

## FREIGHT LINKS EXPRESS HOLDINGS LIMITED

---

Proposed Sale of 30/32 Tuas Avenue 8 (including the building) owned by Freight Links Fabpark Pte. Ltd.

---

### INTRODUCTION

1. The Board of Directors of Freight Links Express Holdings Limited (the "Company") is pleased to announce that Freight Links Fabpark Pte. Ltd. ("**FL Fabpark**"), a wholly owned subsidiary of the Company, has on 7 December 2007 entered into a transaction (the "**Proposed Transaction**") with the trustee of a private real estate investment trust (the "**Contracting Party**") for the sale of its leasehold interest in respect of 30/32 Tuas Avenue 8 (comprised in Government Resurvey Lot 2927N of Mukim 7) together with the building comprised in the property (the "**Property**").
2. FL Fabpark's leasehold interest in the Property is for a term of 30 years commencing 1 September 1996 with an option to renew for a further 30 years from the expiry of the said term.
3. In connection with the Proposed Transaction, FL Fabpark is required to enter into, inter alia, a put and call option agreement (incorporating purchase conditions) with the Contracting Party. Upon the signing of the put and call option agreement, the parties will take steps to satisfy the relevant conditions precedent, including obtaining the necessary approval from JTC for the sale of the Property.

Upon the satisfaction of the conditions precedent for the Proposed Transaction, FL Fabpark will be entitled to require the Contracting Party to purchase the Property on the terms and conditions set out in the put and call option agreement and the purchase conditions (by exercising the put option granted under the put and call option agreement) and the Contracting Party will be entitled to require FL Fabpark to sell the Property on the terms and conditions set out in the put and call option agreement and the purchase conditions (by exercising the call option granted under the put and call option agreement).

Under the terms of the Proposed Transaction, the exercise of the option by FL Fabpark or the Contracting Party under the put and call option agreement (as the case may be) and the completion of the Proposed Transaction shall occur at the same time. On completion of the Proposed Transaction, FL Fabpark will assign the existing lease agreement with Microcircuit Technology (2002) Pte Ltd in respect of the Property to the Contracting Party.

4. The Proposed Transaction is anticipated to be completed on or about December 2008, being the time parties expect to obtain the relevant approval from JTC for the sale of the Property and to satisfy the other conditions precedent in relation to the Proposed Transaction.

### RATIONALE

5. The Proposed Transaction will enable the Company to reduce its bank borrowings and to re-deploy its capital more efficiently towards developing the existing businesses of the Company and its subsidiaries (the "**Group**"). It is in line with the Group's strategy to unlock the value of its assets and to focus on its core competencies. The management intends to seek opportunities to acquire businesses that will improve the earnings of the Group.

## **PURCHASE CONSIDERATION**

6. The proposed sale price of the Property (inclusive of certain mechanical and electrical equipment) is S\$20.8 million and was arrived at on a willing buyer – willing seller basis.
7. In deciding the purchase consideration for the Property, the Company compared the purchase consideration offered for the Property with that received by other companies for similar properties sold to real estate investment trust companies in the same vicinity. The Company also took into account indicative proposals from other real estate investment trust companies for the Property and found that the proposed sale price to be fair and reasonable.
8. The sale price, subject to such terms as set out in the documents relating to the Proposed Transaction, is payable by the Contracting Party in the following manner:-
  - (a) on the signing of the put and call option agreement, an option fee of S\$1.00
  - (b) upon FL Fabpark obtaining the approval of JTC for the sale of the Property and the Contracting Party being satisfied that the result of its due diligence in respect of the Property after such approval is obtained is consistent with the results of its initial due diligence prior to the signing of the put and call option agreement, a deposit (the “**Deposit**”) of S\$208,000 shall be payable to the solicitors of FL Fabpark and the solicitors of the Contracting Party (as joint stakeholders); and
  - (c) on completion of the Proposed Transaction, the balance of the purchase consideration shall be payable; and the joint stakeholders will release the Deposit to FL Fabpark.

## **VALUATION**

9. At signing of the put and call option agreement, the book value of the Property is approximately S\$13.0 million. Accordingly, the excess of the proceeds from the Proposed Transaction over the book value of the Property is S\$7.8 million.
10. There was no recent independent valuation done by the Company on the Property.

## **MATERIAL CONDITIONS TO THE PROPOSED TRANSACTION**

11. The Proposed Transaction is subject to, inter alia, :-
  - (a) FL Fabpark obtaining, inter alia, the written approval of JTC for the sale of the Property by FL Fabpark to the Contracting Party;
  - (b) the Contracting Party completing its due diligence investigation on the Property and is satisfied with its findings and also obtaining satisfactory legal requisition reply on the Property.

## **USE OF PROCEEDS**

12. The proceeds of the Proposed Transaction will be used to reduce bank borrowings, to expand the businesses of the Group and provide additional working capital for the Group’s businesses.

## FINANCIAL EFFECTS

### (a) Net Tangible Assets (“NTA”)

13. Assuming that the Proposed Transaction had been completed on 30 April 2007 and based on the Group’s audited consolidated financial statements for 30 April 2007, the proforma effects on the consolidated NTA of the Group are as follows:

	Before Proposed Transaction	After Proposed Transaction
NTA (S\$’000)	88,391	94,487
NTA per share (cents)	4.93	5.27

### (b) Earnings

14. Assuming that the Proposed Transaction had been completed on 1 May 2006 and based on the Group’s audited consolidated financial statements for 30 April 2007, 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)	12,537	18,819
Earnings per share (cents)	0.70	0.98

## APPLICATION OF RULE 1006 OF THE LISTING MANUAL

15. The relative thresholds under Rule 1006 of the SGX-ST Listing Manual are as follows:-

Rule 1006	Bases	Computation	Threshold
(a)	Net asset value of the assets to be disposed of, compared with the Group’s net asset value, for the first half year ended 31 October 2007.	S\$13.0 million / S\$112.6 million = 11.5%	Below the threshold of 20%
(b)	Net profits attributable to the assets disposed of, compared with the Group’s net profits.	S\$0.45 million / S\$4.75 million = 9.5%	Below the threshold of 20%
(c)	Aggregate value of consideration received, compared with the Company’s market capitalization as of 10 December 2007.	S\$20.8 million / S\$199.8 million = 10.4%	Below the threshold of 20%
(d)	Number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not applicable	Not applicable

Note: Group refers to the Company and its subsidiaries. The relative thresholds have been calculated based on a purchase consideration of S\$20.8 million.

Having regard to the above, the Proposed Transaction does not constitute a major transaction by the Group under Chapter 10 of the SGX-ST's Listing Manual and accordingly, does not require the approval of the shareholders of the Company at an extraordinary general meeting.

#### **INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

16. None of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Transaction.
17. No Directors will be appointed by the Company in connection with the Proposed Transaction.

#### **OTHERS**

18. A copy each of the put and call option agreement (with purchase conditions) dated 7 December 2007 is available for inspection by shareholders during normal business hours 9.00am to 6.00pm on a business day for a period three months from the date of this announcement at the Company's registered office at 51 Penjuru Road, #04-00, Freight Links Express Logistcentre, Singapore 609143.
19. The Company will make future announcements via SGXNET as appropriate.

BY ORDER OF THE BOARD

Henry Chua  
Executive Director/ CCDO  
10 December 2007