

**FRAMEWORK AGREEMENT FOR ACQUISITION OF LOGISTICS BUSINESS
IN THE PEOPLE'S REPUBLIC OF CHINA**

INTRODUCTION

Board of Directors (the "**Directors**") of Sky One Holdings Limited (the "**Company**") wishes to announce that, Sky One Network (Holding) Ltd (the "**Purchaser**"), a wholly-owned subsidiary of the Company, and the shareholders of Special Speed International Logistics Ltd (北京特讯国际物流有限公司) ("**SSI**") (the "**Vendors**") have, on 24 June 2011, entered into a framework agreement (the "**Framework Agreement**") with the objective of jointly developing logistics businesses in the People's Republic of China ("**PRC**").

SALIENT TERMS OF THE FRAMEWORK AGREEMENT

The Framework Agreement provides for:

- (i) the Vendors to incorporate a limited company to be called Skyone SSI Logistics (HK) Limited in Hong Kong (the "**HK Company**") and for the HK Company to set up a Wholly Foreign Owned Enterprise in Shanghai ("**Shanghai WFOE**") to carry out international logistics business in the PRC;
- (ii) the Vendors to procure that SSI sells certain of its assets (the "**Logistics Assets**") to the Shanghai WFOE upon incorporation of the HK Company and registration of the Shanghai WFOE. The Logistics Assets would comprise (a) properties, plant and equipment in use for the operation of the logistics business of SSI; (b) inventories; and (c) labour contracts, customer contracts, supplier contracts, licenses, lease contracts and insurance policies;
- (iii) the Purchaser to purchase, and the Vendors to sell, 100% of the issued shares of the HK Company ("**Sale Shares**") for a consideration of HK\$10,000,000 cash ("**Cash Consideration**") and 2,450,000 ordinary shares in Sky One International Freight Limited ("**SOIFL**") which is a wholly-owned subsidiary of the Purchaser ("**Consideration Shares**"), representing 49% interest in SOIFL (the "**HK Company Acquisition**"); and
- (iv) a shareholders' agreement to be entered into by the shareholders of SOIFL after the completion of the HK Company Acquisition.

The HK Company Acquisition shall be subject to a definitive agreement (the "**SPA**") to be signed between the Vendor and the Purchaser and shall be conditional upon, *inter alia*:

- (a) the Shanghai WFOE having been established with a business scope suitable for carrying out international logistics business in the PRC as approved by the local Administration for Industry and Commerce;
- (b) SSI and the Shanghai WFOE having entered into an agreement for the acquisition of the Logistics Assets;

- (c) the shareholders of Sky One Holdings Limited having approved the transactions contemplated by this Agreement and the SPA in an extraordinary general meeting to be convened (if required by the listing rules of SGX-ST);
- (d) each of the Vendors having entered into an employment agreement with the Shanghai WFOE in terms satisfactory to the Purchaser.

FINANCIAL EFFECTS OF THE HK COMPANY ACQUISITION

The Company will make further announcement to provide an illustration of the financial effects of the HK Company Acquisition as and when a definitive agreement for the HK Company Acquisition is signed.

ABOUT SSI

SSI is a licensed international freight forwarding agent in the PRC. Established since 1992, SSI has five (5) branch offices (Beijing, Shanghai, Shenzhen, Qingdao and Tianjin) with over 200 staff. Its scope of services include air and ocean freight forwarding, customs brokerage and clearance, domestic warehousing and distribution, as well as specialized logistics services such as packaging, exhibition, fine art and removal.

SSI is ISO accredited and is a registered member of CGLN (China Global Logistics Network), FIDI Global Alliance - Network of International Quality Movers, HHGFAA (Household Goods Forwarders Association of America), and CIFA (China International Freight Forwarders Association).

RATIONALE FOR THE FRAMEWORK AGREEMENT

The Directors believe that the HK Company Acquisition is a synergistic fit to the existing business of the Company and its subsidiaries (the “**Group**”). Currently, SSI does not have any operations in Hong Kong and the Group does not have a presence in the PRC. Through the Framework Agreement, the Group would be able to tap into SSI’s well-established customer network and extend its geographical presence and service reach beyond Hong Kong into other major cities in the PRC. The Directors believe that an extensive network will increase the Group’s delivery capabilities and enable it to attract overseas’ freight agents with handling requirement in multiple cities, which will in turn enable the Group to attract more regional customers, thus creating synergy for business growth.

SSI has almost 20 years of proven track record in the industry and has a well-established client base. In particular, SSI has extensive experience in the handling of specialized logistics services such as packaging, exhibition, fine art and removal. These specialized, value-added services typically deliver higher gross margins than traditional air/ocean freight forwarding. The Company plans to leverage on SSI’s expertise and to extend such services to Hong Kong and the PRC.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save for Mr Dicky Suen Yiu Chung, Mr Lau Hon Kit and Mr Teo Chew Seng@Peter Chang who are shareholders of the Company, none of the Directors have any interest, direct or indirect, in the Framework Agreement. To the best knowledge of the Directors, none of the controlling shareholders of the Company have any interest, direct or indirect, in the Framework Agreement except as shareholders of the Company.

DOCUMENT FOR INSPECTION

A copy of the Framework Agreement is available for inspection during normal office hours at the Company's registered office at 333 North Bridge Road, #08-00 KH KEA Building, Singapore 188721 for three (3) months from the date of this announcement.

By Order of the Board

Dicky Suen Yiu Chung
Chief Executive Officer
Date: 24 June 2011

*This announcement has been prepared by the Sky One Holdings Limited ("**Company**") and its contents have been reviewed by the Company's sponsor, Collins Stewart Pte. Limited ("**Sponsor**") for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

The contact person for the Sponsor is Mr Alex Tan, Managing Director, Corporate Finance, Collins Stewart Pte. Limited at 77 Robinson Road #21-02 Singapore 068896, Telephone (65) 6854 6160.