

FREIGHT LINKS EXPRESS HOLDINGS LIMITED

Purchase and Lease of 218 Pandan Loop, Singapore 128408

1. INTRODUCTION

Freight Links Express Holdings Limited (the “**Company**”) is pleased to announce that Freight Links Express Air Systems Pte Ltd (“**Purchaser**”), a wholly owned subsidiary of Freight Links Express Districentre Pte Ltd, has entered into the conditional Put and Call Option Agreement (the “**Option Agreement**”) with FoodBex Global Pte Ltd (the “**Vendor**”) today for the purchase of a Jurong Town Corporation property (the “**Proposed Transaction**”) known as 218 Pandan Loop Singapore 128408 (the “**Property**”). Freight Links Express Districentre Pte Ltd is a wholly owned subsidiary of the Company.

Pursuant to the Option Agreement:

- (a) the Vendor has granted the Purchaser a call option (the “**Call Option**”) to require it to enter into an agreement for the purchase of the Property (in the form of the sale and purchase agreement appended to the Option Agreement (the “**Sale and Purchase Agreement**”)); and
- (b) the Purchaser has granted the Vendor a put option (“**Put Option**”) to require it to enter into the Sale and Purchase Agreement for the sale of the Property.

2. RATIONALE

The Proposed Transaction is in line with the Group’s investment strategy to redeploy its capital more efficiently for higher yield investments. Based on the purchase price, the Property is expected to generate an average property yield of 11.0 per cent per annum.

3. INFORMATION ON THE PROPERTY

The Property is located within Pandan Industrial Estate, off West Coast Highway and about 14.5 km from the city centre. Completed in 1992, the Property comprises 2-storey office building with an adjoining single storey warehouse with cold rooms/freezer/chiller facilities. The total gross floor area is approximately 5,044 sqm including proposed extension of approximately 373 sqm on a land area of 8,982.7 sqm. It has a leasehold interest for a term of 30 years commencing 16 September 1989 with an option to renew for a further term of 30 years.

4. PRINCIPAL TERMS OF THE PROPOSED TRANSACTION

- 4.1 The proposed purchase price for the Property is S\$7.5 million (the “**Purchase Price**”), and was arrived at on a willing-buyer willing-seller basis, and is supported by the full valuation report of Colliers International Consultancy & Valuation (Singapore) Pte Ltd dated 21 March 2005.
- 4.2 A refundable deposit of S\$0.075 million has already been paid by the Purchaser. Upon completion of the Proposed Transaction, Vendor will have to pay S\$7.425 million, being the balance of the purchase price of S\$7.5 million.

4.3 Under the Option Agreement:

- (a) the Purchaser may, subject to satisfaction of relevant conditions precedent, exercise the Call Option at any time prior to expiry of three months from the date of Option Agreement to elect to purchase the Property; and
- (b) the Vendor may, subject to satisfaction of relevant conditions precedent, exercise the Put Option at any time prior to expiry of three months from the date of Option Agreement to elect to sell the Property.

The conditions precedent under the Option Agreement are:

- i. for the Vendor to obtain its mortgagee in-principle consent to discharge of mortgage on completion;
- ii. for the Purchaser to obtain satisfactory financing for the purchase of the Property; and
- iii. for Jurong Town Corporation to grant its in-principle consent for the Proposed Transaction.

Jurong Town Corporation's in-principle consent for the Proposed Transaction has been obtained.

4.4 On completion, the Vendor will execute in favour of the Purchaser a deed of assignment of the existing sublease agreement dated 10 January 2005 ("**Freshmart Sublease**") entered into between Vendor and Freshmart Singapore Pte Ltd relating to part of the Property. The Sale and Purchase Agreement provides that the Purchaser will lease to the Vendor the rest of the Property not comprised in the Freshmart Sublease for a term of 10 years upon completion of the Sale and Purchase Agreement at an initial annual rent of S\$825,000 and at a 2% rent escalation per annum for each subsequent year.

5. VALUATION

The open market value of the Property based on the valuation carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd and commissioned by the Company, is S\$7.5 million as at 4 March 2005.

6. METHOD OF FINANCING

The Proposed Transaction is financed through bank borrowings and internal funding.

7. RELATIVE FIGURES UNDER CHAPTER 10 (LISTING MANUAL)

The relative figures for the Proposed Transaction computed on the bases set out in Rule 1006 of the SGX-ST Listing Manual, are as follows:-

Rule 1006	Bases	Computation
(a)	Net asset value of the Property to be	Not applicable

	disposed of, compared with the Group's net asset value	
(b)	Net profits attributable to the Property acquired, compared with the Group's net profits	Not applicable
(c)	Aggregate value of consideration received, compared with the Company's market capitalisation as of 19 May 2005	S\$7.5 million/ S\$134.52 million = 5.58%
(d)	Number of equity securities issued by the Company as consideration for the Proposed Transaction, compared with the number of equity securities previously in issue.	Not applicable

Note: Group refers to the Company and its subsidiaries

Based on the above, the Proposed Transaction is a discloseable transaction under Chapter 10 of the Listing Manual.

8. FINANCIAL EFFECTS

(a) Earnings

Assuming that the Proposed Transaction had been completed on 1 May 2003 and based on the Group's audited consolidated financial statements for 30 April 2004, the proforma effects on the consolidated earnings of the Group are as follows:

	Before Proposed Transaction	After Proposed Transaction
Profit after tax and minority interests (S\$'000)	4,663	5,150
Earnings per share (cents)	0.67	0.74

(b) Net Tangible Assets ("NTA")

Assuming that the Proposed Transaction had been completed on 30 April 2004, there is no material impact on the consolidated NTA of the Group as at 30 April 2004.

9. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.

10. DOCUMENTS FOR INSPECTION

Copies of the Option Agreement, the draft sale and purchase agreement, the draft lease agreement and the valuation report of Colliers International Consultancy & Valuation (Singapore) Pte Ltd will be available for inspection during normal business hours at the Company's registered office for 3 months from the date of this announcement.

BY ORDER OF THE BOARD

Thomas Woo
Executive Director & CFO
Singapore, 20 May 2005