 30 April 2010, there is no material impact on the consolidated net tangible assets of the Group as at 30 April 2010.

6.3 Earnings

Not applicable as the Property is currently vacant.

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006

The relative figures as computed on the bases set out in Rule 1006 of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual, based on the latest audited consolidated accounts of the Group for the financial year ended 30 April 2010 are as follows:

- (a) Relative figure under Rule 1006(a) – Net asset value of the assets to be disposed of, compared with the net asset value of the Group

Not applicable as this is an acquisition.

- (b) Relative figure under Rule 1006(b) – Net profits attributable to the assets to be acquired, compared with net profits of the Group

Not applicable as there is no net profit attributable to the Property.

- (c) Relative figure under Rule 1006(c) – Aggregate value of the consideration given, compared with the market capitalisation of the Company based on the total number of issued shares (excluding treasury shares)

The market capitalisation of the Company as at 5 August 2010 is approximately S\$117.2 million. The Purchase Consideration for the Property amounts to approximately 9.3% of the aforesaid market capitalisation.

- (d) Relative figure under Rule 1006(d) – Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue

Not applicable as the Company will not be issuing equity as consideration for the Proposed Acquisition.

Based on the above, the Proposed Acquisition is a "discloseable transaction" under Chapter 10 of the SGX-ST Listing Manual.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this Announcement, none of the Directors or the controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition.

9. DIRECTOR'S SERVICE CONTRACTS

No person will be appointed to the Board in connection with the Proposed Acquisition and no service contracts in relation thereto will be entered into by the Company.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Option to Purchase and the valuation report are available for inspection during normal business hours at the registered office of the Company at 51 Penjuru Road #04-00 Freight Links Express Logisticentre Singapore 609143, for a period of 3 months commencing from the date of this announcement.

By Order of the Board

Thomas Woo
Executive Director / CFO
6 August 2010