

# FREIGHT LINKS EXPRESS HOLDINGS LIMITED

(Company Registration No. 198600061G)

## ANNOUNCEMENT

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### PURCHASE OF SHARES IN FREIGHT MANAGEMENT HOLDINGS BERHAD

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#### 1. INTRODUCTION

##### 1.1 The Acquisition

The Board of Directors of Freight Links Express Holdings Limited ("**FLEH**" or the "**Company**") wishes to announce that on 10th November 2006, FLEH purchased (through its wholly-owned subsidiary, Singapore Enterprises Pte Ltd), 16,940,000 ordinary shares of RM0.50 each (collectively the "**Relevant Shares**") in Freight Management Holdings Berhad ("**FMHB**"). In addition to the 100,000 FMHB Shares the Company had previously bought, this results in the Company having a total shareholding in FMHB of 17,040,000 shares, amounting to 20% of the total issued share capital of FMHB. FLEH has, as a result, become a substantial shareholder of FMHB.

FMHB is a company incorporated in Malaysia, whose shares are listed on the Malaysian Stock Exchange ("**Bursa Malaysia**"). FMHB is an established international logistics service provider offering multi-modal freight services, warehousing & distribution, custom brokerage, project cargo services and marine logistics.

The purchases of the said FMHB Shares were conducted on Bursa Malaysia, either on the open market or through married deals with shareholders in FMHB. The total cost of the acquisition of 17,040,000 shares before brokerage amounted to RM15,107,380 (approximately S\$6,461,935), resulting in an average purchase price of RM0.8866 (or S\$0.3792) per FMHB Share.

The closing market price of the FMHB Shares on 9th November 2006, being the last preceding day on which FMHB Shares were traded on Bursa Malaysia was RM0.88. The closing market price on 10th November 2006 was RM0.94.

##### 1.2 Rationale

This strategic alliance will generate benefits and synergies for both companies in terms of overall profitability and growth. It will also pave the way by combining the key competitive strengths of both companies to work together and seize opportunities in new markets.

FMHB has a strong sea freight forwarding operations supported by its international agency network and infrastructure. FMHB is a leading international freight service provider in Malaysia, hence it has established a strong network of operations and offices within the country, including its custom brokerage services. This will allow Freight Links Group to synergize its existing sea freight operations with FMHB in Malaysia to achieve greater efficiency and higher growth. In addition, it enhances our positions and standing in global freight forwarding by synergizing the networks of both companies.

Freight Links Group will have access to Freight Management's rail freight services, between Port Klang and Lat Krabang, Bangkok. It presents an opportunity to Freight Links Group to cross sell rail freight services to her existing and potential customers.

FMHB has an established air freight infrastructure in Malaysia as well as a comprehensive network. Using FMHB's strength in this area, Freight Links Group will be able to further develop and strengthen the air freight business with FMHB and explore new markets in the Asia Pacific region.

Complementing Freight Links Group's warehousing and distribution business, FMHB offers bonded warehouse space, general warehousing, distribution and value added services. This will enable clients of the two companies to have a higher level of integrated logistics services across Singapore and Malaysia.

FMHB owns 51% of TCH Marine in Singapore. TCH Marine specializes in the provision of barge, tugboat and other value added marine logistics services. This will enhance Freight Links Group's entry into marine logistics and also increases the range of its multi-modal freight services.

Freight Links Group is an established chemical logistics service provider in Singapore and Malaysia. With Freight Links' chemical logistics infrastructure and FMHB's strong logistics reputation and large pool of customer base in Malaysia, we will be able to work together to expand and grow this market through cross selling and provision of value added chemical logistics services.

### 1.3 Put Agreement

FLEH has entered into a Put Option Agreement (the "**Put Agreement**") with Messrs Chew Chong Keat and Yang Heng Lam (the "**First Parties**") who are respectively the Managing Director and Executive Director of FMHB.

Under the terms of the Put Agreement, the First Parties have, on a joint and several basis, granted to the Company an option (the "Put Option") to require the First Parties to purchase from the Company some of the Relevant Shares at RM0.8875 (the "Target Price") each (being the average purchase price paid by FLEH for the Relevant Shares), on the terms of the Put Agreement. Principally, the Put Option may be exercised by FLEH if FMHB Shares do not attain the Target Price during a reference period of 12 months (which may be extended to 18 months) after FLEH's payment for the Relevant Shares. FLEH's right to exercise the Put Option also allows it to receive the cash value of the Put Option (to be computed based on a specified formula) instead of selling its FMHB Shares.

Each of FLEH and the First Parties have undertaken not to sell, transfer or otherwise dispose of any of their FMHB Shares during the said reference period, unless otherwise agreed in writing by both Parties.

### 1.4 Discloseable Transaction

The purchase of the FMHB Shares constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual.

## 2. INFORMATION REQUIRED UNDER RULE 1010

The following is information on the above transactions required under the Listing Manual (Rule 1010):-

### 2.1 Consideration

The consideration for the acquisition of 17,040,000 FMHB Shares (the "**Acquisition**") is about S\$6.5 million, which has been financed from the Company's internal resources.

### 2.2 Financial Effects

#### 2.2.1 Effect on net tangible assets

Assuming the Acquisition had been effected on 30 April 2006, there is no material impact on the consolidated net tangible assets of the Company for the financial year ended 30 April 2006.

### 2.2.2 Effect on earnings per share

The effect of the Acquisition on the earnings per share of the Company for the financial year ended 30 April 2006 assuming the Acquisition had been effected on 1 May 2005 would be as follows:-

|   | Before Proposed Transaction | After Proposed Transaction |
|---|-----------------------------|----------------------------|
| Profit after tax and minority interest (\$'000) | 10,729                      | 11,031                     |
| Earnings per share (cents)                      | 0.60                        | 0.62                       |

### 2.3 Relative Figures computed on the bases set out in Rule 1006

Based on the latest audited consolidated accounts of the Company as at 30 April 2006, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:-

|     |  |                |
|-----|--|----------------|
| (a) | Net asset value of the assets to be disposed of, compared with the FLEH group's net asset value  | Not applicable |
| (b) | Net profit attributable to the assets acquired compared with the FLEH group's net profits  | 7.1%           |
| (c) | Aggregate value of consideration given compared with FLEH's market capitalisation as at 9 November 2006  | 5.5%           |
| (d) | Number of equity securities issued by FLEH as consideration for the acquisition, compared with number of equity securities previously in issue | Not applicable |

### 2.4 Other Information

#### 2.4.1 Interests of Directors and Controlling Shareholders

None of the Directors or substantial shareholders of FLEH has any interest, direct or indirect, in the Acquisition.

#### 2.4.2 Service Contracts

There are no service contracts of directors proposed to be appointed to FLEH in connection with the Acquisition.

By Order of the Board

Thomas Woo  
Executive Director/CFO

13 November 2006