

REGULATORY OVERVIEW

REGULATIONS AND SUPERVISION OF OUR BUSINESS IN SINGAPORE

Overview

The following summarises the laws and regulations in Singapore that are material to our Group and its operations. The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of our Group and/or which may be important to potential investors. Potential investors should also note that the following summary is based on the laws and regulations in force as at the Latest Practicable Date and may be subject to change (possibly with retrospective effects).

LAWS AND REGULATIONS OF SINGAPORE

Laws and regulations relating to motor vehicles

(i) Registration, licensing and certification regime

All motor vehicles must be duly registered with the Land Transport Authority of Singapore (“LTA”) before they can be driven on the public roads. Our Group has confirmed that all motor vehicles which the Group owns and operates have been duly registered.

In addition, heavy vehicles are subject to additional regulations in relation to parking. Heavy vehicles are defined under Section 2 of the Parking Places Act (Chapter 214 of Statutes of Singapore) as:

- (a) any heavy goods vehicle or concrete mixer, the maximum laden weight of which exceeds 5,000 kilograms;
- (b) any bus with a seating capacity of more than 15 persons, not inclusive of the driver;
- (c) any trailer, container trailer, low loader or flat-bed trailer, the maximum laden weight of which exceeds 5,000 kilograms; and
- (d) any mobile crane or recovery vehicle the unladen weight of which exceeds 2,500 kilograms.

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Rule 4 of the Parking Places (Parking of Heavy Vehicles) Rules ("PPR") provides that each person, who is the registered owner of, or who has purchased ("**Registered Owner**"):

- (a) a heavy vehicle, shall procure a designated parking space for the parking of the heavy vehicle;
- (b) two (2) or more trailers, may procure one (1) designated parking space for the parking of not more than three (3) such trailers; and
- (c) two (2) or more 20-foot trailers, may procure one (1) designated space for the parking of not more than six (6) such trailers, notwithstanding paragraph (b) above.

On compliance with the above paragraphs under Rule 4 of the PPR, each Registered Owner shall apply for a vehicle parking certificate ("**VPC**") in respect of the heavy vehicle.

Our Group owns the following types of heavy vehicles:

- (a) heavy goods vehicle or concrete mixer, maximum laden weight of which exceeds 5,000 kilograms, and
- (b) trailer, container trailer, low loader or flat-bed trailer, the maximum laden weight of which exceeds 5,000 kilograms,

and confirms that it has procured designated parking spaces as well as obtained valid VPCs in respect of all heavy vehicles.

(ii) Permits authorising excluded vehicles to be used on expressways

Rules 3 and 4 of the Road Traffic (Expressways — Excluded Vehicles) Rules 2010 ("**RTR**") provide that any excluded vehicle shall not be used on any part of an expressway, unless the owner or driver of such excluded vehicle has applied to the LTA and obtained a permit in relation to such use.

The First Schedule of the RTR provides that excluded vehicles include:

- (a) bicycles;
- (b) tricycles;
- (c) trishaws;

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- (d) motor-cycles with side cars attached;
- (e) motor-cycles which are propelled by electric motors;
- (f) invalid carriages;
- (g) three-wheeled vans;
- (h) low trailers;
- (i) road rollers;
- (j) ready-mix concrete trucks;
- (k) mobile cranes;
- (l) forklifts;
- (m) excavators;
- (n) road pavers;
- (o) tractors;
- (p) dumpers;
- (q) wheel loaders;
- (r) bulldozers;
- (s) graders;
- (t) mobile concrete pumps;
- (u) hydrant dispensers;
- (v) motor vehicles with any of the wheels fitted with neither a pneumatic tyre nor a solid rubber tyre; and

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- (w) any other motor vehicle where the maximum speed at which it may be driven on any road under the Road Traffic (Regulation of Speed) Rules is 40 kilometres per hour.

Our Group owns some of these excluded vehicles, including low trailers and forklifts, and has confirmed that none of these excluded vehicles are used on expressways. In the event there is a need to use these excluded vehicles on expressways, our Group shall apply and obtain approval from the LTA for such use.

(iii) Compensation regime

Our Group’s transportation operations are also subject to the laws and regulations under the Motor Vehicles (Third-Party Risks and Compensation) Act (Chapter 189 of Statutes of Singapore) (“**MVA**”), administered by the Ministry of Transport. The Act governs third-party risks and compensation in the event of bodily injury or death arising from the use of motor vehicles.

Section 3 of the MVA provides that it shall not be lawful for any person to use or to cause or permit any other person to use a motor vehicle in Singapore unless there is in force in relation to the use of the motor vehicle by that person or that other person, as the case may be, such a policy of insurance or such a security in respect of third-party risks.

Our Group has obtained the relevant motor insurances which cover third-party risks and such insurances will cover such liabilities to the drivers of our vehicles.

Laws and regulations relating to the storage and transportation of hazardous substances

The storage and transportation of toxic and environmentally hazardous chemicals is regulated by the National Environment Agency Pollution Control Department pursuant to the Environmental Protection and Management Act (Chapter 94A of Statutes of Singapore) (“**EPMA**”).

(i) Storage

Any person who wishes to store and/or use hazardous substances controlled under EPMA, in quantities exceeding those specified in the Environmental Protection and Management (Hazardous Substances) Regulations (“**EPMR**”), may only do so with a Hazardous Substances Permit.

Our Group is not involved in the storage of hazardous substances. In the event that a customer requires us to do so, we will engage sub-contractors, which possess the Hazardous Substances Permit, to carry out the storage of any hazardous substances.

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(ii) Transportation

Any person who wishes to transport hazardous substances controlled under the EPMA, in quantities exceeding those specified in the EPMR, may only do so with a Hazardous Substances Licence and Transport Approval.

Our Group is not directly involved in the transportation of hazardous substances. In the event a customer requires us to do so, we will engage sub-contractors, which possess the Hazardous Substances Licence and Transport Approval, to carry out the transportation of any hazardous substances.

Laws and regulations relating to land

Land use and allocation in Singapore is governed by the statutory land use plan which guides Singapore’s development in the medium term over the next 10 to 15 years (the “**Master Plan**”), and is administered by the Urban Redevelopment Authority (“**URA**”) in Singapore pursuant to the Planning Act (Chapter 232) of Singapore.

In accordance with the 2014 Master Plan, the zoning for the logistics yard at Penjuru Road and part of the land at Jalan Papan is for “Business 2” use. The Planning Act Master Plan Written Statement 2014 - Table 1 (Zoning Interpretation) provides that Business 2 means areas which are used or intended to be used for clean industry, light industry, general industry, warehouse, public utilities and telecommunication uses and other public installation. In particular, the developments under Business 2 zoning would include:

- (a) computer software development;
- (b) distribution services;
- (c) assembly and repair of computer hardware and electronic equipment;
- (d) printing, publishing and allied industries;
- (e) packing of dried foodstuff;
- (f) warehouse except for storage of chemicals;
- (g) biotechnology;
- (h) manufacture of electrical apparatus and supplies;

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- (i) vehicle repair and servicing;
- (j) manufacture of furniture and fixtures;
- (k) warehouse;
- (l) electrical substation;
- (m) industry/power generation plant; and
- (n) gas installation.

In addition, the types of Business 2 use and ancillary uses that may be allowed are subject to the evaluation of the URA and other relevant authorities.

Our Group has confirmed that the current use of the logistics yard at Penjuru Road during the Track Record Period is for hubbing purposes. During the Track Record Period, our Group has used the land at Jalan Papan for hubbing purposes. The legal advisers to our Group on Singapore laws have confirmed that the use of the respective lands for hubbing purposes within the approved areas during the Track Record Period falls within under one of the approved land use of warehousing under Business 2 zoning. Our Group also confirms that it has been in compliance with all applicable laws and regulations in Singapore with respect to its activities at both the logistics yards at Penjuru Road and Jalan Papan throughout the entire Track Record Period.

Laws and regulations relating to employment

(i) Employment Act

The Employment Act (Chapter 91 of Statutes of Singapore) (“**EA**”) is administered by the Ministry of Manpower (“**MOM**”) and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA (“**relevant employees**”).

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the EA provides that a relevant employee is not allowed to work for more than twelve (12) hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that a relevant employee can perform to 72 hours a month.

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Employers must seek the prior approval of the Commissioner for Labour (the “**Commissioner**”) for exemption if they require a relevant employee or class of relevant employees to work for more than twelve (12) hours a day or work overtime for more than 72 hours a month. The Commissioner may, after considering the operational needs of the employer and the health and safety of the relevant employee or class of relevant employees, by order in writing exempt such relevant employees from the overtime limits subject to such conditions as the Commissioner thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

(ii) Employment of Foreign Manpower Act

The Employment of Foreign Manpower Act (Chapter 91A of Statutes of Singapore) (“**EFMA**”) provides that no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the MOM, which allows the foreign employee to work for him.

In relation to the employment of semi-skilled or unskilled foreign workers, employers must ensure that such persons apply for a “Work Permit”. In relation to the employment of foreign mid-level skilled workers, employers must ensure that such persons apply for a “S Pass”. The S Pass is intended for mid-level skilled foreigners who earn a monthly fixed salary of at least S\$2,200.

The Employment of Foreign Manpower (Work Passes) Regulations 2012 (“**EFMR**”) requires employers of work permit holders, *inter alia*, to:

- (a) subsidise medical expenses of the foreign worker (unless agreed otherwise);
- (b) provide safe working conditions;
- (c) ensure that their foreign workers have acceptable accommodation consistent with any law or governmental regulations; and
- (d) provide and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

The EFMR also requires employers of S Pass holders, *inter alia*, to:

- (a) subsidise medical expenses of the foreign worker (unless agreed otherwise); and
- (b) provide and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

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In addition to the EFMA, an employer of foreign workers is also required to comply with, *inter alia*, the provisions in the EA, the Immigration Act (Chapter 133 of Statutes of Singapore) and the regulations issued pursuant to the Immigration Act.

Our Group is considered to be under the services sector as one of our principal activities are transport and storage services. Subject to payment of the required levies, each of our subsidiaries in Singapore can hire up to 15% of its total workforce as S Pass holders and up to 40% of its total workforce as work permit holders. The maximum number of foreign workers we can hire is two-thirds the total number of local full time employees based on the average three months’ CPF contributions made by the relevant subsidiary, rounded down to the nearest whole number. Local full time employees are defined as Singaporeans and permanent residents who earn at least S\$1,100 per month, but exclude business owners of sole proprietorships and partnerships, and employees who receive CPF contributions from three or more employers.

As at the Latest Practicable Date, CA Transportation has employed 19 S Pass holders and 35 work permit holders. Nexis has employed 5 S Pass holders and 13 work permit holders. Based on the number of local full time employees, S Pass holders and work permit holders we employ, we are within the quota provided by the MOM.

Our Group has complied with the MOM’s requirements in relation to our employment of such foreign workers.

Laws and regulations relating to workplace safety and injury

The MOM administers the Workplace Safety and Health Act (Chapter 354A of Statutes of Singapore) (“**WSHA**”) and the Work Injury Compensation Act (Chapter 354 of Statutes of Singapore) (“**WICA**”), which govern workplace safety and injury respectively.

(i) Workplace Safety

The WSHA provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for those persons a work environment which is safe, without risk to health, and adequate with regards to facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by those persons, ensuring that those persons are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the

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employer, developing and implementing procedures for dealing with emergencies that may arise while those persons are at work and ensuring that those persons at work have adequate instruction, information, training and supervision as is necessary for them to perform their work.

Section 41 of the WSHA provides for inspectors appointed by the Commissioner for Workplace Safety and Health to inspect and examine any workplace or part thereof to ascertain compliance with the WSHA. Under Section 21 of the WSHA, the Commissioner for Workplace Safety and Health may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that:

- (a) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any work or process carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of persons at work;
- (b) any person has contravened any duty imposed by the WSHA; or
- (c) any person has done any act, or has refrained from doing any act which, in his opinion, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

(ii) Compensation for Workplace Injury

The WICA applies to all employees in all industries engaged under a contract of service in respect of injury suffered by them in the course of their employment and sets out, *inter alia*, the amount of compensation they are entitled to and the method(s) of calculating such compensation. The relevant regulatory body is the MOM. The amount of compensation payable is computed in accordance with the Third Schedule of the WICA, subject to a minimum and maximum limit.

Employers are required to maintain work injury compensation insurance for all employees doing manual work regardless of salary level and non-manual employees earning S\$1,600 or less a month, who are engaged under contracts of service (unless exempted).

Our Group has confirmed that it is in compliance with the MOM's requirements and has maintained the relevant work injury compensation insurance.

Laws and regulations relating to taxation in Singapore

The following is a discussion of the corporate income tax and goods and services tax in Singapore.

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It is based on laws, regulations and interpretations now in effect and available as at the date of this document. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts of Singapore could later disagree with the explanations or conclusions set out below.

This summary is not intended to constitute a complete or exhaustive description of all of the Singapore tax considerations and do not purport to deal with the tax consequences applicable to all categories of investors. It is not intended to be and does not constitute legal or tax advice.

Income Tax

Corporate taxpayers (whether Singapore tax resident or non-Singapore tax resident) are generally subject to Singapore income tax on income accruing in or derived from Singapore, and on foreign source income received or deemed received in Singapore (unless specified conditions for exemption are satisfied). Foreign income in the form of dividends, branch profits and service fee income received or deemed received in Singapore by a Singapore tax resident corporate taxpayer may however be exempt from Singapore tax if specific conditions are met.

The prevailing corporate income tax rate is 17% with partial tax exemption for normal chargeable income of up to S\$300,000 as follows:

- (i) 75% exemption of up to the first S\$10,000; and
- (ii) 50% exemption of up to the next S\$290,000.

For the Years of Assessment ("YA") 2017 and 2018, companies will be granted corporate tax rebate at the following rates: -

- 50% of tax payable, capped at S\$25,000 for YA 2017; and
- 20% of tax payable, capped at S\$10,000 for YA 2018.

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore.

Dividend Distributions

Under the one-tier corporate tax system in Singapore, dividend paid by a Singapore tax resident company can be distributed to its shareholders as Singapore tax exempt (one-tier) dividends.

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Withholding Tax

Singapore does not currently impose withholding tax on dividends paid to resident or non-resident shareholders.

Gains on Disposals of Ordinary Shares

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is revenue or capital in nature. The characterisation would usually depend on the facts and circumstances surrounding the purchase and sale of a particular asset.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST.

Any input GST (for example, GST on brokerage) incurred by the GST-registered investor in connection with the making of this exempt supply is generally not recoverable and will become an additional cost to the investor unless the investor satisfies certain conditions prescribed under the GST legislation or satisfies certain GST concessions.

Where our Shares are sold by a GST-registered investor in the course or furtherance of a business carried on by such an investor to a person belonging outside Singapore (and who is outside Singapore at the time of supply), the sale is a taxable supply subject to GST at zero rate (i.e. 0%). Consequently, any input GST (for example, GST on brokerage) incurred by the GST registered investor in making of this zero-rated supply for the purpose of his business will, subject to the provisions of the GST legislation, be recoverable from the Comptroller of GST.

Investors should seek their own tax advice on the recoverability of GST incurred on expenses in connection with the purchase and sale of our Shares.

Services such as brokerage and handling services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor’s purchase or sale of our Shares will be subject to GST at the prevailing rate (currently 7%). Similar services rendered contractually to an investor belonging outside Singapore should, subject to certain conditions, qualify for zero-rating (i.e. subject to GST at zero-rate).