

**CIRCULAR DATED 28 FEBRUARY 2011**

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional advisers immediately.**

If you have sold or transferred all your shares in the capital of Freight Links Express Holdings Limited, please forward this Circular with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



**FREIGHT LINKS EXPRESS HOLDINGS LIMITED**

(Company Registration Number: 198600061G)  
(Incorporated in the Republic of Singapore)

**CIRCULAR TO SHAREHOLDERS**

in relation to

**(1) THE PROPOSED SUBSCRIPTION OF NEW SHARES IN THE CAPITAL OF SENTOSA CAPITAL (PTE.) LTD. AND (2) THE PROPOSED SUBSCRIPTION OF NEW SHARES IN THE CAPITAL OF SENTOSA ASIAN CREDIT OFFSHORE FEEDER FUND LIMITED**

SENTOSA CAPITAL (PTE.) LTD. QUALIFIES FOR EXEMPTION FROM LICENSING AS A FUND MANAGER UNDER REGULATION 14 OF THE SECURITIES AND FUTURES (LICENSING AND CONDUCT OF BUSINESS) REGULATIONS 2001 AND IT MAY OPERATE AS A FUND MANAGER WITHOUT A CAPITAL MARKET SERVICE (FUND MANAGEMENT) LICENCE. PLEASE SEE "POSSIBLE CHANGE IN THE RISK PROFILE OF THE GROUP" COMMENCING ON PAGE 16 OF THIS CIRCULAR FOR A DISCUSSION OF THE SUBSTANTIAL RISK FACTORS WHICH THE PROPOSED TRANSACTIONS WOULD ENTAIL, IF APPROVED BY SHAREHOLDERS, AS DESCRIBED IN THIS CIRCULAR.

**IMPORTANT DATES AND TIMES**

Last date and time for lodgement of Proxy Form	:	13 March 2011 at 3.00 p.m.
Date and time of Extraordinary General Meeting	:	15 March 2011 at 3.00 p.m.
Place of Extraordinary General Meeting	:	51 Penjuru Road #04-00 Freight Links Express Logisticentre Singapore 609143

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## IMPORTANT NOTICE

This circular does not constitute or form part of any offer or invitation or inducement to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Sentosa Asian Credit Fund Limited (the “**Master Fund**”) or Sentosa Asian Credit Offshore Feeder Fund Limited (the “**Feeder Fund**”) or purchase any investment product offered through Sentosa Capital (Pte.) Ltd. (“**SCPL**”) or any of their affiliates, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or commitment therefore. Any such invitation or offer may only be made by means of delivery of an approved confidential offering memorandum (the “**PPM**”). Any representation to the contrary is not permitted.

None of the Master Fund, the Feeder Fund, SCPL or any other persons that may participate in the offering of any securities of the Feeder Fund shall have any responsibility or liability whatsoever for any loss howsoever arising from this circular or its contents or otherwise arising in connection therewith.

This circular must not be regarded as investment advice nor may it be provided or directed toward any person in a jurisdiction where the information in this circular may be construed as providing investment advice or investment advisory services.

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## DEFINITIONS

For the purpose of this Circular, the following definitions apply throughout unless the context otherwise requires or otherwise stated:

<b>“Aggregate Consideration”</b>	:	S\$39,107,000, being the aggregate of the SCPL Consideration and the Feeder Fund Consideration.
<b>“Audit Committee”</b>	:	The audit committee of the Company, comprising non-executive director Mr. Khua Hock Su, and independent and non-executive directors Mr. Sebastian Tan Cher Liang and Mr. Derek Loh Eu Tse as at the date of this Circular.
<b>“Business Day”</b>	:	A day (other than Saturdays, Sundays or gazetted public holidays) on which commercial banks are open for business in Singapore.
<b>“CDP”</b>	:	The Central Depository (Pte) Limited.
<b>“Circular”</b>	:	This circular dated 28 February 2011.
<b>“Companies Act”</b>	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time.
<b>“Company”</b>	:	Freight Links Express Holdings Limited.
<b>“Directors” or “Board”</b>	:	Directors of the Company as at the date of this Circular.
<b>“EGM”</b>	:	Extraordinary general meeting of the Company to be held on 15 March 2011 for Shareholders to vote on the Proposed Transactions, notice of which is set out on page 22 of this Circular.
<b>“Feeder Fund”</b>	:	Sentosa Asian Credit Offshore Feeder Fund Limited.
<b>“Feeder Fund Consideration”</b>	:	The consideration of US\$30,000,000 (S\$39,000,000) payable by the Company to the Feeder Fund for the Feeder Fund Subscription.
<b>“Feeder Fund Shares”</b>	:	300,000 new non-voting redeemable participating shares in the capital of the Feeder Fund having a nominal value of US\$0.01 each.
<b>“Feeder Fund Subscription”</b>	:	The proposed subscription of the Feeder Fund Shares pursuant to the Feeder Fund Subscription Agreement.
<b>“Feeder Fund Subscription Agreement”</b>	:	Has the meaning ascribed to it in paragraph 2.1(b) of this Circular.
<b>“FY”</b>	:	Financial year ended or ending 30 April (as the case may be).
<b>“Group”</b>	:	The Company and its subsidiaries.

<b>“Latest Practicable Date”</b>	: 22 February 2011, being the latest practicable date prior to the printing of this Circular.
<b>“Listing Manual”</b>	: The listing manual of the SGX-ST, as amended or modified from time to time.
<b>“Master Fund”</b>	: Sentosa Asian Credit Fund Limited.
<b>“NAV”</b>	: Net asset value.
<b>“NTA”</b>	: Net tangible assets.
<b>“Proposed Transactions”</b>	: The SCPL Subscription and the Feeder Fund Subscription.
<b>“SCPL”</b>	: Sentosa Capital (Pte.) Ltd.
<b>“SCPL Consideration”</b>	: The consideration of S\$107,000 to be paid by the Company to SCPL for the SCPL Subscription.
<b>“SCPL Shareholders’ Agreement”</b>	: The shareholders’ agreement to be entered into among the Company, Mr. Bradley Levitt, Mr. Charlie Wang, Mr. Anthony “Anton” Gerard Martin, Mr. Oskar Choynowski De Lubicz, Mr. Eric Karst, Mr. Tay Cho Eing and SCPL.
<b>“SCPL Shares”</b>	: 22,500 new ordinary shares in the capital of SCPL.
<b>“SCPL Subscription”</b>	: Pursuant to the SCPL Subscription Agreement, the proposed subscription of the SCPL Shares, representing thirty per cent. (30%) of the enlarged share capital of SCPL following completion of such subscription.
<b>“SCPL Subscription Agreement”</b>	: Has the meaning ascribed to it in paragraph 2.1(a) of this Circular.
<b>“Securities Account”</b>	: A securities account maintained by a Depositor with CDP but does not include a securities sub-account.
<b>“SFA”</b>	: Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time.
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited.
<b>“Shares”</b>	: Ordinary shares in the capital of the Company.
<b>“Shareholders”</b>	: Registered holders of Shares in the Register of Members of the Company, except that where the registered holder is CDP, the term <b>“Shareholders”</b> shall, where the context admits, mean the persons named as Depositors in the Depository Register maintained by CDP and into whose Securities Accounts those Shares are credited.
<b>“subsidiary”</b>	: Has the meaning ascribed to it in Section 5 of the Companies Act.

“ <b>Substantial Shareholder</b> ”	:	A Shareholder who has an interest in five per cent. (5%) or more of the voting shares of the Company.
“ <b>S\$</b> ”	:	Singapore dollar, unless otherwise stated.
“ <b>US\$</b> ”	:	US dollar, unless otherwise stated.
“ <b>%</b> ” or “ <b>per cent.</b> ”	:	Per centum or percentage.

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter gender and *vice versa*. References to persons shall, where applicable, include corporations.

Any reference in this Circular to any enactment is a reference to that statute or enactment for the time being amended or re-enacted. Any term defined under the Companies Act or the Listing Manual or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act, Securities and Futures Act or the Listing Manual or any statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in tables included herein between the amounts in the columns of the tables and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

Unless otherwise stated, the following exchange rate has been used in this Circular: US\$1: S\$1.30. As at the Latest Practicable Date, the exchange rate as quoted by Bloomberg at <http://www.bloomberg.com/markets/currencies/asia-pacific/> is US\$1: S\$1.2822. The actual exchange rate would depend on the prevailing exchange rate applicable at the time of purchase of US\$ by the Company for payment of the Feeder Fund Consideration on completion of the Feeder Fund Subscription.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

# FREIGHT LINKS EXPRESS HOLDINGS LIMITED

(Company Registration Number: 198600061G)  
(Incorporated in the Republic of Singapore)

Board of Directors	Designation	Registered Office
Khua Hock Su	Non-Executive Chairman	51 Penjuru Road #04-00
Eric Khua Kian Keong	Executive Director and CEO	Freight Links Express Logisticentre
Henry Chua Tiong Hock	Executive Director and CCDO	Singapore 609143
Thomas Woo Sai Meng	Executive Director and CIO	
Sebastian Tan Cher Liang	Independent Non-Executive Director	
Derek Loh Eu Tse	Independent Non-Executive Director	

28 February 2011

To: The Shareholders of Freight Links Express Holdings Limited

Dear Sir/Madam

## **(1) THE PROPOSED SUBSCRIPTION OF NEW SHARES IN THE CAPITAL OF SENTOSA CAPITAL (PTE.) LTD. AND (2) THE PROPOSED SUBSCRIPTION OF NEW SHARES IN THE CAPITAL OF THE SENTOSA ASIAN CREDIT OFFSHORE FEEDER FUND LIMITED**

### **1. INTRODUCTION**

- 1.1 The Board is convening an extraordinary general meeting to seek the approval of Shareholders in relation to (a) the proposed subscription of new shares in the capital of SCPL and (b) the proposed subscription of new shares in the capital of the Feeder Fund.
- 1.2 The purpose of this Circular is to explain the reasons for, and to provide Shareholders with information relating to the Proposed Transactions, and to seek the approval of Shareholders for the proposed resolutions set out in the notice of EGM on page 22 of this Circular.

### **2. THE PROPOSED TRANSACTIONS**

#### **2.1 Introduction**

The Company will enter into the following agreements:

- (a) the SCPL Subscription Agreement, whereby the Company would subscribe for the SCPL Shares, which represent thirty per cent. (30%) of the enlarged share capital of SCPL following completion of the SCPL Subscription, for a consideration of S\$107,000 (the “**SCPL Subscription Agreement**”); and
- (b) the Feeder Fund Subscription Agreement, whereby the Company would subscribe for the Feeder Fund Shares for a consideration of US\$30,000,000 (S\$39,000,000) (the “**Feeder Fund Subscription Agreement**”).

#### **2.2 Information on the Feeder Fund**

The Feeder Fund is an exempted company incorporated with limited liability in the Cayman Islands on 9 June 2010. It will be registered as a mutual fund with the Cayman Islands Monetary Authority and regulated under the Mutual Funds Law (2009 Revision) of the Cayman Islands. The Feeder Fund will issue shares to investors and invest substantially all of the proceeds it receives in the Master Fund (also an exempted company incorporated with limited liability in the Cayman Islands on 9 June 2010) in a “master-feeder” arrangement. The Feeder Fund will not make any investments or engage in any activities other than as an investor in the Master Fund. The Master Fund may also accept subscriptions by additional feeder funds from time to time. Trading is currently anticipated to be conducted only at the Master Fund level. As the Feeder Fund’s sole investment is in the

Master Fund, the net asset value of the Feeder Fund shall be determined based on its *pro rata* shareholding in the Master Fund. The Master Fund is not required to be registered as a mutual fund with the Cayman Islands Monetary Authority as it has less than fifteen (15) direct investors.

As an investor in, and shareholder of, the Feeder Fund and indirect investor in, and indirect shareholder of, the Master Fund, the obligations of the Company to the Feeder Fund and the Master Fund are limited only to pay the Feeder Fund Consideration to the Feeder Fund, and upon full payment being made for the Feeder Fund Consideration, the Company shall not have any pecuniary obligation to the Feeder Fund or the Master Fund whatsoever, and the Company shall not be liable for any obligations incurred by the Feeder Fund or the Master Fund to any third party whatsoever. Therefore, in the event of losses by the Feeder Fund or the Master Fund that exceed the Feeder Fund Consideration, the Company will not have any pecuniary obligation to the Feeder Fund and the Master Fund beyond the Feeder Fund Consideration. The rights of the Company as an investor and shareholder of the Feeder Fund are as follows:

- (a) to receive the annual audited accounts of the Feeder Fund as well as monthly unaudited reports of the net asset value of the participating shares in the Feeder Fund held by the Company; and
- (b) to redeem its participating shares in the Feeder Fund at the net asset value per participating share of the Feeder Fund, net of relevant fees and charges and subject to the restrictions as described in the immediately following paragraphs.

Save as aforementioned, the Company shall not have any other right as a shareholder of the Feeder Fund and the Company's proposed investment in the Feeder Fund should be regarded as a passive investment in an investment fund.

The shares in the Feeder Fund are not transferable without consent of the directors of the Feeder Fund. While the Company has no recourse to redeem the Feeder Fund Consideration, the shares in the Feeder Fund are redeemable monthly on thirty (30) days prior notice, subject to a redemption gate whereby if investors seek to redeem more than twenty per cent. (20%) of the net asset value of all participating shares of all series in issue on the same redemption day, the Feeder Fund may limit redemptions on that day to an aggregate value of twenty per cent. (20%) of the Feeder Fund's net asset value (the investor would then have the opportunity to redeem any unhonoured portion on the next redemption day, which is generally the first business day of the following month). However, as is common with investments by anchor investors, the Feeder Fund Shares may not be redeemed by the Company for a period of two (2) years from the date of subscription, provided that the Company will have the right to redeem a portion of the Feeder Fund Shares during such two (2)-year period if the Master Fund's NAV exceed certain amounts. Generally, investors seeking to redeem their participating shares within the first nine (9) months of holding their shares are subject to a two per cent. (2%) redemption charge. However, to the extent the Company redeems a portion of the Feeder Fund Shares during the first nine (9) months of holding such shares as a result of the Master Fund's NAV thresholds being met, this two per cent. (2%) redemption charged is waived for the Company.

The Feeder Fund Consideration is US\$30,000,000 (S\$39,000,000), which will be satisfied by way of cash payment on completion of the Feeder Fund Subscription.

The Feeder Fund Subscription will be recorded as "other investments" in the Company's books and will be classified as "fair value through profit and loss as designated securities". If the carrying amount of the Feeder Fund Subscription exceeds its estimated recoverable amount (i.e. greater than its share of the net asset value of the Feeder Fund), an impairment loss is recognised.

## **2.3 Information on the Master Fund**

The Master Fund's principal investment objective is to seek and maximise absolute returns in the Asian credit markets. The Master Fund will pursue attractive returns through the use of cash and derivative US dollar, Japanese Yen, Euro and local currency denominated Asian (ex-Japan) credits comprised of sovereigns, agencies and corporate issues or their proxies. The Master Fund will seek low volatility from a diversified portfolio. For example, the Master Fund will invest primarily in debt instruments. It is expected to pursue investment opportunities primarily in high quality and liquid



G3 and local currency Asian sovereign, quasi sovereign and corporate credit, subject to applicable legal, tax and regulatory requirements, and will have flexibility in the instruments and markets in which it transacts and the techniques it uses as part of its investment strategy (as described in the following paragraph). These instruments may include, but are not limited to, government bonds, corporate bonds, credit default swaps, asset swaps, total return swaps, asset backed securities, listed options, over-the-counter options, futures, and non-deliverable forwards.

The Master Fund's target of absolute return and low volatility will be pursued through an investment strategy that will utilise a top down methodology<sup>1</sup>, focusing on a geographically diverse high quality Asian credit portfolio. For the core portfolio, the Master Fund will look at relative value opportunities, comparing onshore (local currency) and offshore and hedged and unhedged securities (subject to internal guidelines). In addition, the Master Fund will seek to opportunistically identify idiosyncratic opportunities, which may exist onshore as well as offshore.

Within the strategy, the Master Fund will utilise its expertise in evaluating risk reward tradeoffs through assessing liquidity and relative credit quality. This will include a predominant concentration on relative value through highly liquid, low volatility credits in the core portfolio. When markets experience stress and volatility (globally, regionally or single country/sector), SCPL as advisor will seek opportunistic trades, using its knowledge in US dollar, Japanese Yen, Euro and local currency credit markets. As liquidity begins to trade at a premium, the Master Fund may increase its holdings of less liquid assets that have been oversold to seek returns from longer maturities, local currency and/or lower quality credit.

In order to increase the nominal exposure of trading and investment positions, SCPL as advisor may use leverage provided by borrowing and the use of financial derivatives. Actual use of leverage at any time will be determined by SCPL and depend upon prevailing market conditions. SCPL as advisor expects the Master Fund to be fully invested at all times, subject to favourable market conditions, while maintaining prudent liquidity levels. The use of leverage will cause the investment portfolio to fluctuate more often and, when analysing exposure and making hedging decisions, SCPL as advisor will take this factor into account.

LaCrosse Global Fund Services LLC has been appointed as the Administrator of the Feeder Fund and the Master Fund. Certain administrative duties with respect to the Feeder Fund and the Master Fund have been delegated to the Administrator including, among other things, (a) maintaining the register of shareholders of the Feeder Fund and generally performing all actions related to the issuance, transfer and redemption of participating shares in the Feeder Fund, (b) calculating and disseminating the net asset value of the Feeder Fund and the Master Fund, (c) maintaining records and accounts of the Feeder Fund in such manner as will enable the Feeder Fund to publish its financial statements, and (d) providing registrar and transfer agent services in connection with the issuance, transfer and redemption of participating shares in the Feeder Fund.

Deutsche Bank AG has been designated to serve as Prime Broker and Custodian for the Master Fund. The functions which will be performed by Deutsche Bank AG include provision of custody, settlement, financing and reporting services to the Master Fund regarding the purchase and sale of securities entered into by the Master Fund with either third parties, Deutsche Bank AG or affiliates of Deutsche Bank AG. Financing purchases and sales includes both cash and securities advances to the Master Fund at the discretion of Deutsche Bank AG. Deutsche Bank AG will be responsible for the safekeeping of all securities delivered to it in accordance with the applicable rules of the Bundesanstalt für Finanzdienstleistungsaufsicht and the terms of the agreement between the Master Fund and Deutsche Bank AG.

## **2.4 Information on SCPL**

SCPL is an asset management company incorporated in Singapore in January 2010 and operates as an exempt fund manager pursuant to the Securities and Futures (Licensing and Conduct of Business) Regulations 2002. This means that SCPL may operate as a fund manager in Singapore

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<sup>1</sup> Top down methodology is a process that SCPL uses to make its investment decisions. The approach first looks at the big picture such as which countries to invest in. Then, gradually SCPL assesses more granular factors such as the allocation to these countries, and finally determines which instruments to use.

without a Capital Market Service (Fund Management) Licence. The core business of SCPL is to provide investment management services to clients. SCPL will receive management fees and performance fees as compensation for such services rendered to its clients.

SCPL will serve as investment adviser to the Master Fund and has discretionary investment management authority for the Master Fund's investments. During its appointment as advisor, SCPL will manage the acquisition, holding and realisation of the Master Fund's investments on a fully discretionary basis, in compliance with the investment objective and strategy of the Master Fund.

SCPL will set up an investment risk committee comprised of the Chief Executive Officer, the Chief Investment Officer and the Chief Operating Officer. The investment risk committee will set risk limits within which portfolio managers, led by the Chief Investment Officer, may make investment decisions.

SCPL will be paid a monthly management fee by the Feeder Fund which is generally equal to two per cent. (2%) per annum of the net asset value of the Feeder Fund. In addition, SCPL is entitled to receive from the Feeder Fund a performance fee equal to twenty per cent. (20%) of the appreciation in excess of the annualised hurdle rate of five per cent. (5%), if any, in the net asset per Feeder Fund Share during a calendar year. SCPL may agree to rebate to some or all of the investors in the Feeder Fund, including all of the initial investors, part or all of the management fee and/or performance fee.

Immediately prior to the SCPL Subscription, SCPL will have a total issued and paid-up share capital of S\$250,000. SCPL's board of directors had on 3 December 2010 approved the increase of SCPL's share capital by an additional S\$107,000 to a total of S\$357,000, and the proposed increase in the share capital of SCPL will be by way of the SCPL Subscription.

SCPL will declare dividends to its shareholders (including the Company) as and when its directors so determine, subject to the approval of not less than seventy per cent. (70%) of the shareholders of SCPL.

The SCPL Consideration is S\$107,000, which will be satisfied by way of cash payment on completion of the SCPL Subscription.

In accordance with the SCPL Shareholders' Agreement, there will be a maximum of eight (8) seats in SCPL's board of directors. The initial directors shall be Mr. Bradley Levitt, Mr. Charlie Wang, and Mr. Anthony "Anton" Gerard Martin from SCPL and Mr. Eric Khua Kian Keong ("**Mr. Khua**") and Mr. Thomas Woo Sai Meng ("**Mr. Woo**") from the Company (the "**Initial Directors**"). Mr. Khua and Mr. Woo shall be the non-executive directors of SCPL, and will not receive any form of payment or benefit, financial or otherwise, as non-executive directors of SCPL. There will be no conflicts of interest or misalignment of interests in relation to their appointment in the Company and in SCPL.

Mr. Khua and Mr. Woo have wide ranging business management and professional experience that will add to the technical expertise of the remaining Initial Directors. As a board, the diversity of experiences and accumulated knowledge of members will be of enormous benefit to managing the business of SCPL.

The profiles of the Initial Directors are set out in the following:

**Mr. Bradley Levitt ("**Mr. Levitt**")**

Mr. Levitt is the Chief Executive Officer for SCPL with respect to the Master Fund and Feeder Fund. In this role, he has overall responsibility for the operation of SCPL. For the initial period after commencement of operation of the Master Fund and Feeder Fund, he will also serve as Head of Investment Committee and Chief Compliance Officer of SCPL. Mr. Levitt was the Global Head of Capital Markets for Standard Chartered Bank ("**SCB**"), based in Singapore, from 2006 to 2008. He was responsible for the bank's global capital markets business, including sales, trading, origination and structuring of credit instruments (G3 and local currency), loans and structured credit products.

From 1998 to 2006, Mr. Levitt was the founder and Managing Director/Head of SCB's fixed income business responsible for managing and running all aspects of the business in North Asia, Southeast Asia, South Asia, Africa and the Middle East, including sales, trading origination and structuring. This also included building all aspects of the business from scratch, including front office (trading systems, primary dealerships and securities licences, strategic partnerships), research, risk, middle and back office.

Mr. Levitt received his BA in Economics from University of California, Davis, and earned a MBA in Finance from the Anderson School (UCLA). Mr. Levitt is a qualified Chartered Financial Analyst. Mr. Levitt is also actively involved as a Trustee/Director for Temple Garden Foundation (Cambodia).

**Mr. Charlie Wang ("Mr. Wang")**

Mr. Wang is the Chief Investment Officer for SCPL with respect to the Master Fund and Feeder Fund. In this role, he has overall responsibility for the Master Fund's investment activities and management of the portfolio staff.

Mr. Wang was the Global Head of Credit Trading for SCB, based in Singapore, from 2006 to 2009. He was responsible for the bank's global credit trading business, including credit derivatives/structured credits, ABS, bond and loan trading businesses. Prior to his appointment as the Global Head of Credit Trading, Mr. Wang was Managing Director and Head of Asian and Middle East Fixed Income Trading from 2000 to 2006, responsible for managing and running all aspects of the bank's fixed income trading business in North Asia, Southeast Asia, South Asia and the Middle East covering government credit instruments, corporate credit instruments, and credit derivatives trading and structuring.

Prior to building the capital markets credit trading operation from scratch at SCB, Mr. Wang spent 5 years with Bankers Trust in Asia developing its nascent credit trading business, with his last job running Bankers Trust's Asia credit trading business globally.

Mr. Wang received his Bachelor of Science in Electrical Engineering from Polytechnic University of New York, Master of Science in Electrical and Computer Engineering from Carnegie Mellon University and earned a Master of Science in Finance (MBA) from the MIT Sloan School of Management. Mr. Wang is a qualified Chartered Financial Analyst.

**Mr. Anthony "Anton" Gerard Martin ("Mr. Martin")**

Mr. Martin is the Head of Investor Relations for SCPL with respect to the Master Fund and Feeder Fund. Mr. Martin was the Global Head of Institutional Sales for SCB's Capital Markets Group from 2005 to 2008 based in Singapore, following which he became Managing Director and Regional Head of Global Markets for Greater China and Japan. As Global Head of Institutional Sales, Mr. Martin was responsible for the sale and distribution of SCB's entire financial market's product suite, ranging from foreign exchange to fixed income to financial institutions, including banks and hedge funds.

Mr. Martin joined SCB in 2001 as Managing Director, Global Head of Primary Loan Distribution and Secondary Loan Sales and Trading, where he was responsible for establishing the bank's loan trading platform that specialised in cross-border activity and illiquid loans. In 2004 he was additionally made responsible for the bank's global forfaiting business.

Prior to joining SCB, Mr. Martin worked for WestLB Financial Markets where he was Executive Director, Head of UK Loan Distribution and Global Loan Trading working in both London and Hong Kong. He joined WestLB from Lloyds Bank's Capital Markets Group where he was Head of Primary and Secondary Loan Distribution based in London.

Mr. Martin has a degree in Economics and Social Studies from the University of East Anglia, Norwich, United Kingdom. After graduation he attended the Royal Military Academy Sandhurst, UK and was commissioned into the British Army. Mr. Martin entered the banking industry as a graduate trainee in 1993. Mr. Martin is fluent in Cantonese.

**Mr. Eric Khua Kian Keong**

Mr. Khua was appointed Executive Director and Chief Executive Officer of the Group in November 2003. In addition, he sits on the Board's Nominating Committee. He is also an Alternate Director of Freight Management Holdings Bhd, an associated company listed in Bursa Malaysia in which the Company has a substantial interest.

Mr. Khua obtained his BSc in Electrical Engineering and graduated cum laude from University of the Pacific, USA in 1987.

Mr. Khua is actively involved in trade, business and community organisations including charitable bodies in Singapore and China.

In Singapore, he is President of the Singapore Metal and Machinery Association and Vice-President of Nanyang Kuah Si Association. In addition, he is an executive committee member of Singapore Ann Kway Association and a committee member of SCCCI-Young Entrepreneur Network. He also serves as Vice-President at Pei Tong Primary School Advisory Committee.

In China, Mr. Khua is board Chairman of Fujian Anxi No. 8 Middle School, Vice-President of Anxi Charity Federation and was awarded "Outstanding Charitable Works Contribution" by the Fujian Provincial Government, People's Republic of China.

**Mr. Thomas Woo Sai Meng**

Mr. Woo is the Executive Director and Chief Investment Officer of the Group.

Mr. Woo was the Chief Financial Officer of the Group from May 1997 to November 2010 and recently took on a new appointment in the Group as its Chief Investment Officer. He was appointed an Executive Director of the Company in September 2001 and also sits on the board of a number of its subsidiaries in Singapore, Malaysia, Thailand, Hong Kong and previously Australia. In his previous role as Chief Financial Officer of the Group, Mr. Woo oversaw the Group's financial planning and reporting functions, ensured statutory and listing compliance and was involved in a number of corporate initiatives and investment projects.

Prior to joining the Group, Mr. Woo was the Senior Consulting Manager with Ernst & Young Consultants Pte Ltd from July 1996 to May 1997 and before that the Senior Vice President with Mountamount (S'pore) Pte Ltd from August 1992 to April 1996. Mountamount (S'pore) Pte Ltd was an international trader/processor of cashew nuts. Between July 1988 and July 1992, Mr. Woo was a director of a private investment company, Woo Sun Holdings Pte Ltd, which engaged in securities trading. Between June 1984 and July 1988, Mr. Woo held various positions such as Chief Accountant, Finance Manager and also Treasury Manager with the Sembawang Group of companies. In his position as Treasury Manager, he was in charge of fund management and was primarily involved in securities trading & investment, fixed income instruments and money market activities.

Before that, Mr. Woo was Chief Accountant of Pioneer Concrete (Singapore) Pte Ltd from October 1981 to June 1984. Pioneer Concrete (Singapore) Pte Ltd was a subsidiary of an Australian-listed concrete manufacturer. Between June 1977 and October 1981, Mr. Woo was Accountant and then Assistant Manager with then Overseas Union Bank where he was involved in accounting & finance, trustee services and gold futures trading. He was actively involved in the setting up of the Gold Exchange in Singapore. From November 1978 to December 1979, Mr. Woo was an Alternate Director of Singapore Gold Clearing House Pte Ltd and from January 1980 to October 1981 he also served as an Alternate Director on the board of Gold Exchange of Singapore Pte Ltd.

Prior to joining Overseas Union Bank, Mr. Woo was an Associate Consultant with SGV-Goh Tan Pte Ltd, a management consulting firm where he was involved in various assignments such as Accounting systems design, feasibility studies, receiverships and IPO projects. Mr. Woo started his career in Sydney in January 1974 where he was Assistant Accountant with Air Express International, Inc., a US MNC air freight forwarder.

Mr. Woo received his BEcon from the University of New England, Australia and earned his MBA from the University of Queensland, Australia. He is a Fellow member of the CPA Australia and the Institute of Certified Public Accountants of Singapore. He is also a member of the Singapore Institute of Directors.

## 2.5 Consideration

### (a) The SCPL Consideration

The consideration for the SCPL Subscription shall be S\$107,000, payable in cash on completion of the SCPL Subscription, which will be funded by the Company from internal sources. Such consideration was arrived at after taking into account:

- (i) the pre-investment issued and paid up capital of SCPL at S\$250,000. S\$107,000 comprises 30% of the share capital of SCPL immediately following the SCPL Subscription. The Company has determined that this is the fair value of the SCPL Shares, being the same price per share that the founding shareholders of SCPL have paid for their shares in SCPL;
- (ii) the pre-investment net asset value and NTA of the SCPL Shares as set out in the following table:

FY2010	SCPL SHARES
Net asset value (S\$)	S\$250,000
NTA (S\$)	S\$250,000

- (iii) the rationale for the Proposed Transactions as set out in paragraph 5 of this Circular below.

### (b) The Feeder Fund Consideration

The consideration for the Feeder Fund Subscription shall be US\$100 (S\$130) for each Feeder Fund Share, and US\$30,000,000 (S\$39,000,000) in the aggregate, which will be funded by the Company from internal sources. The Feeder Fund Consideration shall be payable in cash on completion of the Feeder Fund Subscription.

The Company will not be charged any subscription fee, finders' fee, broker's fee or sales charge or commission in connection with the Feeder Fund Subscription. However, as described in paragraph 2.4 of this Circular, the net asset value per share of participating shares in the Feeder Fund held by the Company will be reduced by the management fee and performance fee payable by the Feeder Fund to SCPL in respect of such participating shares in the Feeder Fund.

## 2.6 Conditions Precedent

### (a) The SCPL Subscription Agreement

There are no material conditions precedent attaching to the SCPL Subscription.

### (b) The Feeder Fund Subscription Agreement

There are no material conditions precedent attaching to the Feeder Fund Subscription.

The Company will enter into the SCPL Subscription Agreement and the Feeder Fund Subscription Agreement only if (and after) the approval of Shareholders for the Proposed Transactions has been obtained at the EGM.

## 2.7 Other Salient Terms

### (a) The SCPL Subscription Agreement

There are no salient terms in the SCPL Subscription Agreement.



(b) The Feeder Fund Subscription Agreement

The Feeder Fund Shares will be subject to a two-year lock-up period, provided that the Company shall have the right to redeem a portion of such shares during such two-year period if the NAV of the Master Fund exceeds certain amounts.

## **2.8 Tax Implications in relation to the Proposed Transactions**

(a) Income Tax

Singapore income tax is imposed on income accruing in or derived from Singapore and on foreign-sourced income received or deemed to have been received in Singapore, subject to certain exceptions.

As the investments and divestment of assets of the Master Fund and the Feeder Fund are managed by SCPL, the Master Fund and the Feeder Fund may be construed to be carrying on activities of a trade or business in Singapore. Accordingly, the income derived by the Master Fund and the Feeder Fund may be considered income accruing in or derived from Singapore and subject to Singapore income tax, unless the income is exempted from tax pursuant to Section 13CA of the Income Tax Act and the Section 13CA Regulations (hereinafter referred to as the “**Tax Exemption Scheme**”).

(b) Tax Exemption Scheme

Under the Tax Exemption Scheme, specified income derived by qualifying funds in respect of certain designated investments is exempted from tax in Singapore, if the qualifying fund is managed by any fund manager in Singapore and certain prescribed conditions are met.

The Master Fund and the Feeder Fund will be a “qualifying fund” for the purposes of the Tax Exemption Scheme if:

- (i) the Master Fund and the Feeder Fund is neither a tax resident of Singapore for tax purposes, a Singapore citizen nor a permanent establishment in Singapore;
- (ii) the value of issued securities of the Master Fund and the Feeder Fund is not one hundred per cent. (100%) beneficially owned, directly or indirectly, by investors in Singapore (including investors who are residents and permanent establishments in Singapore but excluding designated persons as defined below);
- (iii) the Feeder Fund:
  - (A) does not have a permanent establishment in Singapore (other than a fund manager); and
  - (B) does not carry on a business in Singapore; and
- (iv) its income is not derived from investments which have been transferred (other than by way of a sale on market terms and conditions) from a person carrying on a business in Singapore where the income derived by that person from investments was not, or would not have been if not for their transfer, exempt from tax.

A “fund manager” for the purpose of this Tax Exemption Scheme means a company holding a capital markets services licence under the SFA for fund management or one that is exempt under the SFA from holding such a licence. SCPL is currently exempt from the requirement to hold a capital markets services licence.

SCPL will endeavor to conduct the affairs of the Master Fund and the Feeder Fund such that it will qualify for the Tax Exemption Scheme. There is, however, no assurance that SCPL will be able on an ongoing basis to ensure that the Master Fund and the Feeder Fund will always meet all the qualifying conditions for the Tax Exemption Scheme. Upon any such disqualification, the Master Fund and the Feeder Fund may be exposed to Singapore tax on its income and gains, wholly or partially as the case may be, at the prevailing corporate tax rate.

(c) Taxation of the Company

Provided the Master Fund and the Feeder Fund are qualifying funds which derived specified income in respect of designated investments, the income tax consequences to the Company of the Master Fund and the Feeder Fund will depend on whether or not the Company is a qualifying investor.

A qualifying investor of a qualifying fund will not be subject to payment of a financial penalty to the Singapore Comptroller of Income Tax ("CIT").

A "qualifying investor" of a qualifying fund is:

- (i) an individual investor;
- (ii) a *bona fide* non-resident non-individual investor<sup>2</sup> (excluding a permanent establishment in Singapore) that:
  - (A) does not have a permanent establishment in Singapore (other than a fund manager) and does not carry on a business in Singapore; or
  - (B) carries on an operation in Singapore through a permanent establishment in Singapore but does not use funds from its operation in Singapore to invest in the qualifying fund;
- (iii) a designated person, i.e. the Government of Singapore Investment Corporation Pte Ltd, the Monetary Authority of Singapore or any company which is wholly owned, directly or indirectly, by the Minister in his capacity as a corporation established under the Minister for Finance (Incorporations Act (Chapter 183 of Singapore)) and which is approved by the Minister or such person as he may appoint; and
- (iv) an investor other than those listed in (i), (ii) and (iii) which, alone or with his associates:
  - (A) beneficially owns not more than thirty per cent. (30%) of the total value of issued securities of the qualifying fund if the fund has less than ten (10) investors; or
  - (B) beneficially owns not more than fifty per cent. (50%) of the total value of issued securities of the qualifying fund if the fund has ten (10) or more investors.

A non-qualifying investor will have to pay a financial amount to the CIT. The financial amount is calculated by attributing a percentage of the income figure in the qualifying fund's audited accounts to that non-qualifying investor based on his interest in the qualifying fund on the last date of the financial year, and multiplying that figure by the prevailing corporate tax rate.

The status of whether an investor is a qualifying investor will be determined on the last day of the qualifying fund's financial year which is 31 December. Therefore, the Company is unable to ascertain now whether it would be a qualifying investor or non-qualifying investor if it invests in the Feeder Fund until 31 December 2011. Even if the Company is deemed as a qualifying investor in the Feeder Fund for the Feeder Fund's financial year ending 31 December 2011, there is no assurance that the Company would remain as a qualifying investor for the Feeder Fund's subsequent financial years.

Singapore does not impose tax on capital gains. However, gains from the disposal of investments may be construed to be of an income nature and subject to Singapore income tax. Generally, gains on disposal of investments are considered income in nature if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore.

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<sup>2</sup> A *bona fide* non-resident non-individual investor is one which carries out substantial business activities for genuine commercial reasons and has not as its sole purpose the avoidance or reduction of tax.

The taxation of distributions by the Master Fund and the Feeder Fund and gains on redemption of Feeder Fund Shares derived by the Company will depend on the circumstances of the transaction. This is notwithstanding that the Company may have paid a financial penalty to the CIT. Hence, if the Company is a non-qualifying investor in the Feeder Fund, in addition to paying the financial penalty, the Company may have to pay corporate income tax on the distributions received from the Feeder Fund and gains on redemption of the Feeder Fund Shares.

## **2.9 Audit Committee's Review**

If the Proposed Transactions are approved by the Company's shareholders, the Audit Committee of the Company will review and monitor the performance of the Company's investment in the Feeder Fund and indirect investment in the Master Fund on a quarterly basis.

## **3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL**

The Proposed Transactions constitute a major transaction requiring the approval of Shareholders under Rule 1014 of the Listing Manual as the relative figures computed on the bases set out in Rule 1006(a) and Rule 1006(c) exceed 20%, as set out in the following:

### **3.1 Net Asset Value Base under Rule 1006(a)**

The Feeder Fund Consideration of US\$30,000,000 (S\$39,000,000) amounts to approximately 26.8% of the Group's audited net asset value as at 30 April 2010.

### **3.2 Net Profits Base under Rule 1006(b)**

There are no net profits currently attributable to the Proposed Transactions as the Master Fund and SCPL has not commenced operations.

### **3.3 Market Capitalisation Base under Rule 1006(c)**

The Aggregate Consideration amounts to approximately 27.1%<sup>3</sup> of the market capitalisation of the Company as at the Latest Practicable Date, based on the (a) weighted average price of the Shares, and (b) the Aggregate Consideration being S\$39,107,000.

### **3.4 Equity Securities Issued Base under Rule 1006(d)**

Not applicable.

## **4. POSSIBLE CHANGE IN THE RISK PROFILE OF THE GROUP**

The Proposed Transactions may change the risk profile of the Group. The following sets out a non-exhaustive list of the possible risks relating to the Proposed Transactions:

**4.1 Uncertainty** – An investment in the Feeder Fund, and indirectly, in the Master Fund, may involve a high degree of risk. There may be no assurance that the Master Fund's investment objective will be achieved or that the investor will receive a return on or of its capital. The investment techniques of the Master Fund, including investment in Asian credit and use of leverage may, in certain circumstances, have an adverse impact on the Master Fund. In addition, investment results may vary on a monthly, quarterly or annual basis. There may be certain risks that the Master Fund determines not to, or cannot, hedge against, or simply does not anticipate. Accordingly, the activities of the Master Fund may result in substantial losses. Investors in the Feeder Fund may lose all or a large part of their investment.

**4.2 Conflicts of Interest** – The services provided by SCPL to the Master Fund may not be exclusive in nature and SCPL may provide advice to other clients with similar objectives to the Master Fund. In the event a conflict of interest arises, SCPL will endeavour to act in a fair and equitable manner as between the Master Fund and its other clients. SCPL will use its reasonable efforts in connection with the purposes and objectives of the Master Fund and will devote so much of its time and effort to the affairs of the Master Fund as may, in its judgment, be necessary to accomplish the purposes of the Master Fund. Further, SCPL generally intends to allocate all investment opportunities that

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<sup>3</sup> The relative percentage of 27.1% is based on the issued share capital of 2,223,000,782 Shares.



may be appropriate for the Master Fund and other clients in a manner that is fair and equitable to all clients over time taking into account the different investment mandates and investment strategies applicable to such clients, current investment positions of a client, the relative capitalisation and cash availability of a client, the investment time horizon, leverage ratios and other considerations.

- 4.3 **Dependence on SCPL and Key Personnel** – The Master Fund is a newly-formed entity with no employees or prior trading record and depends solely on SCPL and its key personnel for advice. The loss of any key personnel of SCPL may have a material adverse effect on the Master Fund. Moreover, the performance fee payable to SCPL may create an incentive to make riskier investments. SCPL will also be entitled to receive certain fees whether or not the Master Fund is profitable and whether or not past losses are recouped.
- 4.4 **Economic and Political Risks** – The economies of individual countries in which the Master Fund may invest may differ favourably or unfavourably from economies of more developed countries in such respects as gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position, which may in turn affect the value of the Master Fund's investments. Political risks such as the possibility of nationalisation, expropriation or confiscatory taxation, the imposition of withholding taxes on interest payments, political changes, government regulation, social instability or diplomatic developments (including war) may also adversely affect the value of the Master Fund's investments.
- 4.5 **Credit Risk and Derivatives Counterparty Risk** – While the ratings of fixed-income credit instruments by Moody's Investors Service and Standard & Poor are generally an accepted barometer of credit risk, they are subject to limitations and may not necessarily reflect probable future conditions. There is no certainty in the creditworthiness of issuers of debt securities and unstable market conditions may lead to increased instances of default. The Master Fund may enter into swap and other over-the-counter derivative transactions involving or relating to, among other things, interest rates, equities, currencies or securities. As a result, the Master Fund is subject to the risk of the inability or refusal to perform with respect to such contracts on the part of any counterparties with which the Master Fund trades and as such may also expose the Master Fund to additional liquidity risks. The over-the-counter derivatives market is generally not regulated by any governmental authority and participants in these markets are not required to make continuous markets in the contracts they trade.
- 4.6 **Interest Rate and Foreign Currency Risks** – Generally, the market value of fixed-income securities moves in the opposite direction of interest rates. As a result, changes in interest rates may affect the value of securities held by the Master Fund. Specifically, to the extent that the Master Fund is net long fixed income securities via credit instruments, derivatives or other instruments, if interest rates rise, it is expected that the Master Fund's net asset value would fall, and if interest rates fall, it is expected that the Master Fund's net asset value will rise. Long-term securities are generally more sensitive to changes in interest rates and, therefore, are subject to a greater degree of market price volatility. To the extent the Master Fund trades in long-term securities, its net asset value will be subject to a greater degree of fluctuation than if it held securities of a shorter duration. The Master Fund is also exposed to fluctuations in currency exchange rates where it invests in securities denominated in currencies other than the US currency. It may, in part, seek to offset the risks associated with such exposure through foreign exchange transactions. The markets in which foreign exchange transactions are effected are highly volatile, highly specialised and highly technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment, or particular transactions in foreign currency. If the local currency positions of the Master Fund appreciate due to currency appreciation, the Master Fund's net asset value would likely rise, and if the local currency positions depreciate due to a currency devaluation, the Master Fund's net asset value would likely fall.
- 4.7 **Leverage Risks** – The Master Fund may leverage its capital to enable a higher rate of return. However, leverage has the effect of potentially magnifying losses as well.

- 4.8 **Liquidity Risks** – The lack of liquidity for some securities in which the Master Fund may invest may restrict the ability of the Master Fund to sell such securities at a price and time that it wishes to do so and there may be uncertainties involved in the valuation of such investments.
- 4.9 **Hedging Risks** – The Master Fund may utilise various financial instruments for risk management purposes. The success of the Master Fund's hedging strategy will be subject to SCPL's ability to correctly assess the degree of correlation between the instruments used in the hedging strategy and the investments being hedged. Such hedging transactions may also result in poorer overall performance than if it had not engaged in such hedging transactions.
- 4.10 **Illiquidity of Participating Shares and Lack of Public Market** – The participating shares in the Feeder Fund represent relatively illiquid investments. There is currently no public or private market for participating shares in the Feeder Fund, and none is expected to develop. In addition, if redemption notices received in respect of any given redemption day are for the redemption of more than a certain percentage of the net asset value of the participating shares in the Feeder Fund in issue, the Feeder Fund may, in its sole and absolute discretion, limit such redemptions, allocating such redemptions *pro rata* according to the amount of the total redemption requests.

## 5. RATIONALE FOR THE PROPOSED TRANSACTIONS

- 5.1 The Asian credit market is relatively small compared to Asia's international economic footprint and high growth rate. As Asian central banks and governments issue more bonds to finance their country's growth, the Company believes the growth prospects in the Asian credit markets will have ample room for growth.

The Company therefore views the SCPL Subscription as an opportunity to take advantage of the good prospects in the fast expanding Asian credit markets, utilising the management team's combined experience and technical expertise.

In addition, the Company views the SCPL Subscription as a strategy to broaden the Group's earnings base besides its traditional logistics business. This will allow the Company to have better prospects for profitability in the years ahead and ensure its long-term growth. The SCPL Subscription will enable the Group to participate in profits generated by the Master Fund through its equity stakes in SCPL.

- 5.2 The Company views its participation in the Feeder Fund through the Feeder Fund Subscription as enabling it to more efficiently deploy its capital. With the current interest rate environment low and expected to remain low for some time to come, it is more important for companies to seek ways of enhancing yield by actively managing their treasury operations beyond the traditional fixed deposits and money market instruments. The Company believes this can be achieved by maintaining a balance between maximising returns and taking measured risks.

## 6. FINANCIAL EFFECTS

- 6.1 **Assumptions** – The unaudited proforma financial effects of the Proposed Transactions that are set out in paragraph 6.2 below have been computed using the audited consolidated accounts of the Group for the financial year ended 30 April 2010, on the basis that the Proposed Transactions have taken place.

As these financial effects are based on the Group's audited consolidated accounts for the financial year ended 30 April 2010 and are presented for illustration purposes only, they will not reflect the future financial position of the Group after the Proposed Transactions have taken place in 2011.

- 6.2 The unaudited proforma financial effects of the Proposed Transactions are set out below:

(a) Profits

There is no net profit attributable to the Proposed Transactions.

(b) Net Tangible Assets

Assuming that completion of the Proposed Transactions had taken place on 30 April 2010, there is no material impact on the consolidated NTA of the Group as at 30 April 2010. The consolidated NTA of the Group as at 30 April 2010 is S\$144,298,000.

(c) Earnings

Assuming that completion of the Proposed Transactions had taken place on 1 May 2009, the effects on the consolidated earnings of the Group are as follows:

FY2010	Before the Proposed Transactions	After the Proposed Transactions
Profit after tax and minority interests (S\$)	13,851,000	14,690,937
Earnings per Share (cents)	0.65	0.69 <sup>(1)</sup>

**Notes:**

- (1) Such increase in earnings per share (cents) is based on assumption that the Master Fund will achieve its overall targeted risk and return objectives, including average assets under management of US\$75.0 million (S\$97.5 million) and projected income stream, less operating and start up expenses.

## 7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

- 7.1 As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Register of Directors' shareholdings of the Company, and the interests of the Substantial Shareholders in the Shares, as extracted from the Register of Substantial Shareholders of the Company, are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>	Number of Shares	% <sup>(1)</sup>
<b>Directors</b>						
Khua Hock Su <sup>(5)</sup>	—	—	1,119,415,147	50.36	1,119,415,147	50.36
Eric Khua Kian Keong <sup>(3)</sup>	50,735,455	2.28	1,119,388,556	50.35	1,170,124,011	52.63
Henry Chua Tiong Hock	3,304,187	0.15	—	—	3,304,187	0.15
Thomas Woo Sai Meng	256,387	0.012	—	—	256,387	0.012
Sebastian Tan Cher Liang	—	—	—	—	—	—
Derek Loh Eu Tse	—	—	—	—	—	—
<b>Substantial Shareholders</b>						
Vibrant Capital Pte. Ltd. <sup>(2)</sup>	1,119,388,556	50.35	—	—	1,119,388,556	50.35
Eric Khua Kian Keong	50,735,455	2.28	1,119,388,556	50.35	1,170,124,011	52.63
Lian Hup Holdings Pte Ltd <sup>(4)</sup>	—	—	1,119,388,556	50.35	1,119,388,556	50.35
Khua Hock Su	—	—	1,119,415,147	50.36	1,119,415,147	50.36
Vincent Khua Kian Ann <sup>(6)</sup>	—	—	1,119,388,556	50.35	1,119,388,556	50.35
Khua Kian Hua <sup>(6)</sup>	—	—	1,119,388,556	50.35	1,119,388,556	50.35

**Notes:**

- (1) The percentage shareholding interest is based on the issued share capital of 2,223,000,782 Shares as at the Latest Practicable Date.
- (2) The shareholders of Vibrant Capital Pte. Ltd. ("**Vibrant**") consist of Lian Hup Holdings Pte. Ltd. ("**Lian Hup**") who owns a 49.0% shareholding in Vibrant, and Mr Eric Khua Kian Keong, who owns the remaining 51.0% shareholding.

- (3) Mr Eric Khua Kian Keong is deemed to be interested in 1,119,388,556 Shares held by Vibrant by virtue of his controlling interest in Vibrant.
- (4) Lian Hup is deemed to be interested in 1,119,388,556 Shares held by Vibrant by virtue of its shareholding interest in Vibrant.
- (5) Mr Khua Hock Su is deemed to be interested in a total of 1,119,415,147 Shares, of which 1,119,388,556 Shares are held by Vibrant by virtue of his shareholding interests in Lian Hup and 26,591 Shares are held directly by his wife, Madam Lee Siew Geok.
- (6) Messrs Vincent Khua Kian Ann and Khua Kian Hua are deemed to be interested in 1,119,388,556 Shares held by Vibrant by virtue of their respective shareholding interests in Lian Hup.

7.2 Save as disclosed in paragraph 7.1 of this Circular, none of the other Directors or Substantial Shareholders of the Company have any direct or indirect interest in the Proposed Transactions.

## **8. STATEMENT OF THE AUDIT COMMITTEE**

The Audit Committee, having considered the terms of the SCPL Subscription Agreement, the Feeder Fund Subscription Agreement and the rationale for the Proposed Transactions, are of the view that the Proposed Transactions are in the best interests of the Company and its minority Shareholders, although it should be understood that there is no assurance given that any of the substantial risk factors involved in investing in the Feeder Fund would not materialise, and if any one or more of such risks were to materialise, this might result in substantial or even complete loss of the Feeder Fund Subscription by the Company. The Audit Committee is also of the opinion that the directors and managers of SCPL has the necessary expertise to manage the Master Fund and the Feeder Fund.

## **9. DIRECTORS' STATEMENT AND RECOMMENDATION**

The Directors are of the opinion that the directors and managers of SCPL have the necessary expertise to manage the Master Fund and the Feeder Fund. Having considered the terms of the SCPL Subscription Agreement, the Feeder Fund Subscription Agreement and the rationale for the Proposed Transactions, the Directors are also of the view that the Proposed Transactions are in the best interests of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Transactions.

Any Shareholder who may require specific advice should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

## **10. EXTRAORDINARY GENERAL MEETING**

The EGM, notice of which is set out on page 22 of this Circular, will be held on 15 March 2011 at 3.00 p.m. at 51 Penjuru Road, #04-00 Freight Links Express Logisticentre, Singapore 609143, for the purpose of considering and, if thought fit, passing with or without modifications, the ordinary resolution set out in the said EGM Notice.

## **11. ACTION TO BE TAKEN BY SHAREHOLDERS**

If a Shareholder is unable to attend the EGM and wishes to appoint a proxy to attend and vote at the EGM on his behalf, he should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company not later than 48 hours before the time fixed for the EGM. The completion and lodgement of the Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he so wishes.

A Depositor shall not be regarded as a member of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 48 hours before the EGM.

## **12. DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors (including those who have delegated detailed supervision of this Circular) collectively and individually accept responsibility for the accuracy of the information given in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular are fair and accurate in all material respects as at the date of this Circular and there are no material facts the omission of which would make any statement in this Circular misleading. Where information has been reproduced from publicly available sources, the sole responsibility of the Directors has been to ensure that such information is accurately reproduced in this Circular.

## **13. CONSENT**

LaCrosse Global Fund Services LLC and Deutsche Bank AG have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their names in the form and context in which they appear in this Circular.

## **14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at the registered office of the Company at 51 Penjuru Road #04-00 Freight Links Express Logisticentre Singapore 609143, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the annual report of the Company for FY2010;
- (c) the SCPL Subscription Agreement; and
- (d) the Feeder Fund Subscription Agreement.

Yours faithfully  
For and on behalf of the Board

Eric Khua Kian Keong  
Executive Director and CEO  
**Freight Links Express Holdings Limited**

# FREIGHT LINKS EXPRESS HOLDINGS LIMITED

(Company Registration Number: 198600061G)  
(Incorporated in the Republic of Singapore)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Freight Links Express Holdings Limited (the "**Company**") will be held on 15 March 2011 at 3.00 p.m. at 51 Penjuru Road, #04-00 Freight Links Express Logisticcentre, Singapore 609143, for the purpose of considering and, if thought fit, passing (with or without modification) the following Ordinary Resolution:

### Ordinary Resolution

#### **The Proposed Transactions**

THAT approval be and is hereby given for:

- (a) the proposed subscription by the Company of new shares in the capital of Sentosa Capital (Pte.) Ltd. and the proposed subscription by the Company of new shares in the capital of Sentosa Asian Credit Offshore Feeder Fund Limited, on the terms and subject to the conditions set out in the SCPL Subscription Agreement and the Feeder Fund Subscription Agreement respectively, the principal terms of which are set out in the Company's circular to Shareholders dated 28 February 2011 (including supplements and modifications thereto) (the "**Circular**"); and
- (b) the Directors of the Company and each of them be and is/are hereby authorised and empowered to complete and to do all such acts and things, and to approve, amend, modify, supplement and execute such documents, as they or he may consider necessary, desirable or expedient in connection with any of the aforesaid transactions or to give effect to any of the aforesaid transactions and/or to give effect to the approvals given by this Resolution, and generally to do all such things as he deems necessary or expedient for all the foregoing purposes.

All capitalised terms in this Notice which are not defined herein shall have the same meaning ascribed to them in the Circular.

By Order of the Board

Ms Dorothy Ho / Nancy Quek  
Company Secretaries  
28 February 2011

#### **Notes:**

- (a) A member entitled to attend and vote at the EGM is entitled to appoint one or two proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- (b) Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
- (c) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
- (d) The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 51 Penjuru Road #04-00 Freight Links Express Logisticcentre Singapore 609143, not less than 48 hours before the time for holding the EGM.

# FREIGHT LINKS EXPRESS HOLDINGS LIMITED (“Company”)

(Company Registration No. 198600061G)  
(Incorporated in the Republic of Singapore)

## PROXY FORM

### EXTRAORDINARY GENERAL MEETING

#### IMPORTANT

1. For investors who have used their CPF monies to buy shares in the Company, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the EGM as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the timeframe specified to enable them to vote on their behalf.

\*I/We \_\_\_\_\_ (Name), NRIC / Passport No. \_\_\_\_\_ of  
\_\_\_\_\_ (Address)

being a \*member / members of the Company hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Shareholdings (%)

and/or (delete as appropriate)

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or failing him/her, the Chairman of the EGM, as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll, at the meeting of the Company to be held on 15 March 2011 at 3.00 p.m. at 51 Penjuru Road, #04-00 Freight Links Express Logisticcentre, Singapore 609143 and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the EGM as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/their discretion, as he/they will on any other matter arising at the EGM.

Ordinary Resolution	To be used on a show of hands		To be used in the event of a poll	
	For*	Against*	Number of Votes for**	Number of Votes against**
To approve the Proposed Transactions				

\* Please indicate your vote “For” or “Against” with a “x” within the box provided

\*\* If you wish to exercise all your votes “For” or “Against”, please indicate with a “x” within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Total No. of Shares	No. of Shares
In CDP Register	
In Register of Members	

\_\_\_\_\_  
Signature(s) of Shareholder(s) or Common Seal of  
Corporate Shareholder





## IMPORTANT: PLEASE READ NOTES BELOW

### NOTES:

1. A member of the Company ("**Member**") entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A proxy need not be a Member.
2. Where a Member appoints two (2) proxies, he shall specify the proportion of his shareholding in the Company (expressed as a percentage of the whole) to be represented by each such proxy.
3. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.
4. A corporation which is a Member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the EGM, in accordance with Section 179 of the Companies Act (Chapter 50 of Singapore) ("**Companies Act**").
5. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the Company's registered office at 51 Penjuru Road #04-00 Freight Links Express Logisticcentre Singapore 609143, not less than 48 hours before the time set for the EGM.
6. A Member should insert the total number of ordinary shares of the Company ("**Shares**") held. If the Member has Shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act), he should insert the number of Shares. If the Member has Shares registered in his name in the Register of Members of the Company, he should insert the number of Shares. If the Member has Shares entered against his name in the Depository Register and Shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of Shares. If no number is inserted, this Proxy Form will be deemed to relate to all the Shares held by the Member.
7. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such Members are not shown to have Shares entered against their names in the Depository Register as at 48 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.
8. A depositor shall not be regarded as a Member entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time set for the EGM.