# SUMMARY

***This summary aims at giving you an overview of the information contained in this document and should be read in conjunction with the full text of this document. As the following is only a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the* [REDACTED].**

***There are risks associated with any investment. Some of the particular risks in investing in the* [REDACTED] *are set out in the section headed "Risk factors" in this document. You should read that section carefully before you decide to invest in the* [REDACTED]. *Various expressions used in this summary are defined in the sections headed "Definitions" and "Glossary of technical terms" in this document.***

## BUSINESS OVERVIEW

Founded in 1992, our Group is a provider of transport and storage services to the logistics industry in Singapore. We offer trucking and hubbing services to our customers. Trucking services refer to the delivery of cargo, primarily containers, from our customers' designated pick up point to their designated delivery point. Hubbing services refer to the handling and storage of laden and empty containers at our logistics yard or other locations designated by our customer(s).

Led by our experienced management team, we have developed a reputation as a reliable transport and storage services provider equipped with a large vehicle fleet that is capable of handling large volumes of customer orders. As at the Latest Practicable Date, we had 174 staff under our employment of which 138 are drivers that support our vehicle fleet comprising 125 prime movers, 491 trailers, 6 reach stackers and 7 lorries, all of which were self-owned.

### Customers

Our customers are mainly logistics service providers along the supply chain in Singapore. The cargo that we transport for our customers include various types of plastic resin. Other cargo that we transport include scrap steel and paper products. During the Track Record Period, none of our Directors, their close associates or any Shareholder (who or which, to the knowledge of our Directors own more than 5% of the issued share capital of the Company as at the Latest Practicable Date) has any interest in any of our top five customers, all of which are Independent Third Parties. For each of the two years ended 31 December 2016 and the five months ended 31 May 2017, our Group's top five customers for each period accounted for approximately 76.6%, 78.9% and 72.8% of our revenue respectively. Revenue attributed to our largest customer accounted for approximately 41.2%, 40.9% and 39.4% of the revenue for the years ended 31 December 2015 and 31 December 2016 and the five months ended 31 May 2017 respectively.

### Suppliers

Our suppliers mainly include port operators, diesel providers, logistics yard service providers and tyre providers in Singapore. During the Track Record Period, none of our Directors, their associates or any Shareholders (who or which, to the knowledge of our Directors own more than 5% of the issued share capital of our Company as at the Latest Practicable Date) has any interest in any of our top five suppliers, all of which are Independent Third Parties. For each of the two years ended 31 December

2016 and the five months ended 31 May 2017, our Group's top five suppliers for each period, accounted for approximately 39.5%, 35.3% and 48.1%, respectively, of our total cost of sales, which includes container handling at ports, service fees for the provision of logistics yard services and operation and maintenance expenses of vehicles.

**Key Operational Data**

| | Year ended 31 December | | 5 months ended |
|---|---|---|---|
| | **2015** | **2016** | **31 May 2017** |
| FCL fees | 20,946,008 | 20,563,380 | 9,045,685 |
| Total number of FCL trips | 303,839 | 306,937 | 124,084 |
| Average FCL trucking rate per trip | S$68.9 | S$67.0 | S$72.9 |

| | Year ended 31 December | | 5 months ended |
|---|---|---|---|
| | **2015** | **2016** | **31 May 2017** |
| **Container Volume** | | | |
| 20 foot container | 47,113 | 41,170 | 14,554 |
| 40 foot container | 66,420 | 69,277 | 26,447 |
| Total (TEU)(1) | 179,953 | 179,724 | 67,448 |

(1) TEU refers to "Twenty-foot Equivalent Unit", For the calculation of TEU, a 20 foot container will count as one TEU and a 40 foot container will count as two TEUs.

| | Year ended 31 December | | 5 months ended |
|---|---|---|---|
| | **2015** | **2016** | **31 May 2017** |
| **Storage Days** | | | |
| 20 foot container | 228,279 | 201,949 | 71,791 |
| 40 foot container | 337,674 | 350,021 | 135,796 |
| Total | 565,953 | 551,970 | 207,587 |

**Pricing Policy**

In determining our Group's pricing policy, we consider a variety of factors. Some of the material factors include:

FCL Trucking

- Container size (20 or 40 foot containers)
- Distance required for delivery
- Prevailing market rates offered by other transport and storage service
- Fuel prices and ease of passing on fuel cost changes to the customer
- Cost analysis taking into account potential increase in wages or any third-party fees
- Determination of a reasonable profit margin
- Length of working relationship
- Number of containers transported monthly

| | |
|---|---|
| LCL Trucking | • Type of cargo<br>• Volume of cargo<br>• Equipment required to secure the cargo<br>• Distance required for delivery<br>• Prevailing market rates offered by other transport and storage service providers<br>• Fuel prices and ease of passing on fuel cost changes to the customer<br>• Cost analysis taking into account potential increase in wages or any third-party fees<br>• Determination of a reasonable profit margin<br>• Length of working relationship |
| Hubbing | • Container size (20 or 40 foot containers)<br>• Volumetric weight of container<br>• Duration of container storage<br>• Prevailing market rates offered by other transport and storage service providers<br>• Cost analysis taking into account potential increase in any third-party fees<br>• Service fees paid in relation to our logistics yard<br>• Determination of a reasonable profit margin<br>• Length of working relationship |

**Market share and ranking**

The market for the transportation and storage sector in Singapore is highly fragmented and competitive, with each market player having a fraction of the market share. Newer industry players will have to compete against those experienced and mature transportation and logistics providers and will less likely be able to develop vast networks within a short period of time. Also, transportation services are relatively labour intensive. A shortage in local labour particularly drivers has resulted in a rise of transportation and logistics cost. According to the Ipsos Report, based upon reported revenues for 2015, (i) our Company was ranked 5th amongst the 46 transportation and logistics companies in Singapore that had a substantial focus on land transportation activities as part of our business; and (ii) our Company had a market share of 0.7% of the estimated market revenue from the transportation and storage sector of approximately S$3.8 billion in 2015. For further information, please refer to the section headed "Industry overview — Competitive landscape — Market share and ranking" from pages 67 to 70 of this document.

**Competitive advantages**

Our Directors believe that the following competitive advantages are the key factors to our Group's success and will enable our Group to further develop our business in the future :

— Our Group has a large fleet of vehicles to carry out our transport and storage services business;

— Our Group has built up a reputation in the industry due to our emphasis on providing quality services;

— Our Group's experienced and dedicated management team; and

— Our Group has close and stable working relationships with our suppliers.

Please refer to the section headed "Business — 1. Competitive advantages" from pages 94 to 96 of this document for further details.

**Business strategies**

Our Group aims to strengthen our position as a transport and storage services provider in Singapore. To achieve this, our Group intends to focus on the following strategies:

— Expand and upgrade our fleet size;

— Strengthen our information technology systems;

— Continue to develop our leading market position in Singapore by maintaining long-term relationships with our top 5 customers and suppliers and expand our customer base; and

— Continue to attract, train and retain skilled employees to support future growth and expansion.

Please refer to the section headed "Business — 2. Business Strategies" from pages 96 to 99 of this document for further details.

**Future plans and use of proceeds**

One of the strategies is for our Group to increase our service capacity through the acquisition of new vehicles and the expansion of our workforce. In order to cater for our business growth, we intend to acquire 20 additional prime movers, 34 trailers and 1 lorry over the twelve months ending 31 December 2017 which is to be funded from our internal resources and finance lease for approximately S$**[REDACTED]** million ("**Initial Expansion**"). As at the Latest Practicable Date, we have already acquired 14 prime movers, 34 trailers and 1 lorry for approximately S$2.5 million in connection with the Initial Expansion. Our Group also intends to apply approximately **[REDACTED]**% of total net proceeds from the **[REDACTED]** to further increase our service capacity through the acquisition of new vehicles, namely 30 prime movers and 40 trailers, and expansion of our workforce ("**Expansion Plan**").The Directors believe that the Initial Plan and Expansion Plan are necessary and appropriate in view of the following:

(a) High utilisation rate of our prime movers;

(b) Increasing demand from existing and new customers; and

(c) Stricter vehicle emission standards.

Based on an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]** (being the mid-point of the **[REDACTED]** range), the net proceeds to us from indicative the **[REDACTED]** are estimated to be approximately HK$**[REDACTED]** million, after deduction of **[REDACTED]** fees and estimated expenses payable by us in connection with the **[REDACTED]** upon **[REDACTED]**. Our Company currently intends to use the net proceeds from the **[REDACTED]** as follows:

| **Approximate amount or percentage of net proceeds/utilised by period ending** | **Intended applications** |
|---|---|
| HK$**[REDACTED]** million or **[REDACTED]**%/ 30 June 2019 | Enhancement of the capacity for the provision of transport and storage services through acquisition of new vehicles |
| HK$**[REDACTED]** million or **[REDACTED]**%/ 31 December 2018 | Expansion and enhancement of workforce |
| HK$**[REDACTED]** million or **[REDACTED]**%/ 30 June 2018 | Enhancement of information technology system |
| HK$**[REDACTED]** million or **[REDACTED]**%/ 31 December 2017 | Purchase of a new office to incorporate an increase in our workforce |
| HK$**[REDACTED]** million or **[REDACTED]**%/ 31 December 2017 | Working capital and other general corporate purposes |

For further details, please refer to the section headed "Future plans and use of proceeds" from pages 220 to 234 of this document.

**Summary of financial information**

The tables below summarise our combined financial information for each of the two years ended 31 December 2015 and 31 December 2016 and each of the five months ended 31 May 2016 and 31 May 2017, respectively, and should be read in conjunction with our financial information included in the Accountants' Report set forth in Appendix I to this document, including the notes thereto.

**Highlight of combined statements of profit or loss**

| | **Year ended 31 December** | | **5 months ended 31 May** | |
|---|---|---|---|---|
| | **2015** | **2016** | **2016** | **2017** |
| | *S$* | *S$* | *S$* | *S$* |
| | | | (Unaudited) | |
| Revenue | 27,684,381 | 27,008,662 | 11,364,887 | 11,279,435 |
| Gross profit | 5,624,711 | 6,245,584 | 2,874,124 | 2,172,558 |
| Profit/(loss) before tax | 3,590,667 | 4,044,948 | 2,089,144 | (509,299) |
| Profit/(loss) for the year/period | 3,045,004 | 3,345,651 | 1,775,992 | (678,181) |

**Revenue**

Our revenue is primarily derived from the provision of trucking and hubbing services by our Group. Against the backdrop of slower growth in the Singapore economy in 2016, our revenue remained fairly stable at approximately S$27.7 million for the year ended 31 December 2015 and approximately S$27.0 million for the year ended 31 December 2016.

Our Group's trucking revenue was approximately S$22.4 million and S$22.1 million for the years ended 31 December 2015 and 31 December 2016 respectively. Our Group's hubbing revenue was approximately S$5.3 million and S$5.0 million for the years ended 31 December 2015 and 31 December 2016 respectively.

Revenue for the five months ended 31 May 2017 remained stable at approximately S$11.3 million as compared to approximately S$11.4 million for the five months ended 31 May 2016. Trucking revenue was approximately S$9.5 million and S$9.7 million for the five months ended 31 May 2016 and 31 May 2017 respectively. Hubbing revenue was approximately S$1.9 million and S$1.6 million for the five months ended 31 May 2016 and 31 May 2017 respectively.

**One-off government incentive**

Our Group received a one-off incentive for wage subsidy that amounted to approximately S$0.4 million, S$0.4 million and S$0.1 million for the two years ended 31 December 2016 and the five months ended 31 May 2017 respectively. This incentive was provided under the Wage Credit Scheme in which the Singapore Government will co-fund 40% of the wage increases given to Singapore citizens earning a gross monthly wage of S$4,000 and below in 2013–2015. This co-funding has decreased to 20% of the wage increases given to Singapore citizens for 2016–2017. The wage credit scheme will end in December 2017.

**Cost of sales**

The four main components of our cost of sales namely, staff cost, port and depot charges, vehicle cost, and fuel cost represented (i) approximately 31.0%, 26.4%, 25.4% and 9.7% of our total cost of sales for the year ended 31 December 2015 respectively, (ii) approximately 32.4%, 27.6%, 25.2% and 8.3% of our total cost for sales for the year ended 31 December 2016 respectively, and (iii) approximately 31.4%, 25.7%, 24.8% and 10.7% of our total cost of sales for the five months ended 31 May 2017 respectively.

Cost of sales decreased by approximately S$1.3 million or 5.9% from approximately S$22.1 million for the year ended 31 December 2015 to approximately S$20.8 million for the year ended 31 December 2016 mainly due to a reduction in fuel cost, port and depot charges, vehicle cost, logistics yard service fees and staff cost. Staff cost, port and deport charges, vehicle cost and fuel cost for the year ended 31 December 2016 decreased by approximately 1.8%, 1.5%, 6.5% and 19.7% respectively as compared to the year ended 31 December 2015. The 19.7% reduction in fuel cost can be attributed to a decrease in diesel price in 2016.

Cost of sales increased by approximately S$0.6 million or 7.3% from approximately S$8.5 million for the five months ended 31 May 2016 to approximately S$9.1 million for the five months ended 31 May 2017 mainly due to higher fuel cost and vehicle cost. Staff cost, port and deport charges, vehicle cost and fuel cost for the five months ended 31 May 2017 increased by approximately 0.7%, 3.1%, 8.7% and 52.5% respectively as compared to the five months ended 31 May 2016. The 52.5% increase in fuel cost can be attributed to an increase in diesel price during the five months ended 31 May 2017.

**Gross profit and gross profit margin**

Gross profit increased by approximately S$0.6 million or 11.0%, from approximately S$5.6 million for the year ended 31 December 2015 to approximately S$6.2 million for the year ended 31 December 2016. The increase in gross profit was mainly due to the approximately 5.9% decrease in cost of sales which was offset against the approximately 2.4% decrease in revenue. Gross profit attributable to trucking services was approximately S$2.2 million and S$3.1 million for the years ended 31 December 2015 and 31 December 2016 respectively. Gross profit attributable to hubbing services was approximately S$3.4 million and S$3.1 million for the years ended 31 December 2015 and 31 December 2016 respectively.

| | Year ended 31 December 2015 | | | Year ended 31 December 2016 | | |
|---|---|---|---|---|---|---|
| | **Revenue** | **Gross Profit** | **Gross profit margin** | **Revenue** | **Gross Profit** | **Gross profit margin** |
| | *S$' million* | *S$' million* | *(%)* | *S$' million* | *S$ 'million* | *(%)* |
| Trucking | 22.4 | 2.2 | 10.0 | 22.1 | 3.1 | 14.3 |
| Hubbing | 5.3 | 3.4 | 63.7 | 5.0 | 3.1 | 62.5 |
| **Total** | **27.7** | **5.6** | **20.3** | **27.0** | **6.2** | **23.1** |

Our gross profit margin improved from approximately 20.3% for the year ended 31 December 2015 to approximately 23.1% for the year ended 31 December 2016. This was mainly attributable to (i) the decrease in our fuel expenses more than offsetting the effects of the downward adjustment to our trucking rates arising from lower diesel prices, and (ii) decrease in logistic yard service fees due to entering into a new logistic and service agreement with new supplier.

| | 5 months ended 31 May 2016 | | | 5 months ended 31 May 2017 | | |
|---|---|---|---|---|---|---|
| | **Revenue** | **Gross Profit** | **Gross profit margin** | **Revenue** | **Gross Profit** | **Gross profit margin** |
| | *S$'million* (Unaudited) | *S$'million* (Unaudited) | *%* (Unaudited) | *S$'million* | *S$'million* | *%* |
| Trucking | 9.5 | 2.0 | 20.5 | 9.7 | 1.6 | 16.2 |
| Hubbing | 1.9 | 0.9 | 49.7 | 1.6 | 0.6 | 37.4 |
| **Total** | **11.4** | **2.9** | **25.3** | **11.3** | **2.2** | **19.3** |

Gross profit decreased by approximately S$0.7 million or 24.4%, from approximately S$2.9 million for the five months ended 31 May 2016 to approximately S$2.2 million for the five months ended 31 May 2017. The decrease in gross profit was mainly due to the approximately 7.3% increase in cost of sales for the five months ended 31 May 2017 as compared to the five months ended 31 May 2016. Gross profit attributable to trucking services was approximately S$2.0 million and S$1.6 million for the 5 months ended 31 May 2016 and 31 May 2017 respectively. Gross profit attributable to hubbing services was approximately S$0.9 million and S$0.6 million for the 5 months ended 31 May 2016 and 31 May 2017 respectively.

Our gross profit margin declined from approximately 25.3% for the 5 months ended 31 May 2016 to approximately 19.3% for the five months ended 31 May 2017. This was mainly attributable to (i) increase in fuel expenses arising from higher diesel prices, and (ii) increase in vehicle cost due to the increase in vehicle fleet size.

For details, please refer to the section headed "Financial information — Period to period comparison of results of operations" from pages 187 to 195 of this document.

The table below sets out our Group's approximate revenue generated from existing and new customers during the Track Record Period:

| | Year ended 31 December | | | 5 months ended 31 May | | |
|---|---|---|---|---|---|---|
| | 2015 | 2016 | Approximate percentage change | 2016 | 2017 | Approximate percentage change |
| | S$ | S$ | | S$ | S$ | |
| New customers(Note) | 25,891 | 667,341 | 2,478% | 23,780 | 244,057 | 926.3% |
| Existing customers | 27,658,490 | 26,341,321 | (4.8)% | 11,341,107 | 11,035,378 | (2.7)% |
| Total | 27,684,381 | 27,008,662 | (2.4)% | 11,364,887 | 11,279,435 | (0.8)% |
| Approximate % of total revenue from new customers | 0.1% | 2.5% | | 0.2% | 2.2% | |

*Note:* New customers refer to those customers which were new to our Group in a given year or period and would be subsequently classified as existing customers in the following year or period. These include Customer V, Customer W, Customer X, Customer Y, Customer Z and others.

Please refer to the section headed "Business — 4.8 Sustainability of our business — (iii) Ability to attract potential customers" from pages 122 to 125 of this document for further details on our new customers.

### Highlight of combined statements of financial position

| | As at 31 December | | As at 31 May |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| | S$ | S$ | S$ |
| Non-current assets | 10,238,570 | 10,955,154 | 12,803,017 |
| Current assets | 7,111,613 | 6,718,466 | 7,664,964 |
| Current liabilities | 7,754,471 | 4,475,284 | 7,122,126 |
| Net current (liabilities)/assets | (642,858)(Note) | 2,243,182 | 542,838 |
| Non-current liabilities | 1,979,554 | 2,236,527 | 3,062,227 |
| Net assets | 7,616,158 | 10,961,809 | 10,283,628 |

*Note:* The Company was in a net current liabilities position as at 31 December 2015 primarily due to the S$2.6 million amount due to a director. The S$2.6 million amount due to a director was fully repaid in the year ended 31 December 2016. Amount due to a director amounted to S$1.7 million as at 31 May 2017 due to advances provided by a director during the five months ended 31 May 2017. As at the Latest Practicable Date, all the amounts due to director have been repaid.

### Highlight of combined statements of cash flows

| | Year ended 31 December | | 5 months ended 31 May | |
|---|---|---|---|---|
| | 2015 | 2016 | 2016 | 2017 |
| | *S$* | *S$* | *S$* | *S$* |
| | | | (Unaudited) | |
| Cash flows generated from operating activities before changes in working capital | 5,539,968 | 5,853,848 | 2,817,559 | 342,917 |
| Net cash flows generated from operating activities | 4,503,816 | 4,596,433 | 2,204,563 | 408,730 |
| Net cash flows used in investing activities | (448,677) | (709,833) | (8,674) | (820,531) |
| Net cash flows (used in)/generated from financing activities | (2,632,642) | (4,993,968) | (1,830,606) | 422,247 |

### Key financial ratios

| | For the year ended 31 December | | 5 months ended |
|---|---|---|---|
| | 2015 | 2016 | 31 May 2017 |
| Gross profit margin | 20.3% | 23.1% | 19.3% |
| Net profit margin | 11.0% | 12.4% | (6.0)% |
| Return on assets(1) | 17.6% | 18.9% | N/A |
| Return on equity(1) | 40.0% | 30.5% | N/A |
| Interest coverage ratio(2) | 23.5 | 34.9 | N/A |

| | As at 31 December | | As at 31 May |
|---|---|---|---|
| | 2015 | 2016 | 2017 |
| Current ratio | 0.9 | 1.5 | 1.1 |
| Gearing ratio(3) | 0.6 | 0.4 | 0.5 |

*Notes:*

(1) Return on assets/equity is not applicable for the five months ended 31 May 2017 since the Group's recorded net loss only represents the amount for the five months ended 31 May 2017.

(2) Interest coverage ratio is not applicable for the five months ended 31 May 2017 since our Group recorded a net loss for the five months ended 31 May 2017.

(3) Gearing ratio is calculated by dividing the sum of borrowings by the total equity at the end of each year/period and multiplied by 100%.

### Dividends

For the year ended 31 December 2015, Nexis Logistics declared dividend of S$0.2 million and this dividend has been paid as at the Latest Practicable Date. There can be no assurance that we will be able to declare or distribute any dividend in the amount set out in any plan of the Board or at all. Our Group does not have any pre-determined dividend payout ratio and any dividends will be made at the discretion of our Board and will be based upon our Group's earnings, cash flow, financial condition, capital requirements and any other conditions that our Directors consider relevant.

For details, please refer to the section headed "Financial information — Dividends" on page 217 to 218 of this document.

### Impact of [REDACTED] expenses on the financial performance of our Group for the year ending 31 December 2017

The total estimated expenses in relation to the **[REDACTED]** are approximately HK$**[REDACTED]** million. For the five months ended 31 May 2017, we incurred **[REDACTED]**-related expenses of approximately HK$**[REDACTED]** million, of which approximately HK$**[REDACTED]** million was charged directly to the profit and loss account of our Group and approximately HK$**[REDACTED]** million which was directly attributable to the issue of **[REDACTED]** to the public has been capitalised as prepayments. Such prepayments will be accounted for as a deduction from equity upon **[REDACTED]**. Out of the remaining estimated **[REDACTED]** expenses of approximately HK$**[REDACTED]** million to be borne by us, approximately HK$**[REDACTED]** million is expected to be charged to the profit and loss account of our Group during the seven months ending 31 December 2017 and the remaining HK$**[REDACTED]** million which is directly attributable to the issue of **[REDACTED]** to the public will be accounted for as a deduction from equity upon **[REDACTED]**. The recognition of such **[REDACTED]** expenses is expected to materially affect our financial results for the year ending 31 December 2017. The estimated **[REDACTED]**-related expenses of our Group are subject to adjustments based on the actual amount of expenses incurred/to be incurred by our Company upon the completion of the **[REDACTED]**.

## RECENT DEVELOPMENT

In February 2017, the Singapore Government introduced a volume-based duty at $0.10 per litre on automotive diesel, industrial diesel and the diesel component in biodiesel. The taxing of diesel according to usage was to incentivise users to reduce diesel consumption. To help businesses adjust, the Singapore Government will provide 100% road tax rebate for one year, from 1 August 2017 to 31 July 2018, and partial road tax rebate for another two years, from 1 August 2018 to 31 July 2020, for commercial diesel vehicles. The volume-based diesel duty will increase our fuel expenses which we expect to pass on to our customers.

As far as our Directors are aware, the logistics industry in Singapore has remained relatively stable after the Track Record Period. Save for the above, as at the Latest Practicable Date, there has been no material adverse change in the general economic and market conditions in the logistics industry in Singapore that has affected or would affect our Group's business operations or financial condition materially and adversely.

Based on the unaudited management account, revenue for the eight months ended 31 August 2017 was higher than that for the eight months ended 31 August 2016 mainly due to improving business volume from Gilmon Transportation & Warehousing Pte Ltd. Such revenue growth was also contributed by various other customers, which were not our top 5 customers in 2016, accounting for approximately 71.5% of the growth in revenue for the corresponding period. Gross profit margin for the eight months ended 31 August 2017 improved over the gross profit margin for the five months ended 31 May 2017. Such improvement was due to (i) an increase in revenue driven by an increase in average FCL trucking rate per trip for the eight months ended 31 August 2017 over the five months ended 31 May 2017; (ii) a decrease in average diesel price for the three months ended 31 August 2017 as compared to that for the five months ended 31 May 2017; and (iii) the fact that certain fixed cost of sales components such as depreciation and road tax payment did not increase proportionately with the increase in revenue.

Prospective investors should note that the financial performance of our Group is expected to be materially and adversely affected by the estimated non-recurring expenses in relation to the **[REDACTED]** for the year ending 31 December 2017.

## REASONS FOR [REDACTED] IN HONG KONG

Our Directors had considered and evaluated different **[REDACTED]** venues including Hong Kong and Singapore and have concluded that pursuing a **[REDACTED]** in Hong Kong is beneficial due to the following:

### (i) Capital market funding

The net cash position of our Group as at 31 May 2017 was approximately S$1.5 million and our net cash outflow for the year ended 31 December 2016 was approximately S$1.1 million, averaging approximately S$0.1 million per month. We consider that capital market funding is an appropriate alternative to debt financing, with the possibility of secondary fund raising.

Comparing Hong Kong and Singapore, the average daily turnover of stocks in Hong Kong was approximately HK$105.6 billion (equivalent to S$19.2 billion) and HK$66.9 billion (equivalent to S$12.2 billion) for the two years ended 31 December 2016 respectively versus approximately HK$6.1 billion (equivalent to S$1.1 billion) and HK$6.1 billion (equivalent to S$1.1 billion) for Singapore for the two years ended 31 December 2016 respectively.

With such a high daily turnover volume and reputation as an international financial market, our Directors believe that a **[REDACTED]** in Hong Kong will give our Group access to future funding options such as debt financing and secondary fund raising.

### (ii) Raise our Group’s profile

Being a provider of transport and storage services to the logistics industry in Singapore, our customers and suppliers will generally have more confidence in the quality of our services, financial strength and credibility and will view a service provider with a **[REDACTED]** status more favourably, given that a listed company is subject to ongoing regulatory compliance for announcements, financial disclosure and corporate governance. Customers, having regional or global presence, or regional projects on hand, may also appreciate service provider with resources to undertake such regional services for them.

### (iii) Succession planning and talent management

Being listed on a globally recognised and reputable exchange such as the Stock Exchange will allow us to better attract talented professionals to join our Group. Access to this pool of professionals will (i) provide our Group with a wider range of succession planning options; and (ii) further improve the management of our Group via the knowledge and experience that these professionals will bring along. The **[REDACTED]** status will also facilitate in-house talent management, via staff retention and development, whereby existing staff may be motivated to further develop their career with us in view of the prestige associated with working for an employer which is listed on the Stock Exchange.

Having considered all of the above, our Directors decided to apply for a **[REDACTED]** in Hong Kong.

## STATISTICS OF THE [REDACTED]

| | Based on the [REDACTED] of HK$[REDACTED] per [REDACTED] | Based on the [REDACTED] of HK$[REDACTED] per [REDACTED] |
|---|---|---|
| Market capitalisation at the **[REDACTED]**(1) . | HK$**[REDACTED]** | HK$**[REDACTED]** |
| Unaudited pro forma adjusted combined net tangible assets per Share(2) . . . . . . . . . . . . . | S$**[REDACTED]** (equivalent to HK$**[REDACTED]**) | S$**[REDACTED]** (equivalent to HK$**[REDACTED]**) |

*Notes:*

(1) The calculation of the market capitalisation of Shares is based on the respective **[REDACTED]** of HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]** and **[REDACTED]** Shares in issue immediately after the completion of the **[REDACTED]** and the Capitalisation Issue (without taking into account any Shares which may be issued upon the exercise of options under the Share Option Scheme).

(2) The unaudited pro forma adjusted combined net tangible assets per Share has been prepared with reference to certain estimation and adjustment. Please refer to Appendix II to this document for further details.

## RISK FACTORS

There are risks associated with any investment. Some of the particular risks in investing in the **[REDACTED]** are set out in the section headed "Risk factors" from pages 28 to 40 of this document for further details. You should read that section carefully before you decide to invest in the Shares.

Some of the material risks relating to our business relate to the following:

— We generated a significant portion of our revenue from Customer A and any decrease or loss of business from Customer A could adversely and substantially affect our operations and financial conditions;

— Adverse development in our customers' business performance or strategies in Singapore could affect our operations and financial results;

— Any decrease in business secured from any one of our customers could affect our operations and financial results;

— An increase in fuel prices may reduce profitability;

— We currently do not own the property at Penjuru Road where we provide our hubbing services and are therefore exposed to the risk of non-renewal of the service agreement thereof;

— A shortage of drivers may affect our profitability.

## CONTROLLING SHAREHOLDERS

Immediately after completion of the Reorganisation, the Capitalisation Issue and the **[REDACTED]**, each of Ventris Global and Mr. K L Chua is entitled to exercise or control the exercise of **[REDACTED]**% of voting rights at general meetings of our Company (without taking into account any Shares which may be issued upon the exercise of options under the Share Option Scheme). As such, each of Ventris Global and Mr. K L Chua is regarded as a Controlling Shareholder. For further details, please refer to the section headed "Relationship with our Controlling Shareholders" from pages 145 to 151 in this document.