



## **FREIGHT LINKS EXPRESS HOLDINGS LIMITED**

51 Penjuru Road #04-00 Freight Links Express Logisticcentre, Singapore 609143  
Tel: 6262 6988 (30 Lines) Fax: 6262 6928  
Co. Regn No. 198600061G

### **Media Release**

#### **FREIGHT LINKS EXPANDS LOGISTICS INFRASTRUCTURE TO SERVE PETROCHEMICAL INDUSTRY IN CHINA**

*Singapore, 10 May 2005* – Mainboard-listed Freight Links Express Holdings Limited (“FLEH” or the “Company”), one of the region’s leading logistics management and integrated freight forwarding groups, is moving into China’s oil industry in a big way. The Company is significantly extending its logistics capabilities by investing in a petrochemical storage terminal and bulk liquid port in China, signaling a bold step by FLEH to enter this rapidly growing area. This move is well-timed with China reporting the world’s highest growth rate in oil consumption at 7.5% annually over the next two decades. FLEH is now strategically positioned to effectively serve the chemical and oil industries in China.

FLEH has entered into a RMB135 million (S\$26.74 million) investment agreement (the “Investment Agreement”) with Fu Dao Investment Group Pte Ltd (“Fu Dao Group”) in the People’s Republic of China (“PRC”). The Investment Agreement will take the form of a convertible loan (the “Convertible Loan”) to be disbursed in three tranches (Tranche 1 - RMB50 million, Tranche 2 - RMB40 million, Tranche 3 - RMB45 million) subject to all applicable conditions being met. The convertible loan will be converted (if relevant conditions are met) at the Company’s option into new ordinary shares in Fu Dao Group, resulting in FLEH acquiring not less than a 43.5% stake in Fu Dao Group. This will be an equal stake with Fu Dao’s principal shareholder, Mr Zhang Ren Fa (the “Shareholder”) who holds a 43.5% stake in Fu Dao Group.

With the PRC’s economy growing at an explosive rate, and an 8%-9% economic growth anticipated for 2005, the demand for oil will continue to rise exponentially. The PRC’s rapid industrialisation and urbanisation has ensured that it is the second largest consumer of crude oil in the world. Imports and consumption of oil are expected to continue to enjoy significant growth in the foreseeable future.

Commenting on the transaction, Mr Eric Khua, Chief Executive Officer of FELH, said, “This investment signals the beginning of a new phase of growth



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for FLEH and is the next step in the expansion of our business into the PRC. With this investment, FLEH is strongly positioned to capitalise on the tremendous potential that the rapidly growing Chinese economy offers. We are very pleased to enter into this agreement with Fu Dao and will put every effort to develop this business to its fullest potential. We see a tremendous future for this business and look forward to an eventual listing on the Singapore Exchange for Fu Dao“

Fu Dao Group comprises Fu Dao Investments Group Co, Pte Ltd (“Fu Dao”), Rizhao Yuanfeng Oil Products Co., Ltd. (“Terminal”) and Rizhao Yuanfeng Asphalt Chemical Industry Co., Ltd (“Refinery”). Fu Dao Group is beneficially owned by Mr Zhang Ren Fa. The core businesses of Fu Dao Group consists of the provision of storage facilities for oil products, the operation of an asphalt refinery, and the distribution of oil products.

The Terminal supports the oil distribution activities of the Fu Dao Group and provides storage facilities for a wide range of oil products. Since its construction in 1993, increased demand has required that the Terminal increase its storage capacity from 40,000 cubic metres to 82,040 cubic metres today. The Terminal is strategically located within the Rizhao Port and is logistically well connected being only 800 metres away from the port area. It is also linked to the main railway system via its privately owned railway line.

The Refinery is involved in the production and sale of asphalt. Storage tanks in the premises of the Refinery also provide storage facilities for oil products. Currently the Refinery has storage space for 200,000 cubic metres of oil products and a 300,000 ton distillation facility. Due to increasing demand, Fu Dao is targeting to expand the capacity of the Refinery to include a 3 million ton distillation facility. The Refinery is expected to commence operations by June 2005.

Fu Dao also owns a 3.31% stake in RiZhao HaiMing Petroleum Storage and Transportation Co. Ltd. which is developing a port dedicated to the oil and petrochemical industry in LanShan District of RiZhao City.

Key conditions for the Convertible Loan to be converted, at FLEH’s option, into Fu Dao ordinary shares, include the condition that the Refinery successfully completes one full calendar month of commercial production, where the Refinery is able to produce not less than 75% of the monthly



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production target notified to the Company. Another key consideration is the completion of a business plan that meets the requirements of an initial public offering and reflects the intended business operations of the Fu Dao Group. And lastly, beyond standard events of default, the Refinery must complete one month of commercial production at 75% of weekly production capacity by 30 September 2005 to avoid defaulting on the Investment Agreement.

“This is a significant move for FLEH as we have always viewed the PRC as one of our key markets for growth and expansion. This transaction represents an excellent synergistic opportunity for us to maximise our strengths in logistics and strategically enter into an industry that offers extensive growth potential. We see turnover and earnings increasing with this venture thus allowing us to further enhance shareholder value,” said Mr Khua.

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### **About Freight Links Express Holdings Limited**

Freight Links Express Holdings is one of the leading Logistics Management and Integrated Freight Forwarding Groups in Singapore. Established in 1981, the international freight forwarding business has links to almost 700 destinations throughout the world. Apart from strong strategic partnerships with over 120 freight forwarding agents worldwide, FLEH has overseas offices in Malaysia, Australia, and Hong Kong serving as a gateway into China. The Group also owns and operates an airfreight centre with warehouses and office facilities in Melbourne through the Australian – listed subsidiary, Freight Links Express Holdings (Australia) Limited.

The Group’s warehousing facilities occupy a total area of over 131,000 square metres. FLEH has extensive experience in providing storage and freight forwarding for all types of cargoes and its comprehensive array of logistics services includes inventory control management, warehousing, distribution, container and conventional transportation, freight forwarding and container freight station operations.

To enhance the efficiency of storage management, the Group invested in the technologically advanced Automated Storage and Retrieval system (ASRS) and also utilizes a web-based Warehouse Management System that enables all customers with Internet access to view online inventory and cargo movement information anywhere and anytime.

FLEH is able to provide effective, productive and well co-ordinated total logistics solutions to local and foreign MNCs by harnessing information and technology and automation. In the age of globalisation, the Group strives to meet up with the challenges of being the leader in the logistics management and international freight forwarding business.

FLEH reported a turnover of S\$65.8 million and a net profit of S\$4.7 million for FY04.

For more information, please visit <http://www.freightlinks.net>



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### **About Fu Dao**

Fu Dao was incorporated in Singapore in May 1992 as Fu Dao Enterprises Group Co Pte Ltd. It changed its name to Fu Dao Investments Group Co Pte Ltd in March 2002.

Fu Dao has a paid-up capital S\$51 million. It is a wholly owned subsidiary of Shandong Luqi Business Group Co. Ltd ("Luqi"). Luqi is the investment holding company for the promoter of Fu Dao Group, Mr Zhang Ren Fa ("Mr Zhang"). Mr Zhang beneficially owns 100% of the shareholding of Luqi.

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